



บริษัท เอสไอเอส ดิสทริบิวชั่น (ประเทศไทย) จำกัด (มหาชน)
SiS Distribution (Thailand) Public Company Limited

2016

ANNUAL REPORT

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Vision

To be the leading company in Indo-China region of information technology businesses by collaborating and coordinating to obtain mutually exclusive wealth.

Mission

The company promises to be

- Good citizen of society and society's wealth contributor,
- Professional, determinant, honest and trusted company for our shareholders' maximized wealth,
- Provider of high quality and high valued goods and services for our customers,
- Strong and trusted collaborator for our suppliers and all supporters
- A warm and happy family, trusting and respecting human being's honor and endless potentials, supports and enhances our employee for our jointed success and maximized wealth.

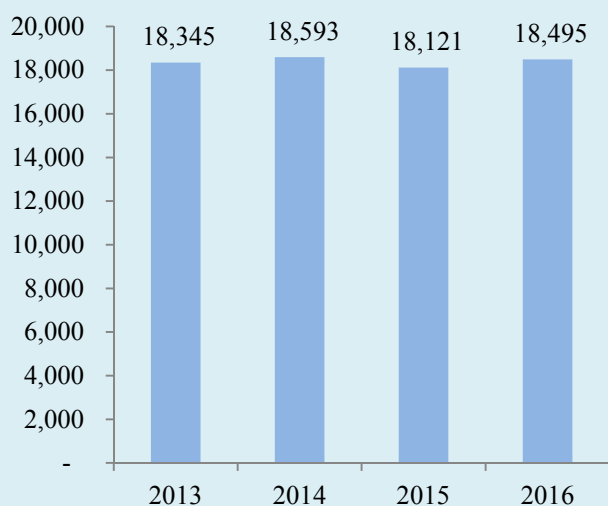
Long term goal

To become Thailand's leading IT company with sustainable and continuous growth, transparent and socially responsible business operations and superior stakeholder value.

Summary of Financial Statements

Total Revenue

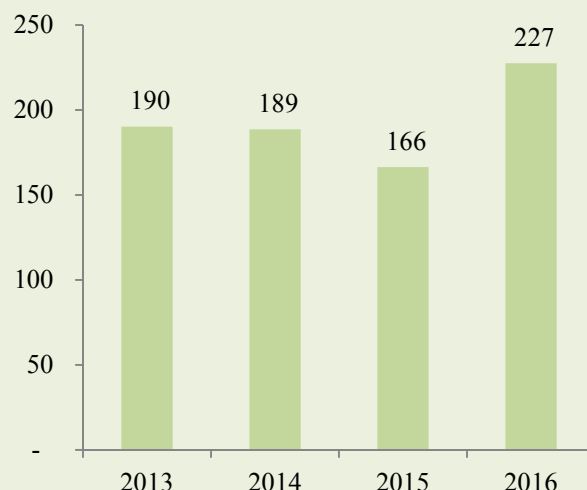
Total revenue of the Company was 18,495 Million Baht which nearly closed to the previous year. (up 2.1%). The total revenue of the Company was ranked as 74th out of 573 listed companies in SET, reporting by SETSMART.



Net Profit

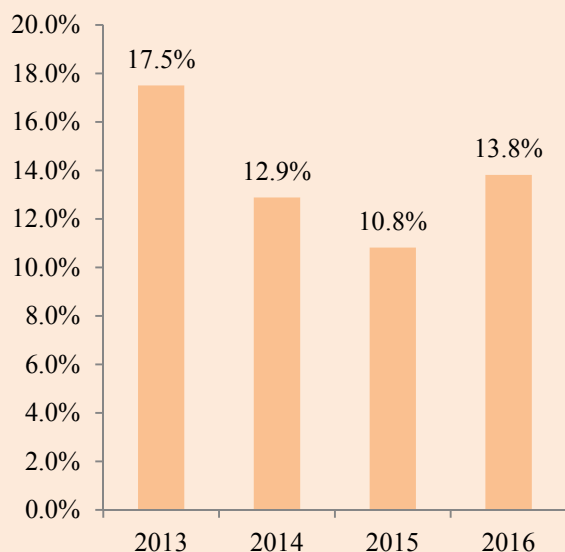
Net Profit of the Company was 227.4 Million Baht which increased by 36.7% from the previous year. The net profit of the Company was ranked as 240th out of 573 listed companies in SET, reporting by SETSMART.

M. Baht



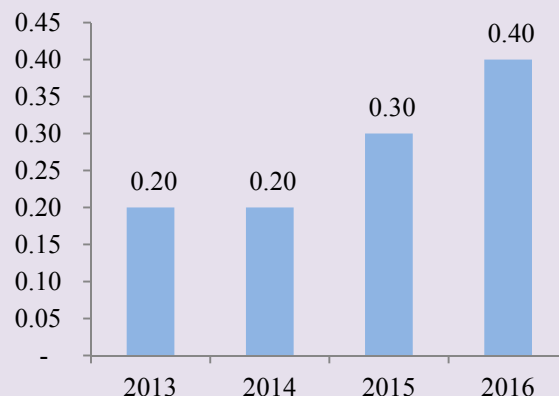
Return on Equity

The ROE of the Company was 13.8% which was ranked as 187th out of 573 listed companies in SET, reporting by SETSMART.



Dividend

The Board of Directors has resolved to propose the Annual General Meeting of Shareholders in order to approve the dividend payment at 0.40 Baht per share, totally 140 Million Baht or 61.6% of Net Profit and a dividend yield of 6.0% on the closing price on February, 23 2017 (6.65 Baht) which was the day before notifying the resolution of dividend payment to the Stock Exchange of Thailand or 6.5% on the closing price at the last working day of 2016. (6.50 Baht)



		2013	2014	2015	2016
Operating Results					
Total Revenue	(M.Baht)	18,345.1	18,592.6	18,120.9	18,494.7
<i>Revenue Growth Rate</i>		<i>-17.0%</i>	<i>1.3%</i>	<i>-2.5%</i>	<i>2.1%</i>
Profit before financial cost, income tax					
and share gain (loss) of investments in associates	(M.Baht)	329.4	323.3	380.3	354.4
<i>Profit before financial cost, income tax</i>					
<i>and share gain (loss) of investments in associates</i>			<i>-1.9%</i>	<i>17.6%</i>	<i>-6.8%</i>
Net Profit	(M.Baht)	190.2	184.1	166.3	227.4
<i>Net Profit Growth Rate</i>			<i>-3.2%</i>	<i>-9.6%</i>	<i>36.7%</i>
Financial Position					
Total Assets	(M.Baht)	5,042.7	5,045.4	4,427.7	4,958.3
Total Debt	(M.Baht)	3,673.3	3,557.5	2,841.0	3,249.2
Equity	(M.Baht)	1,369.4	1,487.9	1,586.7	1,709.1
Financial Ratio					
Gross Profit Margin		5.72%	5.19%	5.36%	5.25%
Net Profit Margin		1.04%	0.99%	0.92%	1.23%
Return On Assets		3.84%	3.65%	3.51%	4.85%
Return On Equity		17.5%	12.9%	10.8%	13.8%
Current Ratio	(Times)	1.26	1.30	1.41	1.42
Quick Ratio	(Times)	0.65	0.59	0.75	0.80
Debt to Equity Ratio	(Times)	2.68	2.39	1.79	1.90
Interest Bearing Debt to Equity Ratio	(Times)	1.88	1.63	0.79	0.71
Financial Figure per Share					
Earning Per Share	(Baht)	0.64	0.53	0.48	0.65
Book Value Per Share	(Baht)	3.91	4.25	4.53	4.87
Dividend Per Share	(Baht)	0.20	0.20	0.30	0.40

Remark

- The Basic Earnings per Share was calculated by Net profit of the year divided by the weighted average number of common shares issued during the year.
- The Board of Directors had the resolution to propose the Annual General Meeting of Shareholders 2017 in order to approve the dividend payment at 0.40 Baht per Share on the Company's performance of the year 2016.

Message from the Board

Dear Valued Shareholders

According to the IMF World Economic Outlook, global growth was estimated at 3.1 percent in 2016 due to the improvement of major economies, particularly in the United States, the United Kingdom, Euro Zone, etc. In regard to China, the economy still expanded at an annual rate of 6.6 per cent on target. Some of Asia's exports were slow to recover. In 2017, global growth was projected to be 3.4 percent as a result of the economic growth in the United States, India, Japan and other key countries.

Thailand's Economy in 2016 grew slightly more than expected at 3.2 percent which was mainly due to government investment, disbursement, tourism sector, increased private consumption trends. The inflation rate was 0.3 percent due to the slow recovery of oil prices than expected. In 2017, Thailand Economy projected to be stable at 3.2 percent and inflation rate projected at 2 percent.

In 2016, the IT industry major shifted towards cloud computing by changing from investment in computer systems to pay per use. It caused a decrease of computer systems revenues in data centers, and mobility trends that change consumer behavior that was why PC shipments fell for five consecutive years. And also many changes are coming. In the midst of change, the Company was pleased to announce that the Company still performed better in 2016 with total revenues of 18,495 Million Baht (up 2.1%) and net profit of 227 Million Baht (up 37%). Moreover, the Company had positive cashflow from operating activities in the amount of 310 Million Baht which made it three consecutive years for positive cashflow from operating activities.

With better operating results and liquidity, the Board of Directors' meeting approved to pay a dividend for the year of 2016 of Baht 0.40 per share, which was increased of 33% from the previous year. And it will be proposed for approval in the Annual General Meeting of Shareholders for the year 2017. If it approved, this dividend payment is equal to the dividend payout ratio of 61.6% and the dividend yield of 6.02% compared to the closing price of February 23, 2017 (Baht 6.65), which is the day before notification to the Stock Exchange of Thailand.

The year of 2017 is still the year of continuous change from both Cloud Computing and Mobility through the Digital Economy. These are both barriers and new opportunities for the Company to follow and adapt to get more benefits from these changes. On behalf of the Board of Directors, the Company is grateful to the valued shareholders, customers, partners, creditors and all suppliers for your trust and kind supports to the Company's operations throughout the year, as well as thankful to our employees and all executives for the kind co-operation that helps the Company achieves continuously a good performance.

Yours Faithfully,




(Mr. Suwit Chindasaguan)
Chairman
3 March 2017


(Mr. Somchai Sittichaisrichart)
Managing Director
3 March 2017



General Information

SiS Distribution (Thailand) Public Company Limited

Business Characteristics:

Distributing IT products to operators and dealers which the Company is the distributor of more than 70 leading manufacturers to over 4,600 dealers across Thailand. The business objective is to be the leader in introducing the technology and innovation to Thailand by continuously providing a wide range of world class IT products as well as expanding the customer base.

Company Registration Number	: Bor Mor Jor. 0107547000052
Website	: www.sisthai.com
Email	: Center : sis@sisthai.com Company Secretary : companysecretary@sisthai.com Complain/Suggest Goods and Services : complain@sisthai.com Complain/Suggest Fraud and Corruption : independentdirector@sisthai.com
Investor Relation	: Website : www.sisthai.com/investor_th.html Email : investorinfo@sisthai.com
Other References	
Share Registrar	: Thailand Securities Depository Company Limited 93 The Stock Exchange of Thailand Building Ratchadaphisek Road, Din Deang Sub-District, Din Deang District, Bangkok 10400 Telephone : 0 2009-9000 Fax : 0 2009-9991 SET Call Center : 0 2009-9999
Auditor	: Mr. Ekkasit Chuthamsatid, Certified Public Accountant No. 4195, KPMG Phoomchai Audit Limited Empire Tower, 50 th - 51 st Floor, 1 South Sathorn Road, Yannawa Sub - District, Sathorn District, Bangkok 10120 Telephone: (662) 677-2000 Fax: (662) 677-2222 Remark: KPMG Phoomchai Audit Limited (Formerly: KPMG Audit (Thailand) Limited) has been the Company's auditor who have performed and expressed an opinion on the Company's financial statements. Also they have been the company's auditor since 1999 and expressed unqualified opinion every year.
Independent Director who respond for the minority shareholders	: Email : independentdirector@sisthai.com

Head Office Location

Head Office has a total area of 3,300 square meters, located at No. 9, Pakin Building, 9th Floor, Ratchadaphisek Road, Din Deang Sub-District, Din Deang District, Bangkok 10400 (Near to Fortune Town). Tel. 0 2020-3000, Fax 0 2020-3780.



Head Office : Pakin Building



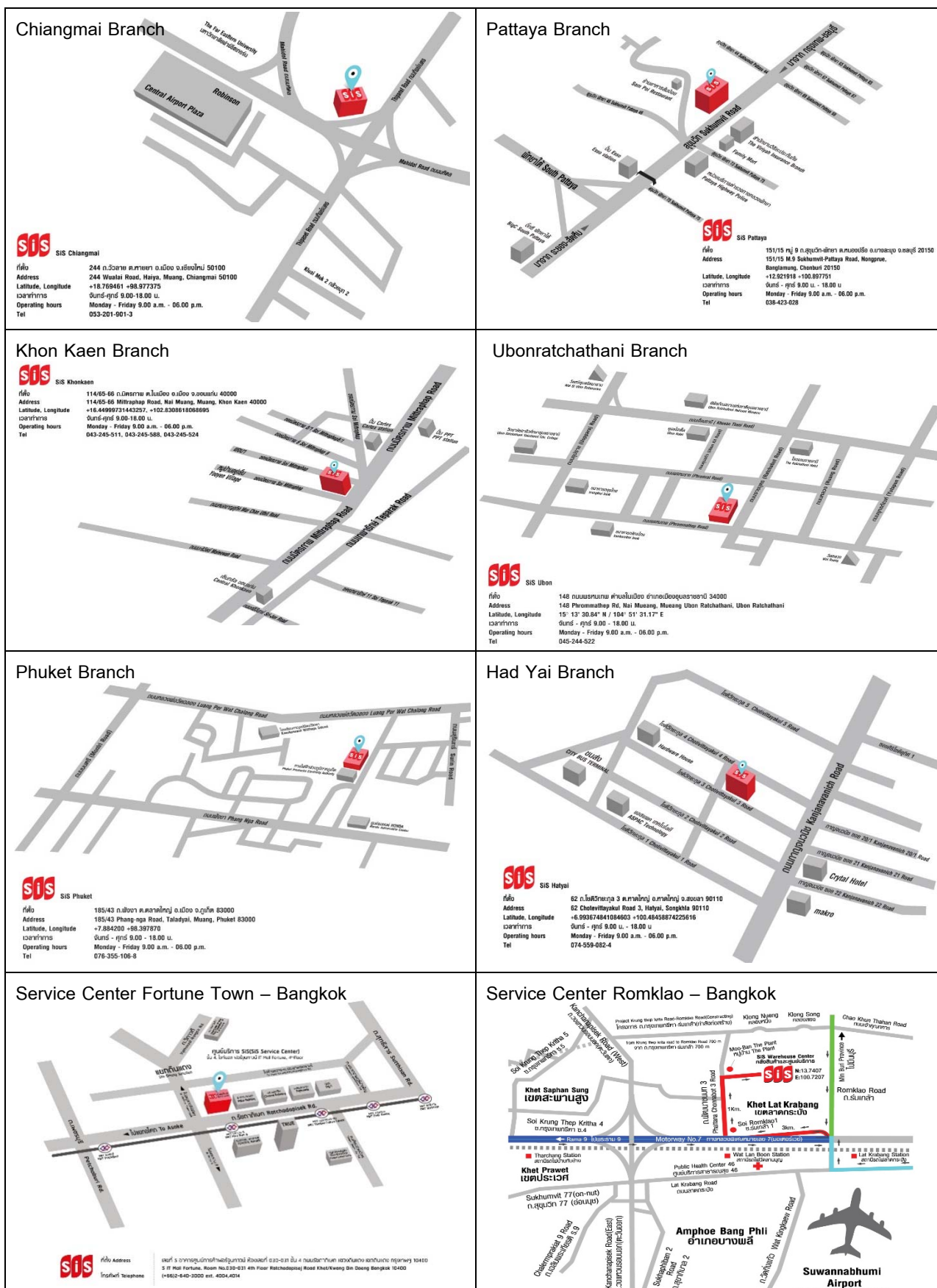
Front Office



Inside Office



Apart from the head office in Bangkok, the Company also has sale and service centers in both Bangkok and other provinces as following :



Main Warehouse

The main warehouse has a total area of 10,000 square meters. The Company uses the SAP Warehouse Management Application to manage and control the inventory system in order to eliminate errors or mistakes in receiving and delivering. The barcode and serial number will be scanned before receiving and delivering. Also, the IP Cameras have been set up in order to maintain security and investigate in case of any failure.



SiS Warehouse Map

From Lat Krabang, Bangkok.

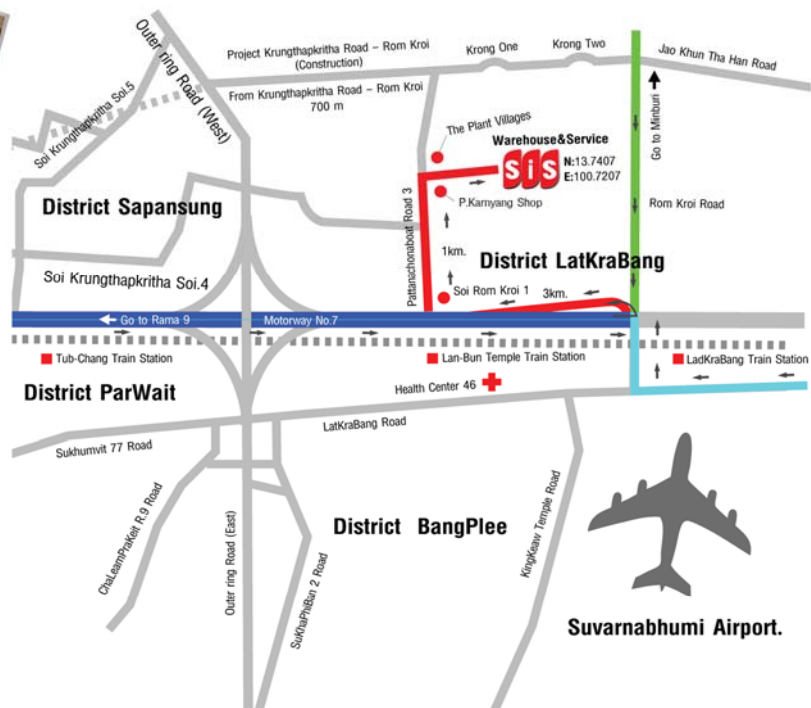
Driving along Onnut - Lat Krabang street until to three separate Traffic Lat Krabang - Rom Kroi, then turn right into the Rom Kroi road. After you turn right, then drive left over and across the bridge. Get down from the bridge, then turn left at the intersection. Drive along the Motorway about 3 km. You will find SiS sign board and The Plant, prepare to turn right into Soi Pattanachonabot 3 and go ahead for about 1 km. The warehouse is on right between the P.Karnyang Shop and The plant 1 With The Plant project 1 villages.

From Minburi.

Driving along the road that would be out to On Nut Road, until to Jao Khun Tha Han intersection, straight up into OnNut road. You should drive on the middle lane before the left to Motorway, the same way to Chonburi, You will see Intersection, prepare to turn right After you turn right, Drive along the Motorway about 3 km. You will find SiS sign board and The Plant prepare to turn right into Soi Pattanachonabot 3 and go ahead for about 1 km. The warehouse is on right between the P.Karnyang Shop and The plant 1

From Rama 9 Road.

Driving along Rama 9 Road or get on Rama 9 expressway. Access into motorway, straight up to Chonburi for about 12 km. You should be in left, then will find the way to Rom Kroi Road. Before the crossway to Suvarnabhumi Airport (if you pass, please find the way out to Rom Kroi or Lat Krabang - On Nut Road) You will get away from Rom Klow and find three raise, then turn left. Drive along the Motorway about 3 km. You will find SiS sign board and The Plant, prepare to turn right into Soi Pattanachonabot 3 and go ahead for about 1 km. The warehouse is on right between the P.Karnyang Shop and The plant 1 With The Plant project 1 villages.



SiS Service Centre (Head Office)

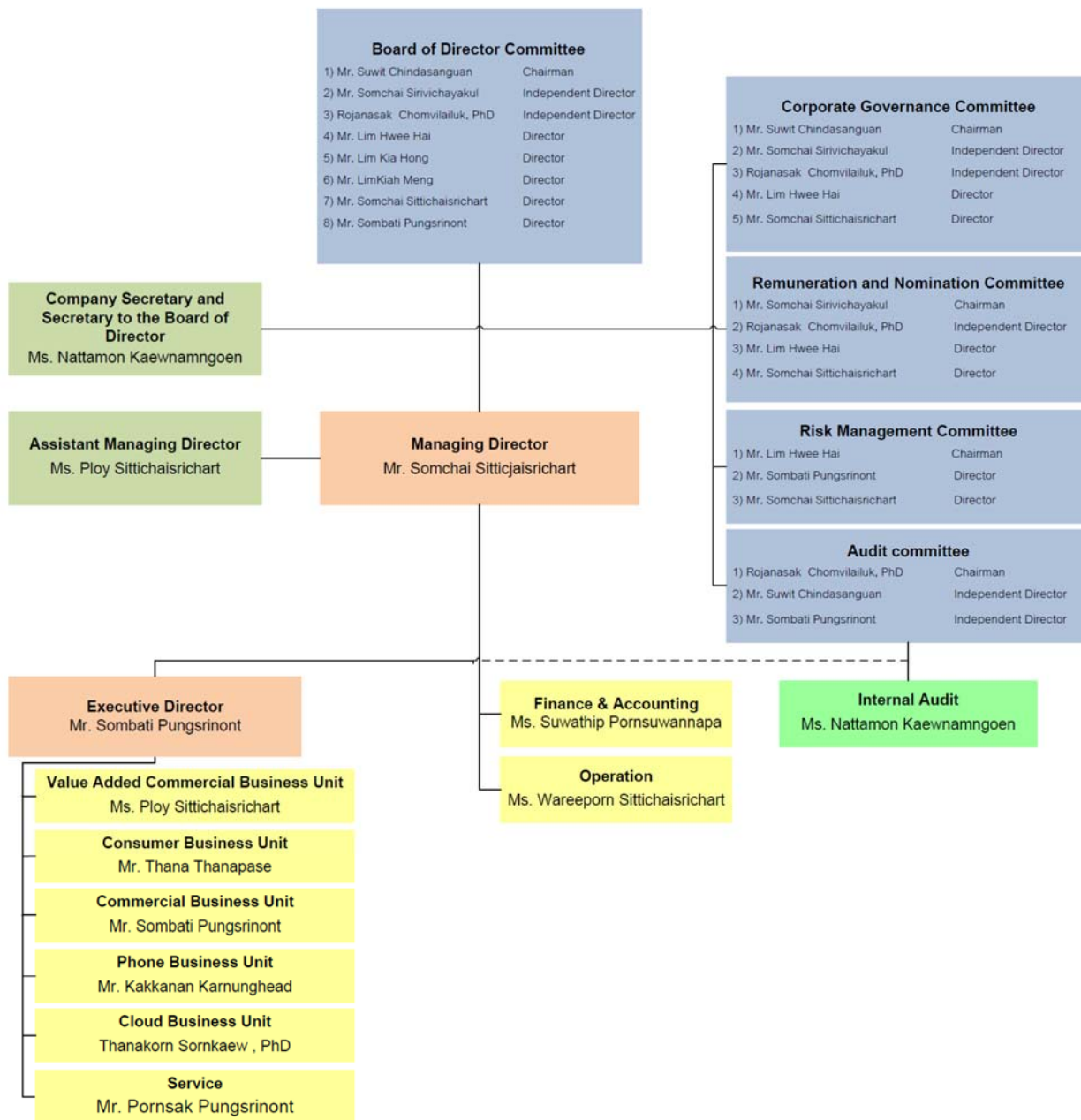
Address : 88/6-9.SOI PATTANACHONNABOT 3,
KLONGSONGTONNOON, LADKRABANG,
BKK 10520
Tel : 02-640-3001, 3012, 3013, 3014, 3017
Fax : 02-640-3299

SiS Warehouse (New)

Address : 88/6-9.SOI PATTANACHONNABOT 3,
KLONGSONGTONNOON, LADKRABANG,
BKK 10520
Tel : 02-640-3007

Organizational Structure

SiS Distribution (Thailand) Public Company Limited



Board of Directors



From left to right

1) Mr. Somchai Sirivichayakul (Independent Director – Chairman of Remuneration and Nomination Committee) • 2) Mr. Lim Kiah Meng (Director) • 3) Mr. Sombati Pungsrinont (Executive Director) • 4) Mr. Suwit Chindasanguan (Independent Director – Chairman – Chairman of Corporate Governance Committee) • 5) Mr. Somchai Sittichaisrichart (Managing Director) • 6) Mr. Lim Hwee Hai (Chairman of Risk Management Committee) • 7) Mr. Lim Kia Hong (Director) • 8) Rojanasak Chomvilailuk, PhD. (Independent Director – Chairman of Audit Committee)

Name**Mr. Suwit Chindasanguan****Position**

Chairman • Chairman of Corporate Governance
Committee • Audit Committee • Audit Committee

Age

63 Years

Nationality

Thai

Education

Master of Sciences (Economics),
Kasetsart University

Training from IOD

- Audit Committee: Experience, Problem and Best Practice
- CG of Thai Listed Companies
- Director Certificate Program Update
- Director Certification Program
- Directors Accreditation Program
- Directors Forum 2/2012 "Risk Oversight VS Risk Management"
- Economic and Business outlook in 2016: Hot – button for Directors
- Ethical Leadership Program
- IT Governance : A Strategic Path Forward
- Managing Technology and Disruption
- Monitoring Fraud Risk Management
- Monitoring the Internal Audit Function
- Monitoring the Quality of Financial Reporting
- Monitoring the System of Internal Control and Risk Management
- National Director Conference 2016 : Enhancing Growth Through Governance in Family Controlled Business
- Risk Management Committee Program
- Role of the Chairman Program
- Role of the Compensation Committee
- Role of the Nomination and Governance Committee
- Successful Formulation & Execution of Strategy

**Shareholding(31 Dec 16)**

323,003 shares, equal to 0.09 of total shares with voting right

Date and Number of Year of

9 February 2004 – 13 Years

Independent Directorship**Working Experience/Directorship or Management in Other Businesses****Working Experience**

- 2013 – Present Chairman of Corporate Governance Committee
SiS Distribution (Thailand) PCL.
- 2007–Present Chairman
SiS Distribution (Thailand) PCL.
- 2004 – Present Independent Director and Audit Committee
SiS Distribution (Thailand) PCL.

Positions in Other Listed Companies

Independent Director and Chairman of Audit Committee and Corporate
Governance Committee
Univentures Public Company Limited

Positions in Other Non-Listed Companies

- 2013 – Present Chairman, Theme Ad Corporation Co., Ltd.
- 2012 – Present The Plan Committee and Rehabilitation Plan Management
Legal Execution Department,
Ministry of Justice
- 2005 – Present Chairman, Wide Wi Max Co., Ltd.
- 2001 – Present Chairman, Internet Solution & Service Provider Co., Ltd.

Name**Position****Age****Nationality****Education****Training from IOD****Rojanasak Chomvilailuk, PhD.**

Chairman of Audit Committee • Remuneration and Nomination Committee • Corporate Governance Committee • Independent Director
55 Years

Thai

Doctor of Philosophy in Marketing & Management, Charles Sturt University

- Audit Committee Program
- Audit Committee : Experience, Problem and Best Practice
- CEO Relations: Balancing Trust and Oversight
- Certificate of Diploma
- Chartered Director Class
- DCP Refresher
- Directors Accreditation Program
- Directors Certification Program
- Fellow Member of Thai Institute of Directors Association
- Finance for Non-Finance Director
- How to Develop a Risk Management Plan
- Improving Board Decisions
- Improving the Quality of Financial Reporting
- Monitoring Fraud Risk Management
- Monitoring the Internal Audit Function
- Monitoring the Quality of Financial Reporting
- Monitoring the System of Internal Control and Risk Management
- Role of the Compensation Committee
- Successful Formulation & Execution of Strategy
- What the Board Should Expect from the Company Secretary
- Will the Global Economy Stumble or Slow down? And what will that mean for Thailand?

**Shareholding(31 Dec16)**

None

Date and Number of Year of

9 February 2004 – 13 Years

Independent Directorship**Working Experience/Directorship or Management in Other Businesses****Working Experience**

2013 - Present	Corporate Governance Committee SiS Distribution (Thailand) PCL.
2009 - Present	Chairman of Audit Committee SiS Distribution (Thailand) PCL.
2009 - Present	Remuneration and Nomination Committee SiS Distribution (Thailand) PCL.
2009 - 2014	Risk Management Committee SiS Distribution (Thailand) PCL.
2008 - 2009	Chairman of Remuneration and Nomination Committee, SiS Distribution (Thailand) PCL.
2004 - Present	Independent Director and Audit Committee, SiS Distribution (Thailand) PCL.

Positions in Other Listed Companies

-None-

Positions in Other Non-Listed Companies

2013 - Present	Director, Master Degree in Retail Management Curriculum, Faculty of Business Administration, The University of the Thai Chamber of Commerce
2013-2013	Audit Committee, Ausiris Future Co., Ltd.
2012 - 2013	Association Dean, International College, The University of the Thai Chamber of Commerce
2010 - Present	Independent Director, Ausiris Future Co., Ltd.
2010 - 2015	Director, Tiptop Logistic Co., Ltd.
2004 - Present	Lecturer, Faculty of Business Administration, The University of the Thai Chamber of Commerce

Name**Somchai Sirivichayakul****Position**

Chairman of Remuneration and Nomination • Audit Committee • Corporate Governance Committee • Independent Director

Age

60 Years

Nationality

Thai

Education

- Master of Engineering (Civil Engineering), Tokyo Institute of Technology, Japan

- Accredited Gemologist

Asian Institute of Gemologist Sciences (AIGS)

Training from IOD

- Audit Committee Program
- Audit Committee: Experience, Problem and Best practice
- Director Certification Program
- Director Certification Program Refresher Course
- Directors Accreditation Program
- Evolving Executive Compensation with Changing Times
- IT Governance: A Strategic Part Forward
- Monitoring Fraud Risk Management
- Monitoring the Internal Audit Function
- Monitoring the Quality of Financial Reporting
- Monitoring the System of Internal Control and Risk Management
- Role of the Compensation Committee
- Successful Formulation & Execution of Strategy
- Will the Global Economy Stumble or Slow down? and What Will that Mean for Thailand?
- ควรรักษาบทบาทและอำนาจหน้าที่ของกรรมการอิสระอย่างไร เพื่อให้สามารถปฏิบัติหน้าที่ได้อย่างมีประสิทธิภาพ

**Shareholding(31 Dec16)**

None

Date and Number of Year of Independent Directorship

9 February2004 – 13 Years

Working Experience/Directorship or Management in Other Businesses**Working Experience**

2013 - Present	Corporate Governance Committee SiS Distribution (Thailand) PCL.
2009 - Present	Chairman of Remuneration and Nomination Committee SiS Distribution (Thailand) PCL.
2006 - 2009	Remuneration and Nomination Committee SiS Distribution (Thailand) PCL.
2004 - Present	Independent Director and Audit Committee SiS Distribution (Thailand) PCL.
2004 - 2009	Chairman of Audit Committee SiS Distribution (Thailand) PCL.
2004 - 2009	Chairman SiS Distribution (Thailand) PCL.

Positions in Other Listed Companies

None

Positions in Other Non-Listed Companies

2015 – 2016	Chief of Executive Directors and Chief of Executive Officer, Strega Public Company Limited.
2012 - 2015	General Manager, FCC (Thailand) Company Limited
2004 - Present	Director, Cyber Intrend Company Limited
2003 - Present	Managing Director, Profit Center Group Company
1990 - Present	LimitedPartner, Sirichoke Development Partnership

Name**Mr. Lim Hwee Hai****Position**

Authorized Director • Chairman of Risk Management Committee • Remuneration and Nomination Committee • Corporate Governance Committee

Age

67 Years

Nationality

Singapore

Education

- Bachelor of Commerce (First Class Honors), Nanyang University
- Master of Business Administration, The National University of Singapore
- Directors Accreditation Program
- Directors Certification Program

Training from IOD**Type of Director**

Non – Executive Director

Shareholding**(31 Dec16)**

- 244,687 shares, equal to 0.07% of total shares with voting right
- Indirectly holding 165,616,595 shares, equal to 47.30% by being Director of SiS Technologies (Thailand) PTE.Ltd.

Date and Number of Year of

12 June 2000 – 16 Years

Directorship**Working Experience/Directorship or Management in Other Businesses****Working Experience**

- | | |
|----------------|---|
| 2013 - Present | Corporate Governance Committee, SiS Distribution (Thailand) PCL. |
| 2008 - Present | Chairman of Risk Management Committee, SiS Distribution (Thailand) PCL. |
| 2008 - Present | Remuneration and Nomination Committee, SiS Distribution (Thailand) PCL. |
| 2004 - Present | Chairman of Remuneration and Nomination Committee, SiS Distribution (Thailand) PCL. |
| 2000 - 2004 | Director, SiS Distribution (Thailand) PCL.
Director, SiS Distribution (Thailand) Co., Ltd. |
| 1983 - Present | Director and Managing Director
SiS Group of Companies |
| 1979–1982 | Manager
Banque Nationale De Paris |
| 1976 - 1978 | Senior Officer
Development Bank of Singapore |

Positions in Other Listed Companies

-None-

Positions in Other Non-Listed Companies

- | | |
|----------------|--|
| 2010 - Present | Director
Qool Distribution Co., Ltd.
(which SiS Distribution (Thailand) PCL. holds 99.99% of total shares) |
| 2009 - Present | Director
SiS Venture Co., Ltd.
(which SiS Distribution (Thailand) PCL. holds 99.99% of total shares) |



Name**Mr. Lim Kia Hong****Position**

Authorized Director

Age

60 Years

Nationality

Singapore

Education

Bachelor of Business Administration University of Washington, USA

Training from IOD

- DAP- Directors Accreditation Program DAP

Type of Director

Non – Executive Director

Shareholding**(31 Dec16)**

- 241,875 shares, equal to 0.07% of total shares with voting right Indirectly holding 165,616,595 shares, equal to 47.30%, by being Director of SiS Technologies (Thailand) Pte.Ltd.

**Date and Number of Year of** 12 June 2000 - 15 Years**Directorship****Working Experience/Directorship or Management in Other Businesses****Working Experience**

2004 - Present	Director SiS Distribution (Thailand) PCL.
2000 - 2004	Director SiS Distribution (Thailand) Co., Ltd.
1983 - Present	Chief Executive Officer SiS Group of Companies

Positions in Other Listed Companies

-None-

Positions in Other Non-Listed Companies

2015 - Present	Director Wiko Mobile (Thailand) Co., Ltd. (which SiS Distribution (Thailand) PCL. indirectly holds 45% of total shares via SiS Venture Co., Ltd.)
2010 - Present	Director Qool Distribution Co., Ltd. (which SiS Distribution (Thailand) PCL. holds 99.99% of total shares)
2009 - Present	Director SiS Venture Co., Ltd. (which SiS Distribution (Thailand) PCL. holds 99.99% of total shares)

Name**Mr. Lim Kia Meng****Position**

Authorized Director

Age

62 Years

Nationality

Singapore

Education

- Bachelor of Commerce, Nanyang University SINGAPORE
- Master of International Management, American Graduate School of International Management USA

Training from IOD

- DAP - Directors Accreditation Program DAP

Type of Director

Non – Executive Director

Shareholding

- 241,875 shares, equal to 0.07% of total shares

(31 Dec16)

with voting right Indirectly holding 165,616,595 shares, equal to 47.30%, by being Director of SiS Technologies (Thailand) Pte.Ltd.

Date and Number of Year of 26 April 2013 - 4 Years**Directorship****Working Experience/Directorship or Management in Other Businesses****Working Experience**

2013 - Present	Director SiS Distribution (Thailand) PCL.
2007 - Present	Vice Chairman SiS Group of Companies
1986 - Present	Executive Director SiS Group of Companies
1979 - 1986	Bank of America

Positions in Other Listed

-None-

Companies**Positions in Other Non-**

-None-

Listed Companies

Name**Position****Age****Nationality****Education****Training from IOD****Type of Director****Shareholding****(31 Dec16)****Date and Number of Year of****Directorship****Working Experience/Directorship or Management in Other Businesses****Working Experience****Positions in Other listed****Companies****Positions in Other Non-Listed****Companies****Mr. Somchai Sittichaisrichart**

Managing Director • Authorized Director • Remuneration and Nomination Committee • Corporate Governance Committee • Risk Management Committee

57 Years

Thai

- Bachelor of Engineering (Electrical Engineering), Prince of Songkhla University
- Master of Business Administration, Thammasat University
- Director Certification Program
- Directors Accreditation Program
- CEO Succession and Effective Leadership Development
- IT Governance : A Strategic Path Forward
- Successful Formulation & Execution the Strategy
- What the Board Should Do in a Turnaround Situation
- Capital Market Leader Program (SEC/SASIN)
- Chartered Director Class (CDC) Nov-2014
- HMS-How to Measure the Success of Corporate Strategy (HMS 4/2014)
- Anti Corruption for Executive Program
- Anti Corruption in Thailand : Sustaining the Momentum
- Director Forum : Corporate Governance Code
- IOD Dinner Talk 2/2016 “Ten practical guidelines to improving board communication”

Executive Director

9,457,961 shares, equal to 2.7% of shares with voting right, excluding shares held by

Ms. Wareeporn Sittichaisrichart (Spouse) 9,421,780 shares

Mr. Pete Sittichaisrichart (Son) 12,550,164 shares

Ms. Ploy Sittichaisrichart (Daughter) 19,923,796 shares

17 June 1998 – 18 Years

- | | |
|----------------|---|
| 2013 - Present | Risk Management Committee
SiS Distribution (Thailand) PCL |
| 2013 - Present | Corporate Governance Committee
SiS Distribution (Thailand) PCL. |
| 2008 - Present | Remuneration and Nomination Committee
SiS Distribution (Thailand) PCL. |
| 2004 - Present | Managing Director,
SiS Distribution (Thailand) PCL. |
| 1998 - 2004 | Managing Director,
SiS Distribution (Thailand) Co., Ltd. |

-None-

- | | |
|----------------|---|
| 2015 - Present | Director, Wiko Mobile (Thailand) Co., Ltd.
(which SiS Distribution (Thailand) PCL. indirectly holds 45% of total shares via SiS Venture Co., Ltd.) |
| 2014 - Present | Director, Nippon Pack Trading Co., Ltd.
(which SiS Distribution (Thailand) PCL. indirectly holds 49% of total shares via SiS Venture Co., Ltd.) |
| 2010 - Present | Director, Qool Distribution Co., Ltd.
(which SiS Distribution (Thailand) PCL. holds 99.99% of total shares)
Director, SiS Venture Co., Ltd. |
| 2009 - Present | (which SiS Distribution (Thailand) PCL. holds 99.99% of total shares) |



Name**Mr. Sombati Pungsrinont****Position**

Executive Director • Authorized Director • Risk Management Committee

Age

60 Years

Nationality

Thai

Education

- Bachelor of Engineering (Electrical Engineering), King Mongkut's University of Technology Thonburi
- Master of Business Administration, Thammasat University

Training from IOD

- Director Certification Program
- Directors Accreditation Program
- Role of the Compensation Committee
- Successful Formulation and Execution of Strategy
- Risk Management Committee Program RMP 6/2015

Type of Director

Executive Director

Shareholding

(31 Dec16)

13,080,010 shares, equal to 3.7% of total shares with voting right, excluding shares held by

- Ms. Suranee Pungsrinont (Spouse) 4,000,000 shares
- Mr. Chanont Pungsrinont (Son) 6,228,145 shares
- Mr. Thanakorn Pungsrinont (Son) 7,065,469 shares

Date and Number of Year of

17 June 1998 – 18 Years

Directorship**Working Experience/Directorship or Management in Other Businesses****Working Experience**

2014 - 2015	Company Secretary SiS Distribution (Thailand) PCL.
2009 - Present	Risk Management Committee, SiS Distribution (Thailand) PCL.
2004 - Present	Executive Director SiS Distribution (Thailand) PCL.
1998 - 2004	Executive Director SiS Distribution (Thailand) Co., Ltd.
1997 - 1999	Executive Director M&V Technologies Co., Ltd.
1992 - 1997	Executive Director Tanawat Information Systems Co., Ltd.

Positions in Other Listed

-None-

Companies**Positions in Other Non-Listed****Companies**

2014 - Present	Director, Nippon Pack Trading Co., Ltd. (which SiS Distribution (Thailand) PCL. indirectly holds 49% of total shares via SiS Venture Co., Ltd.)
2010 - Present	Director, Qool Distribution Co., Ltd. (which SiS Distribution (Thailand) PCL. holds 99.99% of total shares) Director, SiS Venture Co., Ltd.
2009 - Present	(which SiS Distribution (Thailand) PCL. holds 99.99% of total shares)



Management and Company Secretary



From Left to Right

1) Mr.Kakkana Karnunghead (General Manager of Phone Business Unit) • 2) Ms.Wareeporn Sittichaisrichart (Operations Manager) • 3) Ms.Ploy Sittichaisrichart (Assistant Managing Director) • 4) Thanakorn Sornkaew, PhD. (General Manager of Cloud Business Unit) • 5) Ms.Suwathip Pornsuwannapha (Financial Controller) • 6) Ms.Nattamon Kaewnamngeon (Company Secretary) • 7) Mr.Thana Thanapase (General Manager of Consumer Business Unit)

Name**Position****Age****Nationality****Education****Training****Ms. Suwathip Pornsuwannapha**

Financial Controller

47 Years

Thai

- Master of Accounting, Chulalongkorn University
- SiS-Chula Mini MBA : Chulalongkorn University
- The Coaching Clinic : Management and Psychology Institute
- CFO Program: FAP
- Risk Management Seminar & Workshop : IOD
- Preparation before New Securities and
- Exchange Act applied: Listed Companies Association
- Impact from IFRS for Listed Company :
- Securities Analysts Association
- Q & A For Implement New Accounting Standard : FAP

**Shareholding
(31 Dec16)**

2,069,896 shares, equal to 0.59 of total shares with voting right

Working**Experience**

1999 – Financial Controller
 Present SiS Distribution (Thailand) PCL.
 1994 – 1999 Accounting Manager
 M & V Technologies Co.,Ltd.
 1991 – 1993 Senior Auditor
 Coopers and Lybrand Co.,Ltd.

**Name****Position****Age****Nationality****Education****Training****Ms. Wareeporn Sittichaisrichart**

Operation Manager

57 Years

Thai

Bachelor of Science, Prince of Songkhla University

- FC Fundamental Course : Association of Investment Management Companies / Association of Provident Fund / Thailand Securities Institute
- Remuneration Management : Hypo Training and Consultancy Co., Ltd.
- Competency Based Human Resource Management:
- WASO Training Co., Ltd.
- The Coaching Clinic : Management and Psychology Institute
- GEN Y Talent Management & Succession Planning:
- OMEGA WORLD CLASS Research Institute
- The Remuneration for Sale Representative: MPI Management and Psychology Institute
- Salary Structure Design : OMEGAWORLDCLASS Research Institute

**Shareholding
(31 Dec16)**

9,421,780 shares, equal to 2.70% of total shares with voting right, excluding shares held by

- Mr. Somchai Sittichaisrichart (Spouse) 9,457,961 shares
- Mr. Pete Sittichaisrichart (Son) 12,550,164 shares
- Ms. Ploy Sittichaisrichart (Daughter) 19,923,796 shares

Working**Experience**

1999 – Present Operation Manager
 SiS Distribution (Thailand) PCL.
 1994 – 1999 MIS Manager
 M & V Technologies Co.,Ltd.



Name **Mr. Thanakorn Sornkaew**

Position General Manager of Cloud Business Unit

Age 46 Years

Nationality Thai

Education Doctor of Philosophy (Engineering) in Engineering & Management, Nihon Universit, Japan

Training

- Project Management Prfessional, Project Management Institure
- SAP Support Associate , SAP

Shareholding (31 Dec 16) -None-

Working 2016-Present General Manager, Cloud Business Unit , SiS Distribution (Thailand) PCL

Experience
2015–2016 Program Manager, HP (Thailand) Co., Ltd.
2012–2014 Presales Manager, Fujitsu Enterprise Solution Co., Ltd.



Name **Mr. Thana Thanapase**

Position General Manager of Consumer Business Unit

Age 55 Years

Nationality Thai

Education

- Bachelor of Business Administration, Assumption University
- Master of Commerce, Thammasat University

Training The Coaching Clinic: Management and Psychology Institute

Shareholding (31 Dec 16) -None-

Working 2008- Present General Manager Consumer BusinessUnit, SiS Distribution (Thailand) PCL

Experience
2005–2008 General Manager, Thai Samsung Electric Co.,Ltd.
1996–2005 Consumer Sales Manager, Hewlett Packard (Thailand) Co., Ltd.



Name **Ms. Ploy Sittichaisrichart**

Position Assistant Managing Director

Age 30 Years

Nationality Thai

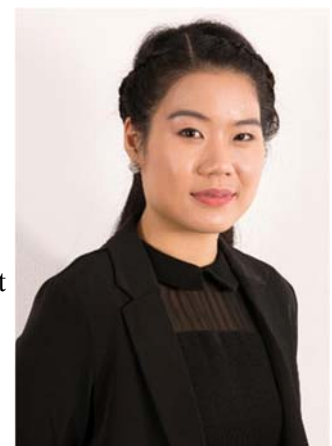
Education Bachelor of Management, London School of Economics

Training TLCA Executive Development Program EDP

Shareholding (31 Dec 16) 19,923,796 shares, equal to 5.7 of total shares with voting right

Working 2016 - Present Assistant Managing Director , SiS Distribution (Thailand) PCL.

Experience
2014 - 2016 Project Manager , SiS Distribution (Thailand) PCL.
2013 - 2014 Regional VP Marketing, Lazada Co., Ltd.
2011 - 2013 Business Analyst Consulting, McKinsey & Company (Thailand) Co., Ltd.



Name	Ms. Nattamon Kaewnamngoen	
Position	Head of Internal Audit Department and Company Secretary	
Age	32 Years	
Nationality	Thai	
Education	<ul style="list-style-type: none"> • Bachelor of Accountancy, Kasetsart University • Master of Science in Business System Integration (with SAP Technology), Brunel University, UK 	
Training	<ul style="list-style-type: none"> • Enterprise Risk Management COSO – ERM: FAP, and Univenture PCL. • Foundation of Information System : LIBT • Update Thai Accounting Standard in 2011: Bunchikij Co.,Ltd. • Update IFRS and TFRS for NPAs : Bunchikij Co.,Ltd. • Hedge Accounting and Deferred Tax : Bunchikij Co.,Ltd. • ACPG 19/2015 Anti Corruption: The Practical Guide • CRP 12/2015 Company Reporting Program • CSP 69/2016 Company Secretary Program 	
Shareholding (31 Dec 16)	-None-	
Working Experience	2015 – Present	Company Secretary SiS Distribution(Thailand) PCL.
	2015 – Present	Head of Internal Audit Department and Audit Committee Secretary , SiS Distribution(Thailand) PCL.
	2008 – 2011	Senior Assistant Auditor , Bunchikij Co., Ltd.



Name	Mr. Kakkanan Karnunghead	
Position	General Manager of Phone Business Unit	
Age	55 Years	
Nationality	Thai	
Education	Bachelor of Education, Silpakorn University	
Shareholding (31 Dec 16)	-None-	
Working Experience	2015 - Present	General Manager Phone Business Unit, SiS Distribution(Thailand) PCL.
	2010 - 2013	General Manager Phone Business Unit, SiS Distribution(Thailand) PCL.
	2007 - 2010	Senior Business Manager , Philips Electronics (Singapore)
	2000 - 2007	Senior Business Manager , Philips Electronics (Thailand)
	1996 - 1999	Area Sales Manager, Sony Thai



Change in Units of Shareholding of Directors and Management

During 2016, Directors and management bought and sold their securities as following :

Name	Number of Shares (Unit) As of January 1, 2016	Number of Shares (Unit) Acquisition during 2016	Number of Shares (Unit) Disposition during 2016	Number of Shares (Unit) As of December 31, 2016
Directors				
Mr. Suwit Chindasanguan	323,003	-	-	323,003
Rojanasak Chomvilailuk, PhD.	39,430	-	39,430	-
Mr. Somchai Sirivichayakul	-	-	-	-
Mr. Lim Hwee Hai	244,687	-	-	244,687
Mr. Lim Kia Hong	241,875	-	-	241,875
Mr. Somchai Sittichaisrichart	9,457,961	-	-	9,457,961
Mr. Sombati Pongsrinont ⁽¹⁾	21,080,010	-	8,000,000	13,080,010
Mr. Lim Kiah Meng	-	-	-	-
Management and Secretary				
Ms. Suwathip Pornsuwannapha	2,069,896	-	-	2,069,896
Ms. Wareeporn Sittichaisrichart	9,421,780	-	-	9,421,780
Ms. Ploy Sittichaisrichart ⁽²⁾	19,923,796	-	-	19,923,796
Ms. Nattamon Kaewnamngoen	-	-	-	-
Mr. Thana Thanapase	-	-	-	-
Mr. Kakkanan Karnunghead	-	-	-	-
Mr. Thanakorn Sornkaew ⁽³⁾	-	-	-	-

Remarks

- (1) The number of shares of Mr. Sombati Pongsrinont reduced by 8,000,000 shares due to transferable to the spouse and children during the year totaling 8,000,000 shares.

Name	Number of Shares (Share) As at January 1, 2016	Number of Shares (Share) Acquisition during 2016	Number of Shares (Share) Disposition during 2016	Number of Shares (Share) As at December 31, 2016
Ms.Suranee Pongsrinont (Spouse)	-	4,000,000	-	4,000,000
Mr.Thanakorn Pongsrinont (Son)	7,065,469	2,000,000	-	9,065,469
Mr.Chanont Pongsrinont (Son)	6,228,145	2,000,000	-	8,228,145

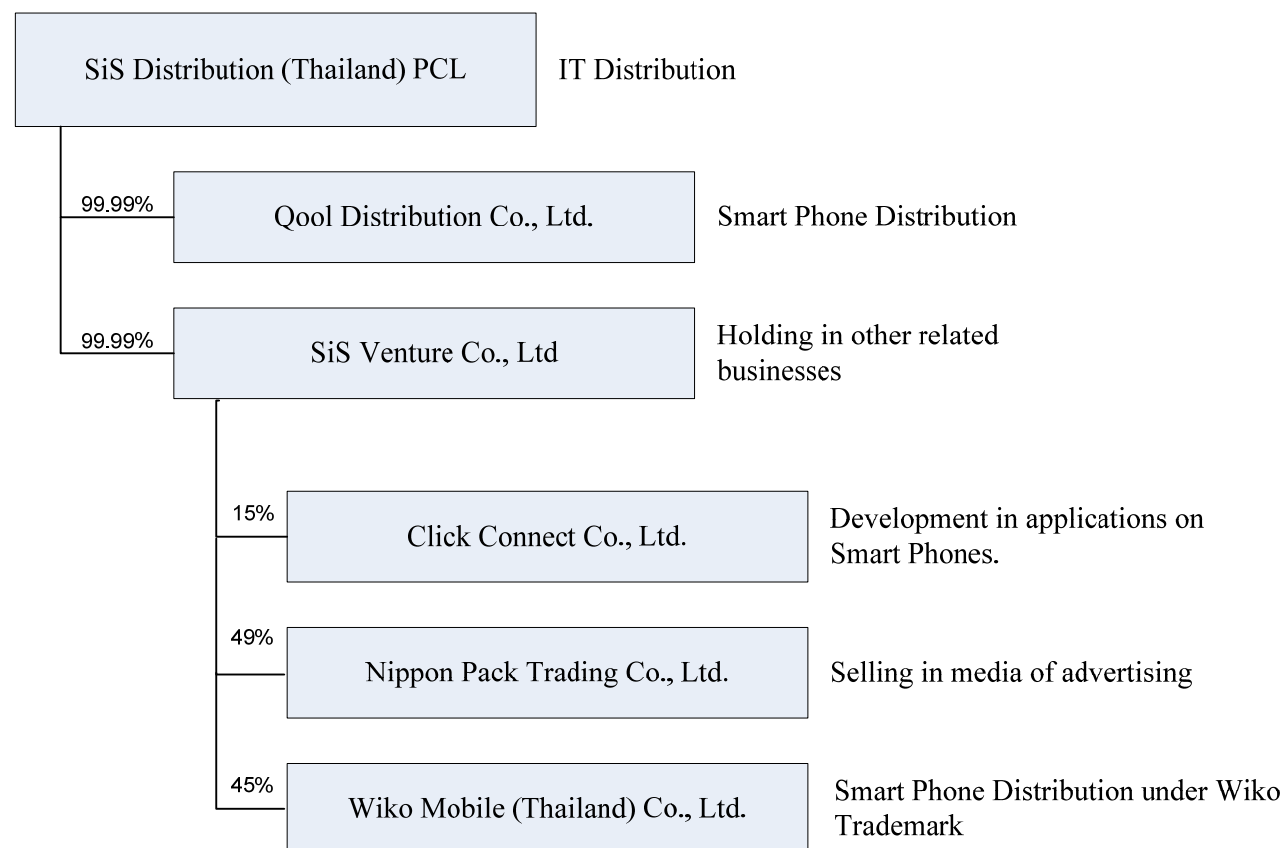
- (2) Ms.Ploy Sittichaisrichart is an executive of the company under the definition of the Securities and Exchange Commission on February 1, 2017.
- (3) Mr.Thanakorn Sornkaew is an executive of the company under the definition of the Securities and Exchange Commission on February 1, 2017.

Subsidiaries and Related Companies

SiS Distribution (Thailand) Public Company Limited has invested in the subsidiaries and related companies which connected to the core business of the company as following:

Company	Type of Business	Shareholding	Holder
Qool Distribution (Thailand) Company Limited	Distribution in Smartphones	99.99%	SiS Distribution (Thailand) PCL.
SiS Venture Company Limited	Investing in businesses which connected to the core business of the company	99.99%	SiS Distribution (Thailand) PCL.
Click Connect Company Limited	Development in applications on Smartphones	15%	SiS Venture Company Limited
Nippon Pack Trading Company Limited	Selling in media of advertising, emphasizing on electronic media	49%	SiS Venture Company Limited
Wiko Mobile (Thailand) Company Limited	Selling in Smartphone under Wiko Trademark	45%	SiS Venture Company Limited

The illustration of the relationship of subsidiaries and related companies.



IT Outlook

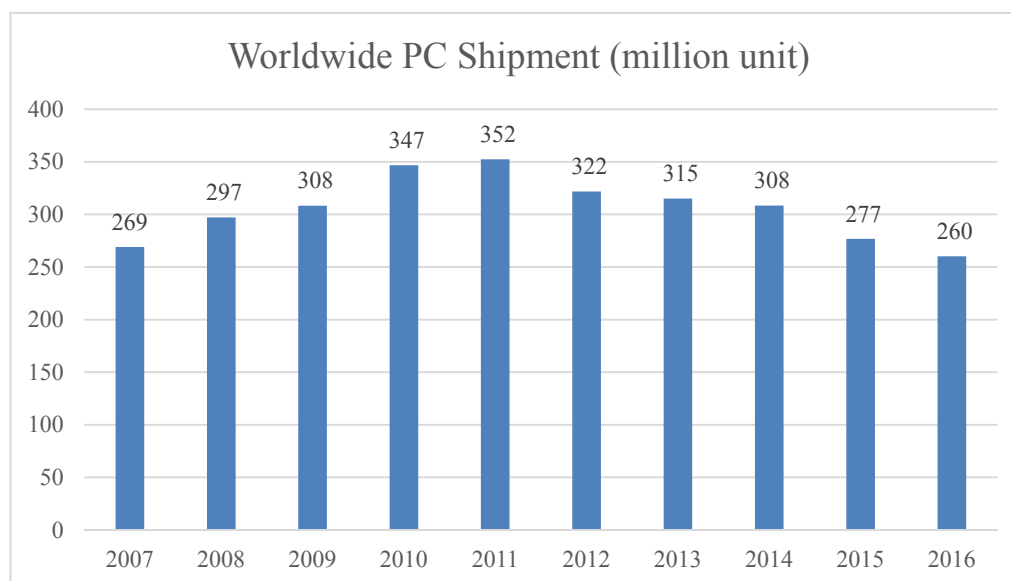
The main products in the IT Industry are PC, Smartphone and Tablet. As the core business of the Company are in the IT industry so the Company is a distributor of all three products and has monitored the market trend of these three products as followings :

PC Market

International Data Corporation (IDC) which is a world class research company reported the result of PC market survey across the world in 2016 that overall shipments of PCs dropped 5.7% year-over-year in 2016 to 260 Million. This PC shipments fell for five consecutive years however its declined rate reduced from the previous year.

Vendor	2016 Shipments	2016 Market Share	2015 Shipments	2015 Market Share	2016/2015 Growth
1. Lenovo	55,502	21.3%	57,233	20.8%	-3.0%
2. HP Inc	54,290	20.9%	53,587	19.4%	1.3%
3. Dell Technologies	40,731	15.7%	39,049	14.2%	4.3%
4. ASUS	19,203	7.4%	19,360	7.0%	-0.8%
5. Apple	18,446	7.1%	20,452	7.4%	-9.8%
Others	72,011	27.7%	86,109	31.2%	-16.4%
Total	260,183	100.0%	275,790	100.0%	-5.7%

PC market survey in each brand across the world from IDC (Unit : Thousand) for the year of 2016 compared to 2015 shown the shrink of PC market at 5.7% from the year 2016 compared to 2015.



PC market survey across the world from IDC (Unit : Thousand) in each year shown the shrink of PC market which was a consecutive decrease since 2012 or for five consecutive years.

The situation of Thailand PC Shipments in 2016 has continued to shrink in accordance with the worldwide PC shipments due to the huge decreasing in consumption of household. This was because the replacement of smartphone and tablet combined with the decreasing in purchasing power due to higher in household debt. While, the consumption of PC in corporate sector remained stable or slightly decreased because PC was an essential tool which could not be replaced by smartphone and tablet.

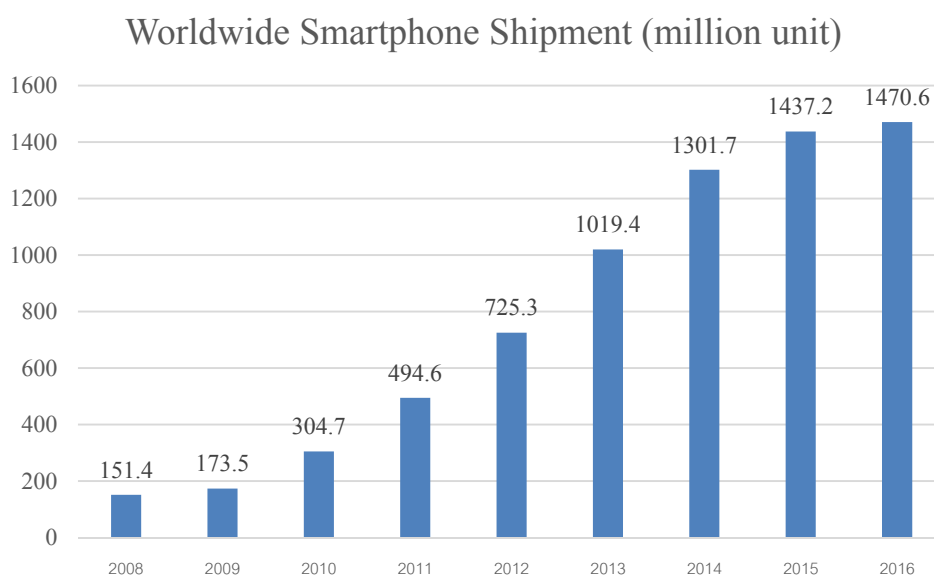
Smartphone Market

According to Smartphone market survey across the world from IDC, the worldwide Smartphone market was 1,471 Million units shipped or increased 2.3% year-over-year in 2016. This was the continuous growth but its rate started to decline.

In Thailand, it was expected that the Smartphone shipments in 2016 was likely to 18 Million units or up to 13% from 2015 and will slightly shrink in 2017 because the change of the 2G to 3G/4G network of all three mobile operator, AIS True and DTAC have been fully implemented.

Vendor	2016 Shipment Volume	2016 Market Share	2015 Shipment Volume	2015 Market Share	Year-Over- Year Change
1. Samsung	311.4	21.2%	320.9	22.3%	-3.0%
2. Apple	215.4	14.6%	231.5	16.1%	-7.0%
3. Huawei	139.3	9.5%	107	7.4%	30.2%
4. OPPO	99.4	6.8%	42.7	3.0%	132.8%
5. vivo	77.3	5.3%	38	2.6%	103.4%
Others	627.8	42.7%	697.1	48.5%	-9.9%
Total	1,470.6	100.0%	1,437.2	100.0%	2.3%

Smartphone market survey across the world from IDC (Unit : Million) shown the growth of smartphone shipments in 2016 which increased 2.3% from the previous year.



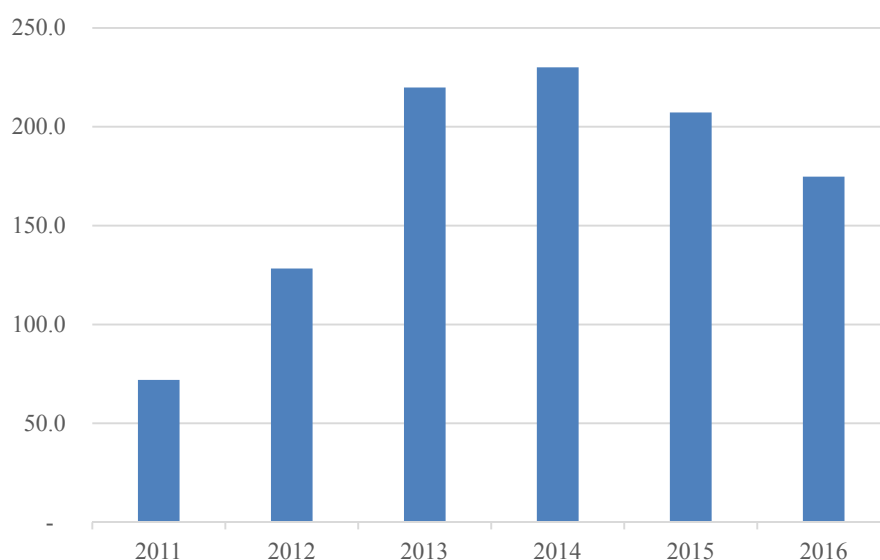
Smartphone market survey across the world from IDC (Unit: Million) shown the continued growth of smartphone shipments in 2016 was only up 2.3% compared to the previous year. It represents that it is close to being saturated.

Tablet Market

IDC reported the volume of the worldwide tablet shipments in 2016 was 174.8 Million units and down -15.6% Year-over-Year, marking the second year in a row of declining growth for the tablet market after tablet released in 2010. It was because the Smartphone has a bigger screen which replace the need of tablet.

Vendor	2016 Unit Shipments	2016 Market Share	2015 Unit Shipments	2015 Market Share	Year-Over- Year Growth
1. Apple	42.6	24.4%	49.6	23.9%	-14.1%
2. Samsung	26.6	15.2%	33.4	16.1%	-20.4%
3. Amazon.com	12.1	6.9%	6.1	2.9%	98.4%
4. Lenovo	11.1	6.4%	11.2	5.4%	-0.9%
5. Huawei	9.7	5.5%	6.5	3.1%	49.2%
Others	72.7	41.6%	100.3	48.4%	-27.5%
Total	174.8	100.0%	207.2	100.0%	-15.6%

Tablet market survey across the world from IDC (Unit: Million) shown the growth of sales in smartphone in 2015 which decreased 10.1% from the increasing in 2014 at 4.6%.



Tablet market survey across the world from IDC (Unit : Million) shown the biggest tablet market in 2014 and then continues to shrink..

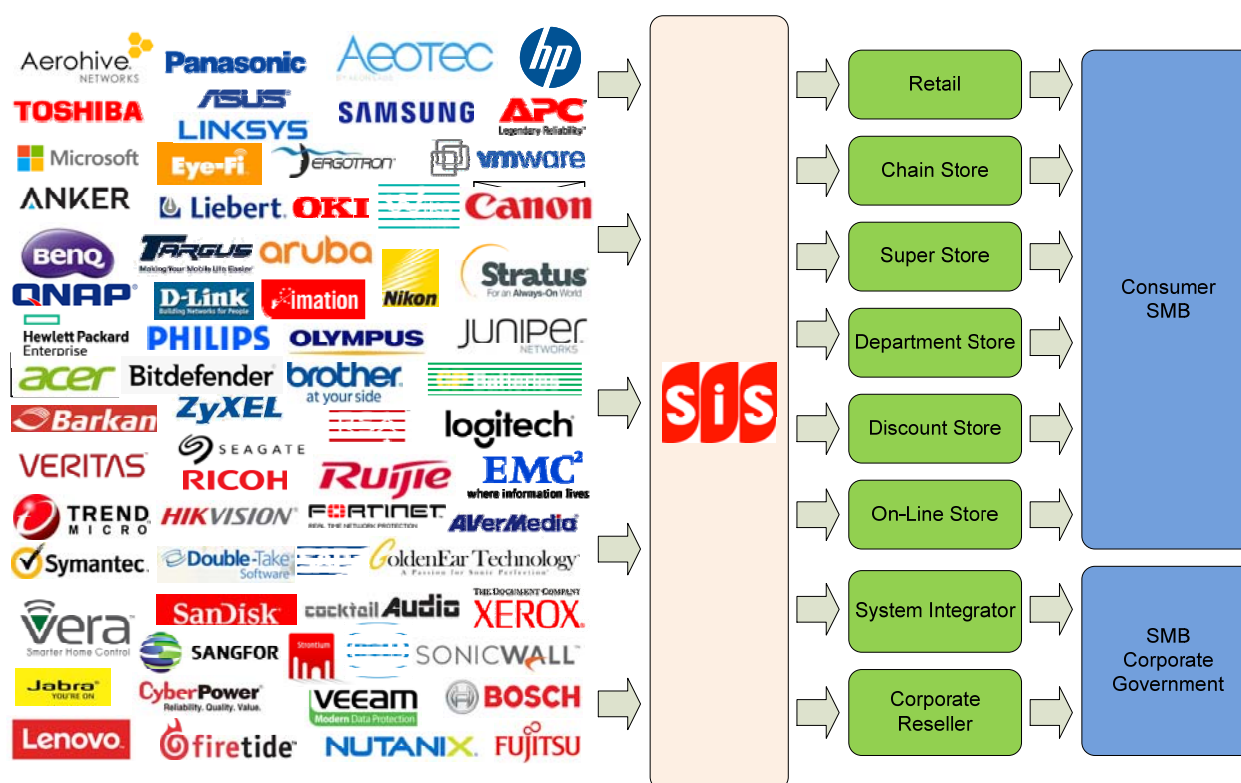
Business Characteristics, Competition and Market Share

Business Characteristics

The Company operates in IT distribution which purchases products and services from approximately 70 suppliers and distributes to various channel. In 2016, the Company has distributed products and services to approximately 4,600 dealers and retailers which re-sell to end users, corporate as well as government sector.

Majority of products is the Information Technology (IT) products which cover all product categories, ranging from products that are used in households such as computers, printers, smartphones and tablets to the products that are used in corporation such as server computers, network, data storage, software and other peripheral equipment. The top ten products with highest revenue of the year 2016 (sequenced by the alphabet) are Asus, Acer, Apple, Dell, EMC, Hewlett Packard, Lenovo, Samsung, Vmware and Wiko.

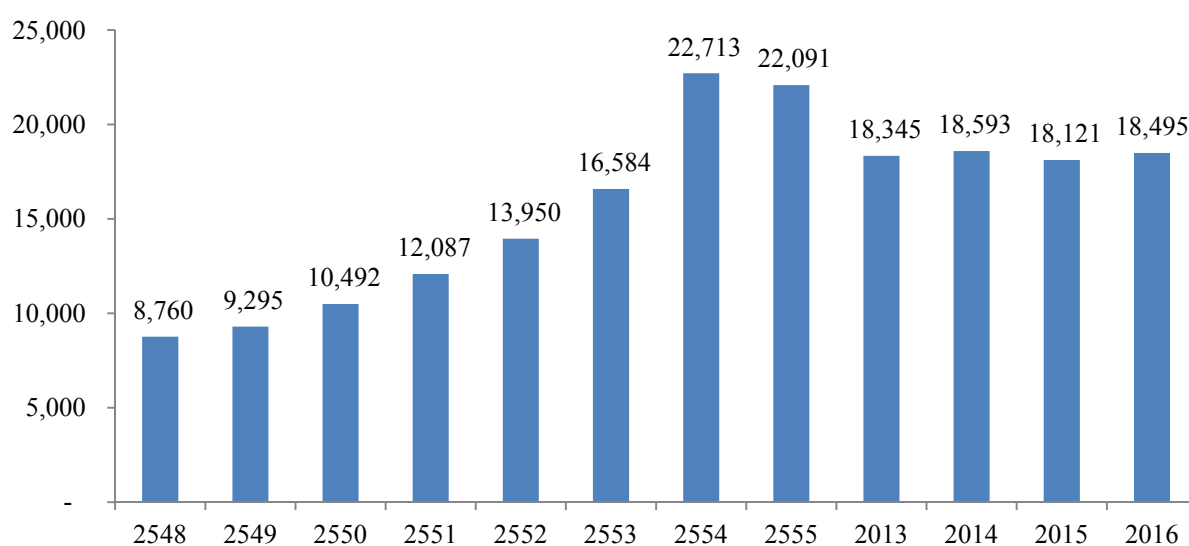
All customers of the Company are retailers and resellers that purchase products from the Company to re-sell. They are categorized into 2 groups. The first group is the resellers and retailers who re-sell to users and households such as Banana IT/Mobile, HomePro, Power Buy, Power Mall, IT City, Advice, J.I.B, TG Fone, J Mart, etc., including the online reseller such as Lazada, etc. The second group is the resellers to corporate both small and large enterprises such as Metro System Corporation PCL, MFC PCL, Yib In Soi Co., Ltd. and Terabytes Net Solution Co., Ltd.



The Status of the Company and its Competition

SiS Distribution (Thailand) Public Company Limited was established in 1998 and the Company was listed in the Stock Exchange of Thailand in 2004.

The revenue of the Company has grown steadily every years in accordance with the expansion of the industry. The Company had the highest total revenues in 2011 when the Company expanded into the Smartphone business by being the distributor of 3 leading brand at that time (Blackberry, HTC and Motorola). While the Smartphone market grew faster, our 3 leading Smartphone vendor could not compete to new smartphone player so the revenue of the Company from those 3 Smartphone vendors decreased in the year 2012 and 2013. After that, the revenue of the Company has been maintained or slightly decreased due to the saturation of the IT market, especially personal computer (PC) which has been shrunk for the 5 consecutive years since the year 2012.



Total Revenues Table (Million Baht)

The Competency in Competition

With an experience in operating over 18 years, the Company has developed the system, expanded the customer base and increased efficiency in many dimensions of competitions.

The Broad Base of Customer

The Company has the wide range of customer network. In 2016, the Company sold various products to over 4,600 customers, covering both the customers who are resellers to households and the customers who are resellers to corporate. Additionally, there have been new customers that continuously contact the Company in order to be new resellers. Because of the large regular purchasing power of this customer base, this influences the stability of sales and it is the significant base of the business expansion by providing more new products to these regular customers.

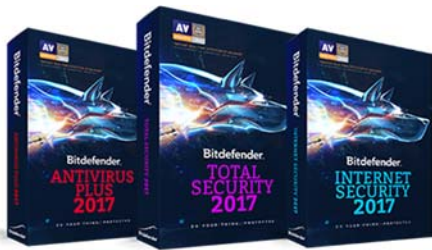
The Diversification of Products

The Company is trusted by over 70 international vendors to be their distributors. In addition, the Company is continuously contacted by new vendors to be their distributors. Because of this, the Company can provide the products to customers sustainably.

In 2016, the Company became a distributor of more various products, that were, 1) Bitdefender – an Internet Security Software from Romania 2) Canon – Scanner and Board Printer from Japan 3) Aerohive – WIFI Wireless Network for business from USA 4) Aruba - WIFI Wireless Network for business from USA 5) Ruijie

- WIFI Wireless Network for business from China 6) SonicWall – Firewall Security Service from USA, 7) Aeotec – Home Automation Devices from USA 8) Anker – Portable Charger from China 9) Vera - Home Automation Controller from HongKong 10) Seagate – Storage Devices from USA

Bitdefender®



Canon



Aerohive™
NETWORKS



aruba®
NETWORKS



Ruijie
Networks



SONICWALL™



Aeotec
BY AEON LABS



vera™
Smarter Home Control



ANKER
POWER YOUR MOBILE LIFE



SEAGATE



Corporate System and Organizational Culture








The Company has adopted a capable Enterprise Resource Planning System (ERP) for business management which continuously developed and improved the corporate system, for example, the implementation of SAP ECC6, the electronic workflow of Lotus Notes, Call Center system of Avaya and the e-commerce of Magento. This enables the employees to work efficiently and effectively. Also, the Company has built and developed the organizational culture as a learning culture that enables sustainable improvement. Regarding these, the Company still maintains the competitiveness and the ability to adapt to face any dynamic external environment changes.

Recognition of the Importance of Good Corporate Governance

The Company has recognized the importance of good corporate governance in 5 categories, namely 1) Rights of Shareholders 2) Equitable Treatment of Shareholders 3) Role of Stakeholders 4) Disclosure and Transparency 5) Board Responsibilities. As a result of a survey from the Institute of Directors Association, the Company was considered and rates as “Excellent” which is the highest level since 2009 to 2013. This reflects the emphasize of the good corporate governance which enhances the sustainable growth of the company. Moreover, the Company was one of ten listed companies that achieved the SET Award as Excellent in good corporate governance reporting.



According to the corporate governance survey of the year 2016 which conducted the survey both in SET and MAI, totally 601 companies and also the criteria from this survey was adjusted and modified to comply with the criteria of ASEAN CG Scorecard standards, the Company was considered as “Very Good” with the range of 80 – 89 from 100 points.

Year	Result of SiS Assessment	Range of Point	Symbol
2010	Excellent	90-100	
2011	Excellent	90-100	
2012	Excellent	90-100	
2013	Excellent	90-100	
2014	Very Good	80-89	
2015	Very Good	80-89	
2016	Very Good	80-89	

Remark: There were an adjustment and an increasing in criteria of CGR since 2013 that could not compare the result to the previous years.

Having Qualified Employees

The Company has a reputation for having highly qualified employees who are wanted by our competitors and vendors. The Company provides efficient processes of human resource management from recruitment which is comprised of academic testing, academic score assessment, interview and references verification from the other sources, continuous training, compensation policy which complies with the goal, providing of working facilities, rotation, growth opportunity and career growth, fair policy to all parties, encouragement of decision making, information disclosure, wide internal communication, etc. The accumulation of these enhances the qualified and dedicated employees and they are the essential resources that will develop the Company sustainably.

Market Share

There are 5 large companies that are directly competed in the same business in Thailand. The other 4 companies, namely 1) Synnex Public Company Limited “Synnex” 2) VST ECS (Thailand) Company Limited “VST ECS” 3) Ingram Micro (Thailand) Company Limited “Ingram” 4) WellTech Group Company Limited “WellTech”

In 2015, the Company had the second largest revenue and a market share of 25.3% in IT Distribution Business.

Year	Synnex	VST ECS	Ingram	WellTech	SiS	Total	SiS Market Share
2009	13,490	11,886	8,386	3,677	13,950	51,389	27.1%
2010	15,662	14,196	8,095	4,543	16,584	59,081	28.1%
2011	20,269	16,352	8,926	5,354	22,713	73,612	30.9%
2012	20,669	18,826	8,516	5,303	22,091	75,406	29.3%
2013	18,816	17,997	8,889	5,536	18,345	69,583	26.4%
2014	19,092	17,801	8,537	5,735	18,593	69,757	26.7%
2015	21,671	16,903	9,218	5,828	18,121	71,740	25.3%

Milestones of Operation in 2016

Seminars and Events

Through the year 2016 the Company has organized seminars and attended many events as following :



Vmware's VSAN workshop
at Victor Club, Bangkok



Zyxel Exclusive Dinner
at Crowne Plaza, Bangkok



HPE Aruba Workshop
at Victor Club, Bangkok



EMC Seminar – Business Transformation
at Sofitel, Bangkok



Ruijie – Innovation Roadshow
at Swisshotel Le Concord



Veritas Partner Workshop
at Novotel



Thailand Mobile Expo at Queen Sirikit National Center



Samsung Knox Seminar
at Grand Centerpoint, Bangkok



RSA Seminar
at Victor Club, Bangkok



HPE Product Update
at Inter Continental Hotel, Bangkok



SiS – Sangor Partner Summit
at Victor Club, Bangkok



Technology Showcase at Inter Continental Hotel, Bangkok

Some of Award and Assessments of the year 2016



Corporate Governance

The Company was rated as “Very Good” in Corporate Governance which was assessed in the range of 80 – 89 points from 100 points from the Corporate Governance Assessment among listed companies in the year 2016, conducted by the Institute of Directors Association.



The Arrangement of the Annual General Meeting of Shareholders

The Company was rated in term of the arrangement of the annual general meeting of shareholders assessment which conducted by the Thai Investors Association that being one of 159 companies to receive the full of 100 points. The average score of all listed companies for 2016 was 91.62%.



Top Performing Distributor 2016

This is award given by Nutanix, the manufacturer of Cloud Server/Storage, to SiS as the Best Distributor in Thailand.



Highest Growth Distributor Award

This is award given by Dell, the manufacturer of Computer from USA, as the Highest Growth Distributor.

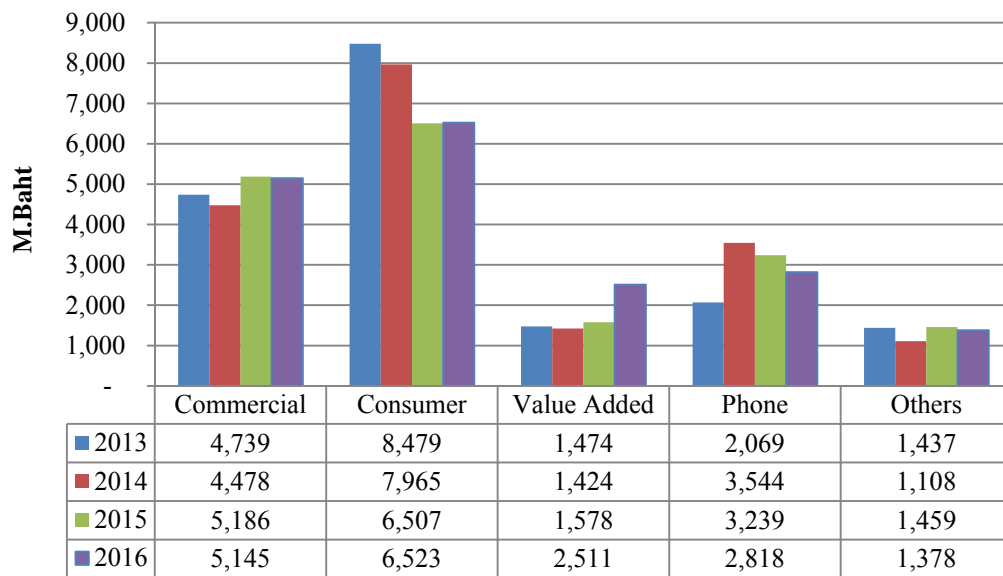


Best Distributor of the Year 2016 – Top Partner Coverage

This is award given by Hewlett Packard Enterprise, to SiS as the Top Partner Coverage in 2016.

Revenue Structure

The Company is divided its business into 4 business units. Each business unit focuses on different products. The revenues over the past years and other details are as followings:



The graph shown the Revnue in each Business Unit

Some major products in each business unit are listed below:

Commercial

These are general IT products which are used in business. The distribution channel are corporate reseller and system integrators. The major product categories are as followings:

PC/Server : Dell, Lenovo, HP



Storage : WD NAS, QNAP, Lenovo, HP



Network : HP, Zyxel



Printer/Others : HP, Xerox, OKI, Fujitsu



Value Added

The Value Added business unit distributes the IT products which are required pre-sales and after-sales services. The type of these products are new innovative, high technology for Data Center and mostly demanded by large organizations both private and government sectors.

Enterprise Storage : EMC, HP

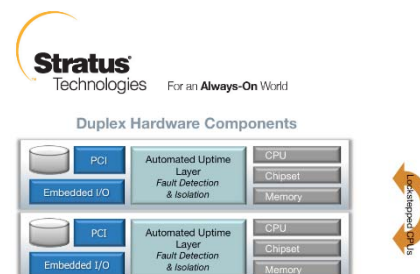
Introducing
HP 3PAR StoreServ 10000 Storage
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Security : Fortinet, Juniper, Symantec, Trend Micro, Bitdefender, SonicWall



FORTINET

Virtualization : VMWare

vmware



Surveillance : QNAP, HIKVision



Consumer

These are IT products which are used in small enterprises and households. The main distribution channel is Retail Dealer. The major product categories are as followings:

Printer : HP, Brother, Xerox



PC/Notebook : Acer, Asus, HP, Lenovo



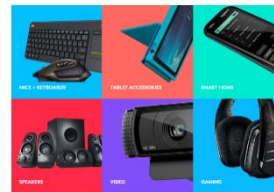
Network : Asus, D-Link, Zyxel, Linksys



Monitor : Samsung, Acer, Philips



Mouse/Keyboard : Microsoft, Logitech



Storage : WD, Qnap, Seagate

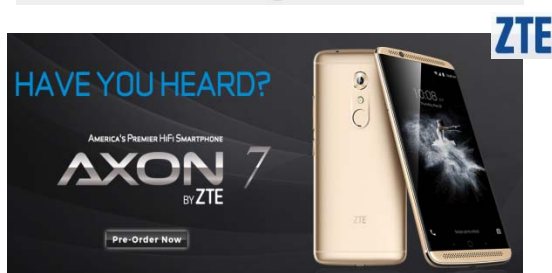


Tablet : Lenovo, Acer, Asus, Samsung



Phone

This business unit distributes Smartphone and Phone Accessories such as memory SanDisk/Samsung to the Phone Retailer. Currently, the Company distributes Samsung, Asus, Acer, Lenovo and Wiko.



Management Discussion and Analysis

Working Capital and Financial Position at the beginning of the year

The Company started to operate its business from the beginning of 2016 with three main capital structures as follows : 1) Shareholder's equity of 1,587 Million 2) Loans from financial institutions of 1,258 Million Baht and 3) Credit given by Trade Accounts Payable of 1,245 Million Baht. Most of them were mainly invested in inventories and credit granted to customer (Trade Accounts Receivable). In the beginning of the year, there were inventories of 1,323 Million Baht and Trade Accounts Receivable of 2,045 Million Baht. These two current assets was totally 3,368 Million Baht.

Operating Performance

The total revenue of the Company in 2016 was 18,495 Million Baht or increased 2.1% compared to the previous year. The Company has divided into business units by breaking down revenue and gross profit margin of each business unit as following:

Business Unit	2013			2014			2015			2016			Change	
	Revenues	Gross Profit	(%)	Revenues	Gross Profit	(%)	Revenues	Gross Profit	(%)	Revenues	Gross Profit	(%)	Revenues (%)	Gross Profit (%)
Commercial	4,739	261	5.5%	4,478	239	5.3%	5,186	216	4.2%	5,145	221	4.3%	-0.8%	2.3%
Consumer	8,479	407	4.8%	7,965	357	4.5%	6,507	309	4.7%	6,523	322	4.9%	0.2%	4.2%
Value Added	1,474	193	13.1%	1,424	172	12.1%	1,578	200	12.7%	2,511	247	9.8%	59.1%	23.5%
Phone	2,069	107	5.2%	3,544	128	3.6%	3,239	112	3.5%	2,818	92	3.3%	-13.0%	-17.9%
Others	1,437	67	4.7%	1,108	58	5.2%	1,459	104	7.1%	1,378	55	4.0%	-5.6%	-47.1%
Total	18,198	1,035	5.7%	18,519	954	5.2%	17,969	941	5.2%	18,375	937	5.1%	2.3%	-0.4%

Table shown Revenues and Gross Profit Margin of each Business Unit

In 2016, the total revenues of Value Added Business Unit increased from 1,578 Million Baht to 2,511 Million Baht. Because the government has issued a policy to promote the investment in capital expenditure in 2016 which allowed corporate entities to deduct 200% of computer spendings for corporate income tax purposes, so each of the companies increased in their spendings, especially in Quarter 4. It was a result of a 59% increase in total revenues and 23.5% increase in gross profit margin respectively. For Phone Business Unit, the total revenues decreased 13% because there was one off big project worth 764 Million Baht last year. Apart from the said project, the revenues of Phone also increased 343 Million Baht or 14% from last year.

Operating Profit

The Company's gross profit from sales of goods and services for the year 2016 was 968 Million Baht, slightly better than last year, and equivalent to 5.25% of sales. Net Profit was 227 Million Baht or increased 36.7% from the previous year.

Financial Position at the end of the year

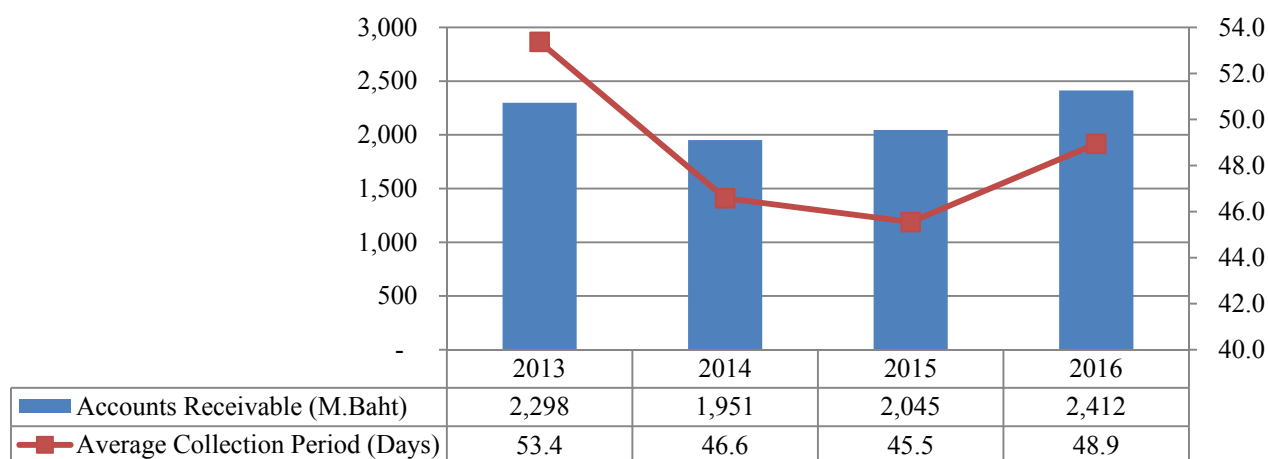
Assets

The main assets of the Company are Trade Accounts Receivable and Inventories. Both items are 83% of the total assets. The details are as follows:

Trade Accounts Receivable

As at December 31, 2016, Trade Accounts Receivable was 2,412 Million Baht or increased 18% from the previous year and equivalent to an average collection period of 48.9 days which was in line with the normal industry standard period. The reason why Trade Accounts Receivable (net) increased significantly in 2016 because sales in December 2016 reached as high as 1,936 Million Baht while sales in December 2015 was only 1,456 Million Baht or increased by 480 Million Baht due to the government's tax incentive policy on capital expenditure spending in 2016.

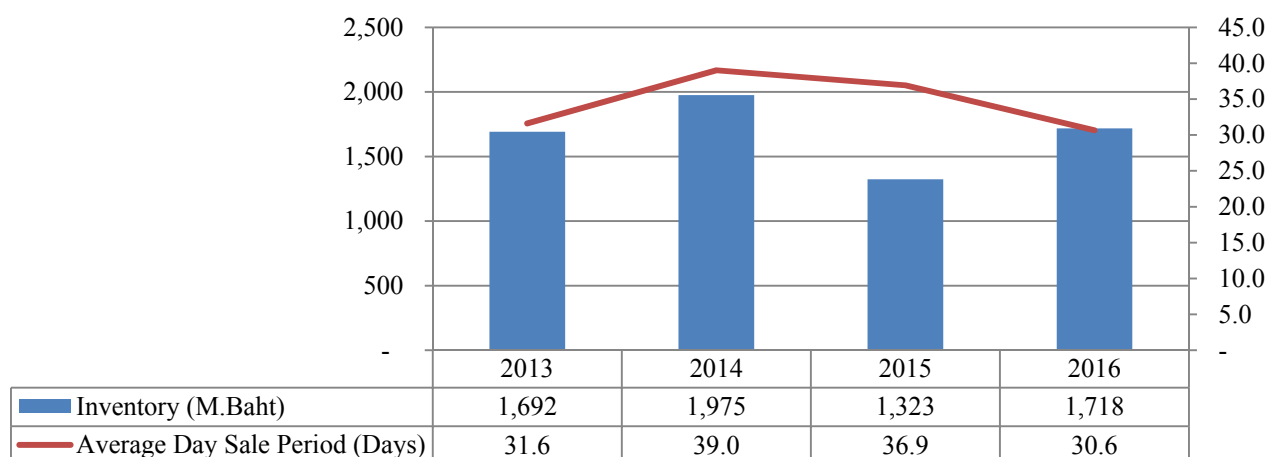
Over the past years, Trade Accounts Receivable and Average Collection Period are illustrated as the diagram below :



Inventories

As at 31 December 2016, Inventories was 1,718 Million Baht, or increased 395 Million Baht and equivalent to Average Day Sale Period of 30.6 days. The higher inventory level was goods in transit that ready for sale in January 2017 of 366 Million Baht which included in inventories.

Over the past years, Inventories and Average Day Sale Period are illustrated as the diagram below.



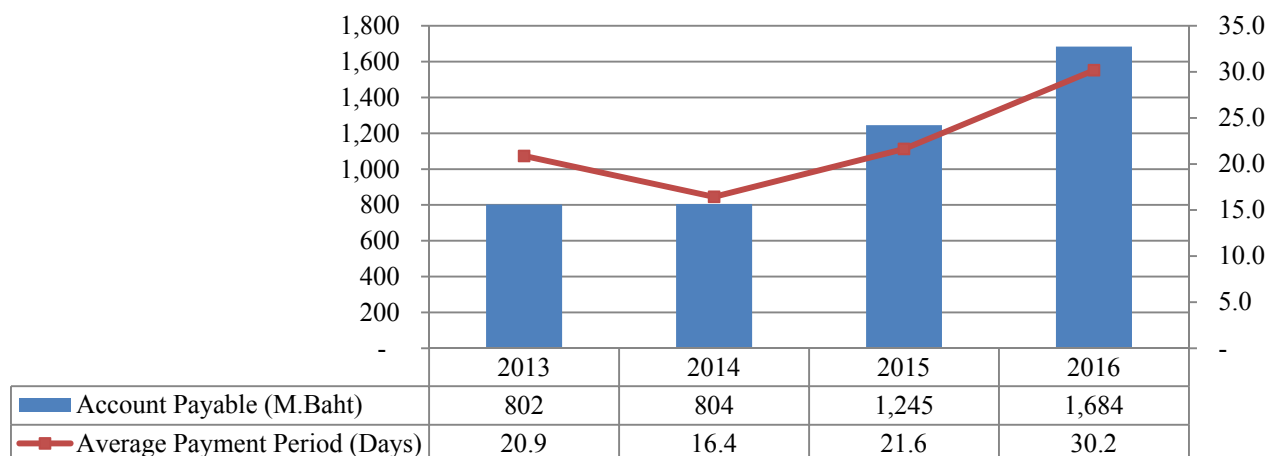
Liabilities and Equities

The main liabilities of the Company are Trade Accounts Payable and Loans from Financial Institutions. Both items are 89% of the total liabilities. The details are as follows:

Trade Accounts Payable

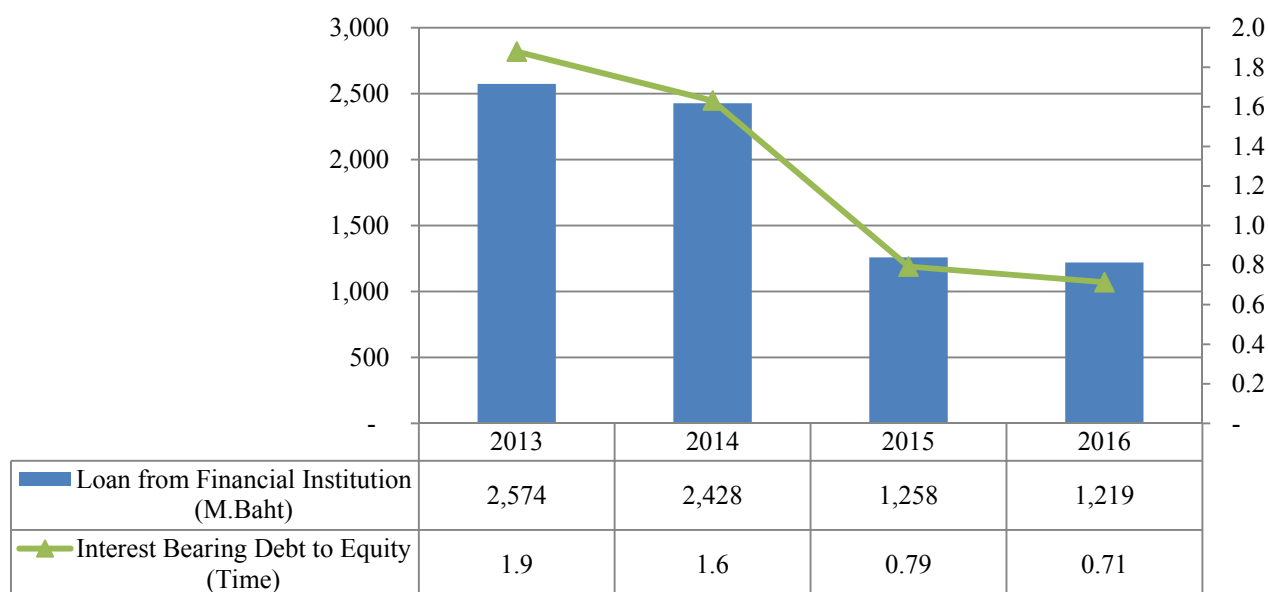
As at December 31, 2016, Trade Accounts Payable was 1,684 Million Baht o increased 439 Million Baht from the previous year and equivalent to an average payment period of 30.2 days which was standard payment period given by accounts payable.

Over the past years, Trade Accounts Payables and Average Payment Period are illustrated as the diagram below.



Loans from Financial Institutions

At the end of 2016, as a result of profitability from operation and improvement of assets management, Loan from Financial Institutions decreased by 38.8 Million Baht from the previous year to 1,219.2 Million Baht and Interest bearing Debt to Equity was 0.71 time which was the lowest level of the Company.



Cash Flows

Cash Flows from Operating Activities

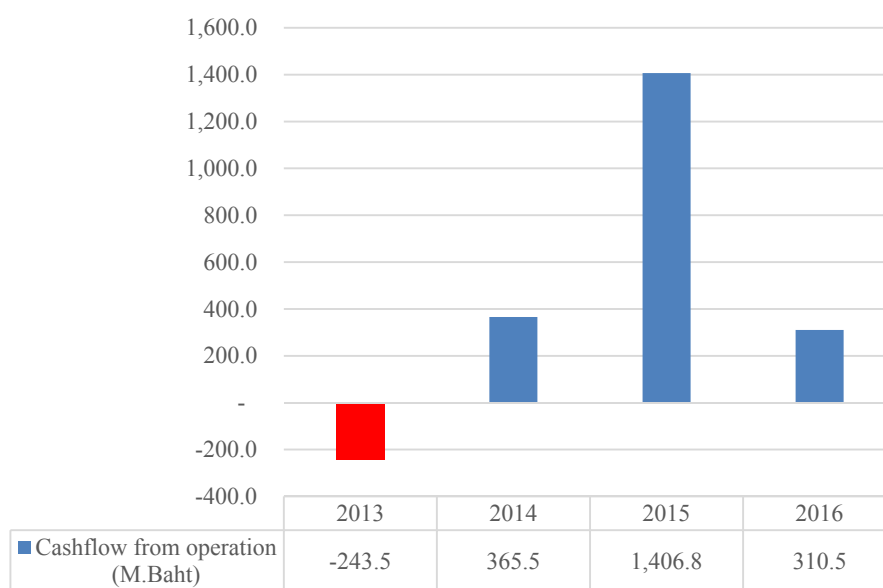
In 2016, the Company had a cash cycle of 49.4 days and increased cash flow from Operating Activities of 310.5 Million Baht.

The main items that increased cashflow from Operating Activities of the year 2016 were

- Profit for the year after non-cash adjustments 454 Million Baht
- Increase in Trade Accounts Payable 445 Million Baht
- Decrease in Other Receivables 298 Million Baht

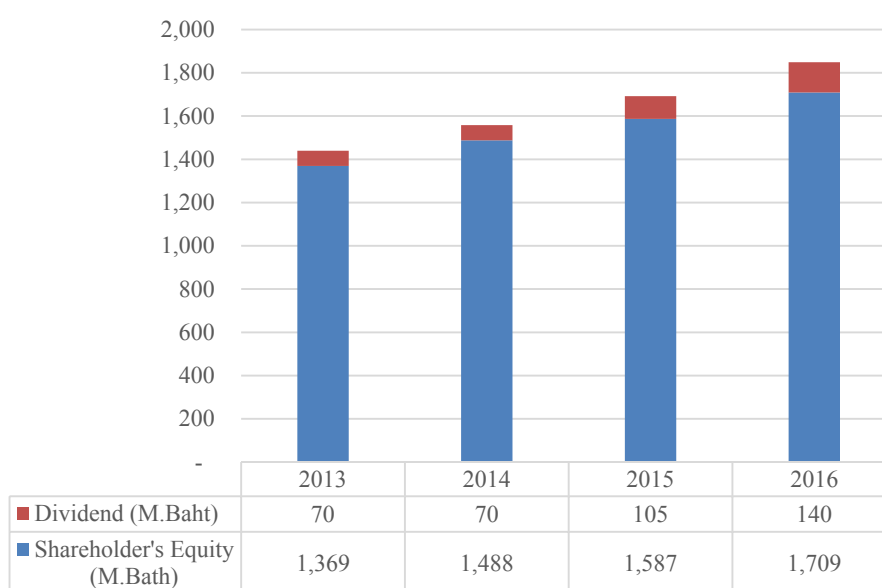
The main items that decreased cashflow from Operating Activities of the year 2016 were

- Increase in Trade Accounts Receivable 353 Million Baht
- Increase in Inventories 463 Million Baht



Shareholder's Equity

Shareholder's Equity in 2016 was 1,709 Million Baht or increased 122.4 from the previous year.



Dividend Payment

In 2016, the Company had a basic earnings per share was 0.65 Baht. The Board of Directors' meeting approved to propose a dividend payment for the year 2016 from the total operating results at the rate of 0.40 Baht per share, which represented a 33% increase from the previous year because the Company had a better cashflow and a lower Debt to Equity. And then it will be proposed for approval from the Annual General Meeting of Shareholders for the year 2017,

If the dividend payment is approved by this Annual General Meeting of Shareholders, then the total dividend payment will be 140 Million Baht, equivalent to dividend payout of 61.6% and dividend yield of 6.02% when compared to the closing price of February 23, 2017 (Baht 6.65) which was the day before notification the dividend payment resolution to the Stock Exchange of Thailand or equivalent to 6.2% when compared with the closing price of December 30, 2016 (Baht 6.50).

Report from the Risk Management Committee

Dear Valued Shareholders

SiS Distribution (Thailand) Public Company Limited is fully aware of the importance and the necessity of risk management in terms of the satisfactory, sustainability and continuity of performance development for the Company. As such, the Board of Directors appointed the Risk Management Committee which consists of :

1. Mr.Lim Hwee Hai (Non Executive Director as the Chairman).
2. Mr.Somchai Sittichaisrichart, (Managing Director as the Committee member and the President of Risk Management Team).
3. Mr.Sombati Pungsrinont (Executive Director as the Committee member)

The Risk management Committee now consists of non executive directors, executive directors and management team. None of the member is member of Audit Committee. This helps the Company to achieve even better corporate governance as Risk Management Committee would evaluate company risk without the perspective of Audit Committee.

All members appointed to the Risk Management Committee have a three-year term. In addition, the Risk Management Committee appointed a Risk Management Team, including Managing Director ; Executive Director ; General Manager; and representatives from all relevant departments, to jointly develop risk management plan, risk prevention measures and risk resolution approaches. Furthermore, the Risk Management Team developed policies, duties and roles of the relevant units and people with respect to the risk management plan and risk assessment procedures in all relevant dimensions. All mentioned responsibilities, duties, roles and activities of the Risk Management Plan and policy would be planned and developed to achieve the world standard procedures and practices of Risk Management.

The Risk Management Committee has performed its duties under the Charter scopes of risk management responsibilities approved by the Board of Directors. In 2016, the Risk Management Committee held 2 meetings and provided the meeting for Risk Management Working Group 8 times to consider in the importance issues as below :

- Reviewed and approved the Risk Management Plan regarding various issues that have been proposed by the related departments according to the world standard, and proposed to the Board of Directors for consideration.
- Improved or modified data and key performance indicators complied with the business operations, business goals and economic situation to achieve the business goals with minimum risk and ensure continuity of the Company's business operation.
- Assigned and monitored risk management works including the provision of the prevention plan corrective action or mitigate the impact from risks that may occur.

During the year under review, the Risk Management Committee has appointed the Risk Management Working Team to undertake the study of implementing risk management activities under the COSO-Enterprise Risk Management framework. COSO-ERM framework expands on internal control, providing a more robust and extensive focus on the broader subject of enterprise risk management. Starting from the first quarter of 2017, the Risk Management Committee plans to adopt this integrated enterprise risk management framework both to satisfy the Company's internal control needs and a fuller risk management process.

The Risk Management Committee disclosed the important risks that may affect business operation and all stakeholders in the Annual Report of the Company.

To achieve the Company's efficient and effective performance, the Risk Management Committee has kept taking its activities, responsibilities, and accountabilities, complied with the risk management plan in accordance with the good Corporate Governance Principle and the law and regulations concerned by various regulating agencies. Consequently, the Risk Management Committee is confident that these policies and these all relevant practices can assure the continuity of the Company's business operation and performance, the manageability of risk control, and the weakness of potential risks.



(Mr. Lim Hwee Hai)
Chairman of the Risk Management Committee
3 March 2017



Risk Factors

In 2016, the Company adopted the COSO Risk Management Framework (COSO) together with the existing risk management approach and will fully implement to the new COSO approach in 2017. Some of the key risk factors that may affect the Company's earnings as well as the risk to investors are as follows :



The COSO Risk Management Framework (COSO), the Company began to study and adopt the Risk Management to this approach in 2016 and will fully implemented in 2017.

1) Risk from Reliance on Few Vendors

In 2009, the largest vendor of the Company represented 41% of total sales which was a high risk of reliance on a few vendors. Then, the Company has added more various products. As a result, the proportion of sales of the largest vendor decreased to 14% of total sales in 2016 and risk from reliance on few vendors also highly dropped. The Company believed that it will be able to drop further by continuous addition of product more and more.

2) Risk from Technology Changes which affect an Inventories

Because the core products of the Company are computers and peripherals which their technologies develop rapidly, so inventory can be easily obsolete that affected the loss of the company. The Company manages inventory risk management in several ways as follows:

• Minimum Level of Inventories Control

The Company has a policy to keep inventory level in a range of 15 – 45 days by product type. In case of products that have sale records, inventory level will be reduced to 15 days but for new coming products and unknown their demands, inventories level will be kept more but not over 45 days in order to be able to resolve in time when the market changes. The Company has inventory level in each year as shown in the table below :

	Year			
	2013	2014	2015	2016
Inventories (M.Baht)	1,692	1,975	1,323	1,718
Average Day Sale Period (Days)	31.6	39.0	36.9	30.6

• Assignment of the Specialize Product Manager

The Company assigns Product Managers to manage its product from each vendors particularly in term of ordering, inventories management and marketing in order to having the expertise to their product. When a problem occurred, it can be resolved quickly. And also, the Company considers that the inventories management is a key performance indicator in evaluating Product Managers.

• Inventories Reserve for obsolete stock

The Company sets an allowance for obsolete and defective stock by reviewing the aging of inventories monthly with sufficiency. When there are inventories on hand, reserve is provided by reviewing the aging of inventories. The profit presented in financial statements is always deducted from inventories burden.

• Data System

The Company has invested in warehouse management system of SAP ECC6, which can be provided accuracy, timely inventory information with various reports to help the efficient inventory management such as inventories aging report by items, inventories turnover by items, etc. Besides, the system can alert long aging inventories into database and allow each product manager to record the action plan to solve problems. All of this, product manager and related person always receive the accurate inventory data.

- **Management**

Management always focuses on the inventory management. Top executives has regularly conducted the meeting with Product Managers in order to review balance of inventories and inventories aging to consider the trend, change and set up the procedures to solve any issues rapidly. This is able to reduce the inventory loss. Besides, these strategies could be built as one of the Company's cultures in term of the inventories prioritization.

3) Risk of Foreign Currency

The Company orders some products in USD currency while those products are locally distributed in Thai Baht currency so there is a risk of foreign currency. The Company mitigates the risk by buying hedging contract at least 50% of purchase orders and has been regularly advised by the relevant authorities of the financial institutions on how much hedging contract should be taken which could be reached to 100% to cover all risks.

4) Risk from Competition and Low Gross Profit Margin

IT Distribution is considered as a highly competitive business and low gross profit margin while it is a huge industry so there are some competitors using low prices as a key competitive strategy. If this happens, the Company may have to reduce our price to compete and may impact the Company's performance. The Company mitigates this risk by adding more product ranges so there are various types of sales. If a problem occurs, it will affect only some certain type of products. Moreover, the Company tries to focus on the developing and promoting products that are not being in the big market but having profitable and few players to increase profit. At the same time, the Company has distributed products to over 4,600 dealers so there are consistency sales and risk diversification to many dealers. And Operating in IT Distribution requires a huge funds, there are few chance for newcomers enter into the market.

In addition, since 2012, the Company has reorganized our business structure into Business Units in order to manage different products effectively. Apart from the Business Units that focus on sales volume, the Company has set up Value Added Business Units in order to distribute high profit margin products by selling goods with services to reduce risk from price competition.

5) Risk from Trade Accounts Receivable

The Company has mostly the credited sales. Most of our dealers can not provide collateral covering all their debts. Also, many dealers are small companies which have not much funds. If our dealers fail in management and unable to make a payment on schedule, this may affect the Company's earnings and liquidity in terms of working capital. However, the Company mitigates this risk by thorough review of financial status before granting credit to our dealers. Furthermore, the credit control department is independent from sales to ensure that the credits are considered independently. In order to lower our risk, the Company also purchase trade insurance covering some losses of debts together with setting the allowance of doubtful debts in financial statements in order to reflect debt that may not be collectable.

6) Risk from Working Capital

From the structure of IT distribution, standard cash cycle is in the range of 45 - 60 days. If the revenue of the Company increases more than 15%, working capital is required more. This is considered as a risk and burden of the Company that need to provide more working capital. As at 31 December 2016, Short term loans from financial institutions was 1,219 Million Baht. If all financial institutions ask simultaneously for loan back, the Company may face with the financial problem. However, the Company is listed company, the Company has options to increase more working capital. Furthermore, the Company has diversified in lending from several financial institutions in order to reduce risk of reliance on any major financial institutions. At the end of the year, the Company has the total credit available granted from financial institutions more than 5,000 Million Baht which is adequate for business operations.

7) Risk from Reliance on Human Resources

The Company has to rely on a large number of specialized staff to join with, but there is a shortage of IT person now. In addition to employing experienced staff, the Company also provides continuously training to their staff. If the capable and skillful staff resign from the Company, it may impact business operations, ability to expand our business and cost increase. However, the Company has provided the appropriate compensation system to staff by varied to their abilities as well as many other actions to mitigate a risk of reliance on human resources. For example, the Company separates sale department off marketing department which allows customers contact to 2 division, Sales Team and Marketing Team. Also, the Company has improved the working system by implementing more information systems to work such as ERP system of SAP ECC6 and the Electronic Workflow of Lotus Notes. This leads to the smooth, speedy and accurate working structure with the warning system for the errors and reduce some reliance on the human resources. In Addition, the Company has set the management structure by diversifying the responsibility to many executives and substituting the work with the similar employees' performance in many levels to support the decrease of the reliance on human resources.

Major Shareholders

The list of top 10 major shareholders as at 31 December 2016 as following :

Number	Name of Shareholders	Shareholding		% of Shares
1	SIS TECHNOLOGIES (THAILAND) PTE. LTD.	165,616,595		47.3%
2	Total shares of Sittichaisrichart's Family which comprises of	51,353,701		14.7%
	- Mr. Somchai Sittichaisrichart (Managing Director)		9,457,961	
	- Ms. Wareeporn Sittichaisrichart (Spouse)		9,421,780	
	- Mr. Pete Sittichaisrichart (Son)		12,550,164	
	- Ms. Ploy Sittichaisrichart (Daughter)		19,923,796	
3	Total shares of Pungsrinont's Family which comprises of	34,373,624		9.8%
	- Mr. Sombati Pungsrinont (Executive Director)		13,080,010	
	- Ms. Suranee Pungsrinont (Spouse)		4,000,000	
	- Mr. Chanont Pungsrinont (Son)		8,228,145	
	- Mr. Thanakorn Pungsrinont (Son)		9,065,469	
4	Mr. Sompong Cholkadeedumrongkul	7,300,000		2.1%
5	Thai NVDR Company Limited	6,350,854		1.8%
6	CITIBANK NOMINEES SINGAPORE PTE LTD-UBS AG LONDON BRANCH-NRBS IPB CLIENT SEG	5,206,410		1.5%
7	Mr. Vichien Srimuninnimit	4,522,000		1.3%
8	Ms. Warangkana Piya-Aksornsak	4,480,000		1.3%
9	Synnex Public Company Limited	3,971,370		1.1%
10	Mr. Panachai Korsawatworakul	3,456,789		1.0%
	Total Shares of Top 10 Major Shareholders	286,631,343		85.6%
	Total Shares	350,198,655		

Remark :

SiS Technologies (Thailand) Pte.Ltd. is an Investment Holding Company by Mr.Lim Hwee Hai, Mr.Lim Kia Hong and Mr.Lim Kiah Meng. They are directors of SiS Distribution (Thailand) Public Company Limited.

Report from the Remuneration and Nomination Committee

Dear Valued Shareholders

The Remuneration and Nomination Committee was appointed by the Board of Directors, has three-year period of its position and consists of 4 members ; Mr.Somchai Sirivichayakul (Independent Director) as the Chairman of the Remuneration and Nomination Committee, Rojanasak Chomvilailuk, PhD. (Independent Director), Mr.Lim Hwee Hai (Non-executive Director) and Mr.Somchai Sittichaisrichart (Managing Director) as the Remuneration and Nomination Committee.

The Remuneration and Nomination Committee has duties as assigned in the charter and with careful consideration in remuneration and nomination of the Board of Directors and sub-committees, provides reasonable advices to the Board of Directors. In year 2016, there are 2 annual meetings which the Remuneration and Nomination Committee had attended to consider following aspects:

1. To consider and evaluate the performance of the Company, and results of its operations by comparing goal and business plan of the year 2016 to make decision on remuneration for executive directors that is consistent with the result of evaluation. These also include reviewing the remuneration of Directors and Sub Committees for the year 2017. The Remuneration and Nomination Committee has agreed to use the same compensation scheme as 2015 in terms of retaining fee and attendance fee but has adjusted the policy to provide the director incentives by accommodating the Company - profit performance of that year to meet obligations and requirements that are set by regulatory agencies and in line with responsibilities to shareholders and stakeholders. Detail of the actual remuneration for the directors and senior management in the year 2016 is set out in Annual Report 2016 individually. For remuneration policy of Board of Directors and Committees in 2017, the relevant schemes would be detailed in the Notice of Annual General Meeting of Shareholders.
2. To consider the succession plan which has been operated continuously since 2010, the Remuneration and Nomination Committee has prepared a list of internal candidates to be a successor for the position of Executive Director with analysis of candidate's potential, capabilities, strengths and weaknesses. From this candidate list, the Company will prepare necessary knowledge and skills development programs for each candidate to ensure the Company's competitiveness and continuous sustainability in the market. In 2017, there will be the retirement of one of top management, therefore the Company conducts the potential development project of middle management which comprises of business skill development and English skill development since the beginning of the year 2015. This is to develop the new generation to be the middle management, including the determination the qualification of successors of all levels of management in order to further recruit the human resource both internally and externally.
3. In the year 2017, there will be Directors that are retired by rotation. The Remuneration and Nomination Committee had offered the opportunity for shareholders to nominate candidates to the Board of Directors which would be elected by the rules and in duration of the Company report news via the Security Exchange of Thailand for the Board of Directors consideration and this will be proposed to the Annual General Meeting of Shareholders in 2017. However, there is no candidate nominated by shareholders. The Remuneration and Nomination Committee, then decide to recommend Directors who retire by rotation being re-elected to the position for another term, as they are eligible and not prohibit by the rules.

4. After the nomination of one more Non-executive Director which has been approved by the past 2013 Annual General Meeting of Shareholders and as per increasing in requirements of regulatory agencies and laws relating to public companies, the Remuneration and Nomination Committee has considered thoroughly for one more independent director to scrutinize the work of the sub committees and lesser the burden of the Board of Directors and not yet finalized since some directors have an opinion that there is no urgent need for appointing one more independent director now because of economic slowdown which it is difficult to predict the upcoming 2016 operating results. The Remuneration and Nomination Committee will re-consider this issue in the next time.
5. In year 2014, the Company had prepared the Actuarial Valuation Report Post-Employment Benefit in accordance with Thai Accounting Standard 19 (TAS19) for the year ending 31 December 2014 which has to be reviewed every 3 years and already audited by the independent auditor and included in the financial statements. There was no re-evaluation in 2016, however, there will be reviewed in 2017.
6. The Remuneration and Nomination Committee has reviewed the compensations of 8 executives in the second line next to the Executive Directors and has the opinion that the remuneration of those executives in second line be in line with the same level of the industry

The Remuneration and Nomination Committee recognizes the importance of maximizing shareholder value, including those related parties. The committee ensures performing its duties with caution, fairness, and transparency in determining the remuneration of directors and committees. To increase motivation for operations to work continuously make an outstanding performance to the Company.



(Mr. Somchai Sirivichayakul)
Chairman of the Remuneration and Nomination Committee
3 March 2017



Remuneration of Directors and Executives

Remuneration of Directors

The Company has clearly and transparently defined the remuneration policy of directors and executives. There is an additional remuneration for increased workload. The remuneration of the company is set at the same level as the industry and suitable for qualified directors. The directors' remuneration is classified as follows :

Monthly Retaining Fee of the Board of Directors

The Chairman of the Board of Directors shall receive a monthly allowance of 30,000 Baht. Other directors (except Managing Director and Executive Director because both of them already receive salary from the company) shall receive a monthly allowance of 15,000 Baht.

Monthly Retaining Fee of the Audit Committee

The Chairman of the Audit Committee shall receive a monthly allowance of 32,500 Baht. Other Audit Committee shall receive a monthly allowance of 25,000 Baht.

Attendance Fee of the Board of directors

Directors attending the Board of Directors that held every quarter shall receive an attendance fee of 22,000 Baht. The Chairman of the Board shall receive an attendance fee of 33,000 Baht.

Attendance Fee of the Audit Committee

Audit Committee attending the Audit Committee meetings that held every month shall receive an attendance fee of 9,000 Baht. The Chairman of the Audit Committee shall receive an attendance fee of 13,500 Baht.

Attendance Fee of the Remuneration and Nomination Committee

Remuneration and Nomination Committee attending the remuneration and nomination committee meetings shall receive an attendance fee of 22,000 Baht. The Chairman of the Remuneration and Nomination Committee shall receive an attendance fee of 33,000 Baht.

Attendance Fee of the Risk Management Committee

Risk Management Committee attending the Risk Management committee meetings shall receive an attendance fee of 22,000 Baht. The Chairman of the Risk management Committee shall receive an attendance fee of 33,000 Baht.

Attendance Fee of the Corporate Governance Committee

Corporate Governance Committee attending the Corporate Governance Committee meetings shall receive an attendance fee of 22,000 Baht. The Chairman of the Corporate Governance Committee shall receive an attendance fee of 33,000 Baht

Special Bonus

The special bonus will be paid to non-executive directors once a year in accordance with their performance. This will be considered by the Remuneration and Nomination Committee as stated in the criteria.

In 2016, the shareholders approved the total budget which is not over 7 Million Baht as the remuneration to directors. The actual payment was 6,033,000 Baht. Also, there will be the propose of remuneration of the year 2017 which is not over 7.5 Million Baht, increase by 500,000 Baht, to the Annual General Meeting of the Shareholders in 2017 in order to approve this budget. Nevertheless, the remuneration of each director in 2016 is presented in the following table:

Name	Suwit Chindasanguan	Somchai Sirivichayakul	Rojanasak Chomvilailuk	Lim Hwee Hai	Lim Kia Hong	Lim Kiah Meng	Somchai Sittichaisrichart	Sombati Pungsrinont
Position	<ul style="list-style-type: none"> Independent Director Audit Committee Chairman Chairman of Corporate Governance Committee 	<ul style="list-style-type: none"> Independent Director Audit Committee Chairman of the Remuneration and Nomination Committee Corporate Governance Committee 	<ul style="list-style-type: none"> Independent Director Chairman of Audit Committee Remuneration and Nomination Committee Corporate Governance Committee 	<ul style="list-style-type: none"> Director Remuneration and Nomination Committee Chairman of Risk Management Committee Corporate Governance Committee 	<ul style="list-style-type: none"> Director 	<ul style="list-style-type: none"> Director 	<ul style="list-style-type: none"> Managing Director Remuneration and Nomination Committee Corporate Governance Committee Risk Management Committee 	<ul style="list-style-type: none"> Executive Director Risk Management Committee
Monthly Retaining Fee of the Board	360,000	180,000	180,000	180,000	180,000	180,000	-	-
Monthly Retaining Fee of the Audit Committee	300,000	300,000	390,000	-	-	-	-	-
Attendance Fee of the Board	198,000	132,000	132,000	132,000	132,000	132,000	132,000	132,000
Attendance Fee of the Audit Committee	108,000	108,000	162,000	-	-	-	-	-
Attendance Fee of the Remuneration and Nomination Committee	-	66,000	44,000	44,000	-	-	44,000	-
Attendance Fee of the Risk Management Committee	-	-	-	66,000	-	-	44,000	44,000
Attendance Fee of the Corporate Governance Committee	66,000	44,000	44,000	44,000	-	-	44,000	-
Special Bonus	881,000	404,000	404,000	-	-	-	-	-
Total	1,913,000	1,234,000	1,356,000	466,000	312,000	312,000	264,000	176,000

Remuneration of Managing Director and Executive Director

The remuneration committee has defined the remuneration of Managing Director and Executive Director based on the assessment in each year. This assessment is classified as 2 categories as Financial and Strategic Goals (65%) and Non Financial Goals and Other Key Performance Indicators such as Corporate Governance, Operational Efficiency and Planning, Public Relation and Others, etc. (35%). This is comparable to the Company's target and the industry.

For the remuneration of Executives, it is determined by the Managing Director and it will be reported the total remuneration to the Remuneration and Nomination Committee as well as it is disclosed in the annual report, in the Remuneration of Executives Section.

Management Remuneration

The Remuneration of Executives of the year 2016 was paid in form of salary, quarterly bonus and yearly bonus, totally 46.2 Million Baht. The list of Executives as below :

- | | |
|------------------------------------|---|
| 1) Mr. Somchai Sittichaisrichart | Managing Director |
| 2) Mr. Sombati Pungsrinont | Executive Director |
| 3) Ms. Suwathip Pornsuwannapha | Financial Controller |
| 4) Ms. Wareeporn Sittichaisrichart | Operation Manager |
| 5) Mr. Thana Thanapase | General Manager, Consumer Business Unit |

Management Provident Fund

The contribution of the Provident fund of Executives in the year of 2016 was 1.65 Million Baht. However, Executives have to have working period more than 2 years then they can receive some of this contribution. Also, they will receive in fully amount of the contribution after they have working period more than 5 years as following :

Working Period	Rate of Refund in Contribution
Less than 2 years	Refund only the employee contributions and benefits from the fund
2 – 3 Years	Refund the employee contributions and 20% of company contributions together with benefits from the fund
3 – 4 Years	Refund the employee contributions and 40% of company contributions together with benefits from the fund
4 – 5 Years	Refund the employee contributions and 70% of company contributions together with benefits from the fund
More than 5 Years	Refund the employee contributions and 100% of company contributions together with benefits from the fund

Employees

The Company employs precisely 566 employees (exclusion of Executives), they are classified as the company's employees of 445 person and the remaining is outsourcing employees of 121 person. This can illustrate as the figure in the table below:

	SiS	Outsource	Total
Sales (no. of employees)	182	81	263
Products/Marketing (no. of employees)	103	0	103
Finance/Credit (no. of employees)	27	0	27
Warehouse (no. of employees)	29	33	62
Technical Support (no. of employees)	41	0	41
Service (no. of employees)	33	0	33
Others (no. of employees)	30	7	37
Total (no. of employees)	445	121	566

Remarks : Employee Benefits comprises of 1) salary 2) Quarterly Bonus 3) Incentive (only for sales and product marketing) 4) Yearly Bonus.

Provident Fund of Employee

The contribution of the Provident fund of 445 employees in the year of 2016 was 7.15 Million Baht. However, employees have to have working period more than 2 years then they can receive some of this contribution. Also, they will receive in fully amount of the contribution after they have working period more than 5 years as following :

Working Period	Rate of Refund in Contribution
Less than 2 years	Refund only the employee contributions and benefits from the fund
2 – 3 Years	Refund the employee contributions and 20% of company contributions together with benefits from the fund
3 – 4 Years	Refund the employee contributions and 40% of company contributions together with benefits from the fund
4 – 5 Years	Refund the employee contributions and 70% of company contributions together with benefits from the fund
More than 5 Years	Refund the employee contributions and 100% of company contributions together with benefits from the fund

Human Resource Development

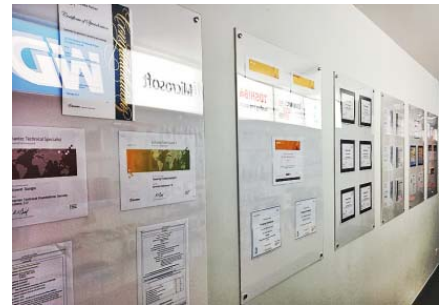
The Company has a policy to encourage employees to develop their knowledge, potential and ability in their career paths as well as good attitude, growing together with the Company through a self-learning system, trainings and seminars.

In 2016, the Company employs 4 sales trainers and 4 senior product managers who are responsible for product marketing training. Additionally, the Company hired 1 external trainer throughout the year for project sales training as well as sales training to major customers.

In addition, the Company provides English course to enhance English skills with native teachers and also introduced the E-learning system to employees for learning and testing on their own through a smartphone or PC and this is the one of key performance indicator to evaluate employees.

In addition to the internal training, the Company provides training course according to Vendor's specifications. After passing the test, the Company provides the space to display its certificates in order to encourage employees to develop their knowledge.

The Company has large meeting room that can hold more than 300 staff and lots of small and medium meeting rooms with the facilities that enhance the efficiency of meetings. In addition, the company provides an orientation, a "mentor" system for new employee and defines training budget every year. There are both internal training which directly related to their fields and other trainings from outside speakers to educate our staff.



In 2016, the average hour of training was 24.6 hours a year per person.

Report from Corporate Governance Committee

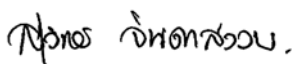
Dear valued Shareholders

The Corporate Governance Committee is comprised of Mr. Suwit Chindasanguan who is the Chairman of Corporate Governance Committee, Mr. Lim Hwee Hai, Mr. Somchai Sirivichayakul, Rojanasak Chomvilailuk, PhD. and Mr. Somchai Sittichaisrichart as the committee. The duties and responsibility of the Corporate Governance Committee are determining the good corporate governance policy and reviewing as well as evaluating the policy, ethics, including code of conducts, laws and regulations compliances in order to provide the best practices of corporate governance to the Company.

In 2016, the Corporate Governance Committee arranged 2 meetings and these meetings were attended completely by all members in order to review and update Codes of Conduct, related policies as well as the corporate governance policy. This is to ensure that these would be cover all dimensions of the Company's operations and it is in accordance with the practices of regulators as well as current situations.

Significantly, the Corporate Governance Committee emphasizes on the Anti-Corruption which is the obstacle of the sustainable growth of both business and government sectors. After the declaration of intent to Thailand's Private Sector Collective Action Coalition Against Corruption, the Corporate Governance Committee has continuously considered and reviewed the procedure and practices to eliminate and monitor fraud and corruption and the Company has been certified as the certified company of Thailand's Private Sector Collective Action Coalition Against Corruption since 22 January 2016.

The Corporate Governance Committee also realizes in the best practices of the good corporate governance comprising of 5 categories: Right of Shareholders, Equitable Treatment of Shareholders, Role of Stakeholders, Disclosure and Transparency and the Responsibilities of the Board, these are reviewed every year. According to the Corporate Governance assessment of listed companies of the year 2016 which conducted by the Thai Institute of Directors (IOD) together the Stock Exchange of Thailand (SET) and the Office of the Securities and Exchange Commission (SEC), the Company is considered as Very Good in Corporate Governance. This is indicated the intention of the Company in operating the business, complying with the good corporate governance. Nevertheless, the Company will continue improve and develop the best practices in order to grow continuously and sustainably.



(Mr. Suwit Chindasanguan)
Chairman of the Corporate Governance Committee
3 March 2017



Corporate Governance Report

The Company is committed to operating our business with high ethical and environmental standards, fulfilling our corporate social responsibility, maintaining good corporate governance, opposing the infringement of intellectual properties and copyrights, fostering a transparent internal system which helps to prevent corruption, and to adopt Sufficient Economy Philosophy. In order to succeed in sustainable operational business, the Company encourages all employees to adopt good corporate governance to comply with the Principles of good corporate governance for Listed Companies 2012 provided by Stock Exchange of Thailand (SET) and to report the items with its reason that has not yet complied as followings :

Rights of Shareholders

The Company recognizes the rights of the shareholders that shareholders own the company, controlling it by appointing the board of directors to act as their representatives. Shareholders are eligible to make decisions on any significant corporate changes. Basic shareholder rights include the right to buy, sell, or transfer shares, share in the profit of the company, obtain relevant and adequate information on the company in a timely manner and on a regular basis, participate and vote in shareholder meetings to elect or remove members of the board, appoint the external auditor, and make decisions on any transactions that affects the company, such as dividend payment, amendments to the Company's articles of association or bylaws, capital increases or decreases, or the approval of extraordinary transactions. Shareholders should be fully informed of the criteria and procedures governing shareholder meetings. Sufficient information regarding the issues to be decided in each agenda item should be provided in advance of the meeting. Shareholders should be able to query directors both in the meeting and by sending their questions in advance. Shareholders should also be allowed to propose agenda items and vote by proxy. The Company respects to benefits of all Shareholders and treats them equally as follows :

- To operate efficiency and carefulness to maintain sustainable growth, promote good corporate culture and provide appropriate return of short term and long term investment. These are stated in one of the main objectives of the Company.
- To promote all shareholders, particularly institutional shareholders to attend the meeting by sending invitation letter in advance and choose convenient location for the Annual General Meeting.
- To treat all shareholders equally, disclosed fully adequate information and transparency, providing all processes and procedure for the shareholders meeting to support equitable treatment of all shareholders, encourage all shareholders have equal opportunity for comments and questions, emphasize on the recommendation of Shareholders and stipulated the right to vote at the Shareholders meeting clearly.
- To establish for directors and management to report buying and selling of their company's securities 1 business day in advance to the Board of Directors before trade date including with notification to the employees to stop their securities trading at the ended of each quarter and the company's operating results has not yet been made public to prevent insider trading.
- To provide the opportunity for Shareholders to query about the operation's results of the Company. In 2016, shareholders sent their query about the operation via e-mail and telephone several times and the Company replied all query as well as the opportunity for Shareholders, Analyst to meet with the Executives.
- To provide the opportunity for Shareholders to propose matter to be included as an agenda of Shareholder meeting via the Company's website under Investor Relations section >> shareholder information >> proposal for AGM agenda. The Shareholders can find the guidelines, procedures and submit form at the Company's website or e-mail to investorinfo@sisthai.com
- To provide the opportunity for Shareholders to submit questions relating the agenda for AGM prior to the Annual General Meeting of Shareholders via company's web site named www.sisthai.com under section

“Submission of Questions prior to the Annual General Meeting of Shareholders” and to allow the shareholders to access the guidelines of Submission of Questions items also.

- To facilitate investors and others who are interested in investment with the Company to get accurate company’s information timely, there is the Investor Relations Department to help them with correct information and fast service. There is also “Investor Relations” page in the company’s website at www.sisthai.com to provide useful information. The Investors can send the suggestions or inquiries via email at investorinfo@sisthai.com.
- In the Annual General Meeting of Shareholders No.1/2016, the Directors completely answer all inquiries of shareholders.

Dividend Policy

The Company has a policy to pay dividends at a rate of approximately 40% of net profit after tax and legal reserve. The Board of Directors has the authority to exempt or change such policy at any time under such conditions that having to maximize benefits to shareholders such as reserve for loan repayment, investment to expand our business or significant change in the market which may affect the Company’s Future cash flows.

The Company has not determined the ratio of dividend payout of subsidiaries to the Company which its dividend payments are subject to our performance in each year.

Annual General Meeting of Shareholders

The Company held the Annual General Meeting of Shareholders according to the good practice of Regulator Agencies. The Securities and Exchange Commission (SEC) coordinated with Thai Investors Association and Thai Listed Companies Association jointly assess the quality of AGM Meeting every year, the Company has been evaluated the meeting as the table below. The Company improved the process of meeting in line with the recommendation of AGM Checklist and the Company got full score from the assessment of AGM Meeting that show the Company recognizes the important of shareholders and effort to treat all shareholders equally.

Year	Full Score	Score received
2006	100	56.4
2007	110	72.0
2008	110	102.5
2009	100	100.0
2010	100	100.0
2011	100	100.0
2012	100	100.0
2013	100	100.0
2014	100	98.5
2015	100	100.0
2016	100	100.0

For the Operating Results period January 1, 2016 to December 31, 2016, the Company will be held the 2017 Annual General Meeting of Shareholders on 21 April 2017. The Board of the Directors, Subcommittee Members, some of the Management will attend the meeting. The details are as follows:

- To provide the opportunity for the shareholders to nominate persons for election as directors and shareholders can download the AGM invitation letter from www.sisthai.com.

- To provide the opportunity for the shareholders to propose agenda items in advance on company's web site named www.sisthai.com under section "Investor Relation" and sub section "Proposal of AGM Agendas" and to allow the shareholders to access the guidelines of Agenda proposal items also.
- To provide the opportunity for the shareholders to submit questions relating the agenda for AGM prior to the Annual General Meeting of Shareholders via company's website named www.sisthai.com under section "Submission of Questions prior to the Annual General Meeting of Shareholders" and to allow the shareholders to access the guidelines of Submission of Questions items also.
- To provide computer system to facilitate registration and print the voting card for each agenda. Before start the meeting, the Chairman will explain the voting method and vote counting which the Company uses the computer to help in vote counting and summarize the result clearly in the meeting and then report result to public in the next working day.
- Shareholders who are unable to attend the meeting, they can be appointed other person, independent directors or company secretary to act as a proxy holder and vote on behalf of them.
- The Chairman of the meeting will allot sufficient time to encourage shareholders to express their opinions and ask questions. Information about the items on the each agenda item of meeting and the resolutions, the suggestion and the recommendation will be completely recorded.

Role of Stakeholders

The Company recognizes the right of all stakeholders and set the Company's Policy to treat each group equally and appropriately as follows:

1. Employee

The Company recognizes the importance of employees that have contributed to the prosperity of the Company and has a policy to stipulate the Security Policy for employees and increase their knowledge and develop their ability. The Company provides the opportunity for employees to work in jobs that they are passionate about, encourages them to increase their responsibility, authorizes them the power of decision under the rules that can be audited, provides the opportunity to work at various job and pays all remuneration according to their ability. The practices are as follows:

A. Employee Safety, healthy and work environment

I. Safety at Work

The Company provides safety systems in terms of a safe workplace for employees and a selection and purchasing of high quality equipment to increase safety in their workplace. The Company also provides database named "Accident" in Lotus Notes/Domino to keep a record of all accidents that occurred in order to track problems and find solutions to solve and prevent it from happening again systematically.



In 2016, there were no damaged properties and no casualties.

แบบฟอร์มรายงานการเกิดอุบัติเหตุ

สถานะการเกิดอุบัติเหตุ * : ภาษาไทย - การจัดส่ง

วันที่เกิดอุบัติเหตุ * : 31-01-2014

เกิดเหตุโดย * : accident (English)

ผู้รายงาน * : 0

ลักษณะความเสียหาย * : 0 บาท

เหตุการณ์ความเสียหาย * : 0 %

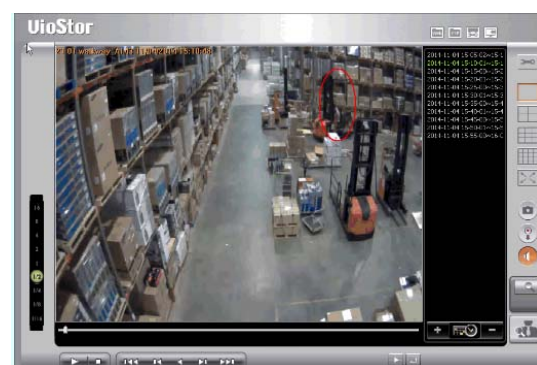
ทรัพย์สินที่เสียหาย * : PHIL-SPA7355/67 2.1 speaker 50W RMS Speaker driver: 2.75 จำนวน 4 เครื่อง

เกิดเพราะอะไร * : ไม้ - ไม้

มูลค่าการเสียหาย * : 5248 บาท

มูลค่าการซ่อม * : 5248 บาท

Attach File : [รายงานการเกิดอุบัติเหตุ.doc](#) [DSCN6711.jpg](#) [DSCN6710.jpg](#) [DSCN6709.jpg](#) [DSCN6708.jpg](#)



Year	Number of Accident	Results
2015	8	No injuries and damaged properties were covered by existing casualty insurance.
2016	2	Accidents occurred during the receipt of goods and the Vendors were responsible for the costs incurred because it is the responsibility of sender. There was no injury incurred, only damage to property.

II. Minimize fire risks

Change in working procedures to minimize fire risks. For example, checking all devices to prevent overloading electrical circuits, properly storing of hazardous materials, providing smoking area and no smoking in warehouse and office, etc.

III. Emergency Plan

Participating in an annual fire drill held by the landlord in preparation for disasters such as fire, training how to use fire extinguishers on a regular basis as well as assigning responsible persons in case of emergency and ensuring that no obstruction at the emergency exits.

IV. Personal Hygiene

The Company has a policy to provide good basic hygiene by having a clean workplace, good ventilation, sufficient lighting, enough washing basins and toilets, and to encourage employees to keep the workplace clean regularly.

The Company provides annual health check ups for all employees in order to have information about their own health and to promote good health. After receiving Blood test results, the Company provides physicians to advise on how to stay healthy including vaccinations such as vaccines against hepatitis, influenza vaccines. The Company subsidizes 50% of any medical costs incurred.



V. First Aid Kits

The Company provides sufficient first aid kits, regular first aid training to relevant employees and first aid room.

VI. Safety Orientation

The Company provides employees safety training and sets as one part of the orientation of human resources department when new employee are employed.

B. Provide the opportunity for employees to work in skillful job

Employees have the opportunity to work at a job that they are passionate about and skillful at. When the Company would like to recruit new staff for a vacant position, the Company will allow the existing staff

to apply first before outsiders. The existing staff who apply, have to pass the same recruiting selection process as well as new staff. The Company gives employees an opportunity to let us know whenever they need to rotate to another skilled job that the Company will consider the suitable request in all cases where the employee notify.

C. Appropriate Remuneration and Staff benefits

The Company has the policy to set good short term and long term compensation schemes for employees with more benefits as follows:

I. Industry Comparison

The Company regularly reviews and compares the employee benefits to the industry average rate and has a policy to pay a total benefits on average not less than industry average rate.

II. Value Based Compensation

The Company defines the function of job based on the value of those jobs then determines the benefits according to the value of each job. An evaluation is done and can be adjusted every year.

III. Performance Based Compensation

The Company provides an employee assessment every 6 months and ranks sequentially according to their performances in order to be informed when considering salary adjustments.

IV. Quarterly Bonus

The Company sets quarterly targets and quarterly bonuses to all employees according to the performance of each business unit and the performance of the Company in order to create good co-operation in working together to achieve the quarterly target.

V. Yearly Bonus

The Company sets yearly bonus to all employees according to the performance of the Company and the performance of each employee.

VI. Employee Stock Option Program

To motivate employees to be shareholders and to reward the good remunerations that are linked to the company's performance, the company issued 5,000,000 units of the first warrant when the company was listed on the Stock Exchange of Thailand in 2004. The warrant can be partially exercised within a 5 years period. As of expiry date in 2009, holders of 3,174,100 warrants had exercised their rights to buy ordinary shares of the Company. At the end of the program, there were some requests to continue the ESOP. In the Annual General Meeting of Shareholders No.1/2010, the Board of Director asked for approval from Shareholders to issue new ESOP amount 10,000,000 units for Directors, Executives and Employees within a 3 years exercise period.

VII. Yearly Health Check Up Program

The Company provides yearly health check ups for all employees to have information about their own health and to promote good health. After receiving Bloods Test Results, the Company also provides physicians to advise on good health practices.

VIII. Provident Fund

The Company has continuously provided the provident funds for every employee since 2003, both the Company and employees contribute equally at 3% or 5% of basic salary to this scheme:

Date	Total Value of Fund
31 December 2013	80.7 Million Baht
31 December 2014	95.0 Million Baht
31 December 2015	110.0 Million Baht
31 December 2016	112.6 Million Baht

Employees must have worked more than 2 years to be eligible for the benefits and will get all benefits of the Company when they work over 5 years as follows :



Working Period	Rate of Refund in Contribution
Under 2 years	Refund only the employee contributions and benefits from the fund
2-3 years	Refund employee contributions and 20% of company contributions together with benefits from the fund
3-4 years	Refund employee contributions and 40% of company contributions together with benefits from the fund
4-5 years	Refund employee contributions and 70% of company contributions together with benefits from the fund
5 years up	Refund employee contributions and 100% of company contributions together with benefits from the fund

IX. Personal Accident Insurance

The Company provides personal accident insurance to all employees with total insured as follows:

Year	Total Insured
2015	216.5 MB.
2016	283.5 MB.

D. Employee Training and Development Programs

The Company realizes the importance of employee training and development programs. (Please see details under Staff – Staff Development)

E. Providing High Quality Office Equipments

The Company realizes the important of employees to work efficiently by providing high quality office equipment, especially Information Technology, that is our core business of the Company. For example, the Company provides computers and internet access to all employees, laptop computers and wireless solution systems to employees who work outside in order to connect to the Company at any time, an electronic workflow system where all employees can work both inside and outside through the computer system and storage system that allows all employees to quickly access relevant data and utilize data for a more accurate decision making.

F. Appropriate annual leave

The Company sets the annual and personal leave up to 12 days a year. The employee can take annual leave immediately without waiting for a full year working. After the year, the Company will calculate and remunerate in monetary terms to employees who do not utilize their leave.

G. Disclosure to Employee

The Company has a policy and guideline to disclose the Company's information to employees from the first day. Every employee can access the Company's data. The Company's operating results are readily available to all employees on a monthly basis in order to support good decisions making and move in the same direction. Therefore, the Company prohibits our employees from trading stocks at the end of each quarter until the results are publicly announced to SET.

H. Encourage Employees to Express an Opinion

The Company has a process to encourage all employees to freely express their views on both Suggestions and Problem Notification. The Company provides a specialized database that encourages employees to share their opinions at least once a month. It also allows all employee to send their views to the relevant parties immediately and access the information on their own. They have the right to make their opinions public or private.

2. Customers

The Company recognised that Customers are our patronage and the Company is committed to ensure utmost customer satisfaction and hopes all customers achieve and succeed in their business both short and long term through the sincerity in doing business with our Company. The Company set up short-term and long-term guidelines to make satisfaction to customers with 4 guidelines as follows :

- Provide accurate information and treat customers with fairness
- Have adequate resources in working with customers.
- Treat customers as a trading partner.
- Provide good and helpful advice to customers.

The Company allows customers to send complaints or suggestions through a complaint channel to the Executives directly via e-mail. The Company has established the complaint department to consider all complaints from customers and resolve those complaints until finish. Furthermore, the Company focuses on selecting products that are environmental friendly, safe and useful for both personal and corporate use. The Company aims to provide accurate information to consumers and good after sales service to ensure customer satisfaction.

3. Partners

The Company sets the Code of Conduct in purchase and procurement in order to do business with the partners properly, respects property rights or proprietary rights of partners, do not take advantage of partners, honors and treats all partners fair dealing on the basis of fair compensation for both parties. The payment for goods or services will be made to partners as agreed. The Company encourages partners to take social responsibility with the organization by recognizing the importance of partners as a part of the Company's success. The Company provides a good support to partners and needs them to progress with the Company. The Company allows partners to directly complain to the Management or Independent Directors via group mail at company's web site or call directly to Internal Audit Department if it is not fair to do business with the Company.

Furthermore, the Company sets the guidelines for partner selection by exclusion of well-performance with the competitive price, but also consider of the social responsibilities, transparency, anti-corruption and bribes in any form of its partners.

4. Supplier

The Company recognised that working closely with suppliers to achieve together. The Company believes that all suppliers who selects the Company to be their distributor will succeed in Thailand market. This is because the Company is an efficient and continuously developing organization in terms of board base customer, understanding the market needs, having talented employees, investment in computer system connected to supplier computer system to access data faster which increases the operational efficiency of both parties, working with suppliers to introduce products and technology to users and operators in Thailand. In term of payment, the Company has arranged electronic payment method to reduce operation work and cost to ensure that its payment are made as agreed. The Company truly commits to the goal of mutual benefit, to respect and non-infringement of intellectual property and copyright of supplier, transparency disclosure and strictly performs to any agreements or legal requirements.

5. Creditors (Financial Institution)

The Company strictly complies with terms of agreement of creditors and provides the past operating results and future plan to creditors continuously. In case of guarantee, the Company will disclose and rank with pari passu and treat all creditors equally. Loans and interests are repaid to all creditors on schedule. The

Company has a good working capital management and do not spend in contrary way with loan purpose. The Company has not yet defaulted to any creditors.

6. Competitors

The Company believes in free and fair competition. It is believed that free trade system will improve the efficiency of all parties. Competitors are treated under the best practice, do not abuse or destroy the reputation of others, do not seek out competitors' confidential information in the wrong way. On the other hand, if there is a chance, the Company will cooperate with suppliers and competitors expanding IT market to grow with quality.

7. Community and Environment

A. Anti-Corruption Policy

The Company realizes that fraud and corruption are significant obstacles to the development of the country. Therefore, the Company sets guidelines to not allow directors, executives and employees of the Company to accept and participate in any forms of fraud and corruption. Moreover, the Company reviews the compliance on a regular basis and has declared the intention to join Thailand's Private Sector Collective Action Coalition Against Corruption. Consequently, the Company has been certified as the certified company in the 4th quarter in 2015 and 22 January 2016. The Company is listed as the number of 139 from 152 certified companies



Certified Companies of Thailand's Private Sector Collective Action Coalition Against Corruption

	Title	Certified Date	Expire Date
139	บริษัท เอสไอเอส ดิสทริบิวชั่น (ประเทศไทย) จำกัด (มหาชน)	22 Jan 2016	21 Jan 2019

B. Community

The Company consistently supports the voluntary activities relating to the development of the surrounding communities in local areas, our head office and upcountry offices, maintain a good environment of the communities, supports to have adequate basic infrastructure and returns to communities according to our profitability by focusing on education and the environment. Specific budget is assigned each year to support CSR activities – more information is available in “Corporate Social Responsibility”.

C. Respect of human rights and fair labor standards

The Company encourages and respects human rights and strongly refrains from any human rights violations, no enforcement of labor, child labor exploitation by taking care covered to our partners.

D. Environment

The Company recognizes the importance of preserving the natural environment and set up to be one of our policies that we will conduct our business with environmental responsibility, prevention and minimize our impact on lives, social and environment. Our guidelines for reducing our impact on the environment are as followings:

I. Environment friendly products

The Company is persistent on promoting and sourcing environment friendly products to use.

II. Employee Training about the environment

The Company provides an environmental courses that are included in the employee training. This is a part of the curriculum that employees must study more via e-learning system.

III. Energy Saving

The Company encourages employees to save energy and carefully selects office equipment that is energy efficient and changed how to use devices to save energy. For example, each of our lighting switches can be turned on and off individually and set up responsible person to take care off during the lunch break and after work in order to minimize energy waste as well as air conditionings that will be adjusted to the proper temperature and disable if not required, and the Company began to implement auto switch on off to control light with movement detection by sensor in some area.

IV. Using Resources Efficiently Program

The Company has many projects to use our resources efficiently as follows :

- **Electronic Workflow**

The Company has developed electronic workflow for approval of documents automatically to replace various paper forms which has been in operation more than 10 years. Currently, the Company has more than 100 workflows to increase working efficiency by reminding the approver to authorize via email with the process verification on schedule which can be save a lot of paper usage.

- **Print and Pick**

The Company found that employees wasted a lot of paper, so the Company has decided to change the old printers to ones that can save data in hard disks without printing out. When the employees need to print, they have to enter their password first to reconfirm that it is proper data before printing out to which is reduce 100% of unused printing documents.

- **Fax Server**

The Company has installed fax servers that are able to convert all fax document to electronic document and send reminding to receivers to view their fax document via computer without printing. This saves paper usage and increases productivity

- **Scan to email**

The Company has installed scanner machines that are able to scan document to electronic format for transmission immediately. This saves paper from printing and copying, reduces cost and is environmentally friendly.

- **Video Conference**

To save energy and reduce travelling costs, the Company uses video conferencing system to arrange a meeting between head office and branches which can communicate face-to-face simultaneously through computer screen in different locations.

- **Collection via Electronic**

In order to reduce fuel usage, the Company provides electronic payment via internet by cooperates with 4 Banks that all customers are able to check outstanding invoices and choose due invoice to pay. The Company encourages more customer to pay through this services. This service will reduce billing process, cheque collection and cheque deposit to banks, etc. Moreover, this is an environment friendly activity to reduce fuel and cheque usage.

Leadership and Vision of the Boards

The Board of Director consists of directors with various experiences that are useful to the Company, having vision and independent decision-making for the optimum benefits of the Company and shareholders. The Board has participated to determine and approve of vision, strategy, business target, business plan, and budget of the Company, as well as supervise the management to conduct business according to the budget and plan, and monitor the operating result every month, to ensure the compliance with the rules and regulation of the Regulatory Agencies, related Government Agencies and shareholder resolutions.

The Board of Directors, by the Managing Director, will communicate strategy, objectives, situation, and operating results of the Company to the Management and all employees at the monthly meeting and informed the direction of next month to all employees.

The Board of Directors provides development plan and succession plan of the Managing Director and Senior Management continuously to replace in case of they unable to perform their duties.

Charter of Board of Directors

The Board of Directors is the group of people who direct the Company. The role of the Board is the strategic alignment and conducting the policy for business continuity of the Company under the fiduciary duty and good corporate governance in order to maintain the benefits to all stakeholders.

1. Role of the Board

The Board of Directors shall perform the role as followings :

- 1.1 Direct the Company in order to maintain the vital benefit to the shareholders which adhere to the Fiduciary Duty :
 - 1.1.1 Duty of Care
 - 1.1.2 Duty of Loyalty
 - 1.1.3 Duty of Obedience
 - 1.1.4 Duty of Disclosure
- 1.2 Determine the vision, mission and strategies and review these every year.
- 1.3 Consider the business plan, budget, goal, business policy and the competency of the Company.
- 1.4 Monitor the strategic alignment, evaluate the operational performance regularly, including conduct the policies related to the business development under the social responsibilities.
- 1.5 Advocate the time without any individual benefit and shall not act against the benefit of the Company.
- 1.6 Govern the Company to be in accordance with the laws, Company's Article of Associations, the resolution of the Board and the Shareholders Meeting under the fiduciary duty.
- 1.7 Provide the Risk Management and review the risk management plan in order to ensure the effectiveness.
- 1.8 Govern the corporate governance of the Company in order to be the ethical guidelines of the business and operation.
- 1.9 Promote the ethics and moral and compliance of the Code of Conduct and Anti Corruption Policy, including provide the effective internal control and monitoring to reduce the fraud and corruption.
- 1.10 Maintain the benefit of the shareholders equally and promote the right of shareholders. Moreover, provide the news, information to the shareholders sufficiently.
- 1.11 Emphasize the role and responsibilities of the Board, respect the right of shareholders and stakeholders, equitable treatment to the shareholders and provide the whistle blower both internal and external.
- 1.12 Consider the succession plan and provide the management assessment. Moreover, provide the appropriate remuneration to the management.
- 1.13 Provide the directors assessment every year in 3 forms; overall Board assessment, individual assessment and the Sub Committee assessment.
- 1.14 Govern the nomination and nomination with the transparency and appropriateness.
- 1.15 Attend the meeting regularly, including the shareholders meeting, except there is an emergency case which shall inform to the Chairman or the Company Secretary before the meeting.
- 1.16 Develop the knowledge continuously and attend the seminar or related course in order to fulfill the competency.

2. Role of the Chairman

- 2.1 Determine the meeting agenda of the Board of Director Meeting with the Managing Director and provide the information in order to make directors decide on those agenda appropriately.
- 2.2 Being the leader of Directors and the Chairman of the Board of Directors Meeting.
 - 2.2.1 Conduct the Board of Director Meeting to be in accordance with the agenda, Company's Article of Associations and other regulations.
 - 2.2.2 Provide the time and provide the chance for discussion among the Board of Directors Meeting independently with the concern to the stakeholders.
 - 2.2.3 Conclude the resolution of each agenda clearly.
 - 2.2.4 Provide the meeting between independent directors and executive directors.

- 2.3 Being leadership of the shareholders meeting to be in accordance with the agenda, Company's Article of Association and regulations. Provide the time and chance for shareholders equally to question and express the opinion appropriately.
- 2.4 Support the Good Corporate Governance of the Company.
- 2.5 Promote the good relationship between the Board and the Management and support the Managing Director to perform in accordance with the policies.
- 2.6 Govern the disclosure with transparency, in case of any conflict of interest.
- 2.7 Govern the infrastructure and component of the Board.
- 2.8 Govern the performance of the Directors and Sub Committees in order to ensure the effectiveness.
- 2.9 Provide the self assessment of the Directors and Sub Committee in order to further development.

3. Constitution

- 3.1 The Board shall consist at least 8 directors but not more than 10 directors which will be appointed and impeached by the shareholder meeting. The more than half of directors shall be the origin in the territory.
- 3.2 The Board shall consist of the independent directors as 1 out of 3, the directors from the major shareholders and the directors from the management.
- 3.3 The directors shall elect the Chairman and the directors shall prepare the related information to the company. Then the company shall submit the information related to the new directors in order to fulfill understand to the new directors.

4. Qualification

- 4.1 Being qualified in accordance with the Company's Article of Associations, the Public Company ACT and regulations.
- 4.2 Fulfillment with leadership, vision and understand the business of the Company.
- 4.3 Be able to perform and express the opinion independently and advocate the time to perform the duty.
- 4.4 Being in the position in listed company not over 5 companies.

5. Term

In the Annual General Meeting, the Directors shall retire by the rotation rule as 1 out of 3 from the members. If it cannot divide as 1 out of 3, the director shall retire as the number similar to 1 out of 3. The directors who shall be retired will be the directors who be the duty as the longest period and they shall be re elect to the Board.

Apart from this the Directors will be impeach from the position as the following :

- 1) lack of qualification according to the Company's Article of Associations.
- 2) Resign to the Board
- 3) Absent from the Board meeting 3 times consecutively without any notification and the Board has a resolution to impeach with at least the half of number of directors.
- 4) Shareholders has a resolution to impeach according to the Public Company ACT.
- 5) Judgment from the court to impeachment.
- 6) Dead

In case of all the Board retirement, the director shall maintain their duty until there are news directors in duty.

In case of any other reason, the Board shall appoint the new directors except, the term remain below than 2 months.

6. Meeting

The company shall provide the Board Director meeting at least 6 times a years with the clearly agenda in advance. In case of emergency, there shall be extra meeting with the agenda for consideration.

For recall the meeting, the Chairman or the secretary under the authority of the Chairman shall call for the meeting and inform the directors at least 7 days before the meeting, except the emergency which can be apply for another procedure.

7. Quorum

In the Board of Directors Meeting, there shall be the directors not below than a half of the Board then this will be the quorum. If the Chairman cannot perform the duty, directors shall elect one of the directors to be the Chairman in that meeting.

For the casting, the casting is the majority of vote in the meeting. In case of equality of vote, the Chairman shall be the casting vote.

The director has one vote except the director who has the conflict of interest and benefit of that agenda.

In case of any resign ore retirement until the number of directors is below than a half, the Board is able to perform the duty only in the Shareholder Meeting Arrangement in order to elect the directors to the Board and that Meeting shall arrange within 3 months after the incomplete of the quorum.

8. Authority of Approval

The Board of Director has the authority of approval on each agenda which is in accordance with the Charter, Company's Article of Associations, resolution of the shareholders meeting and regulations. This is including the determining and review the vision, mission, the strategic plan, risk management, budget and goals of the Company. Moreover, the Board of Directors has authority in monitoring the company's performance, capital expenditure, related transactions, joint venture and other investment.

9. Remuneration

The Remuneration shall be approved by the Shareholders in Annual General Meeting of Shareholders.

Charter of Audit Committee

SiS Distribution (Thailand) Public Company Limited has emphasized the good corporate governance then the Audit Committee has been appointed in order to govern the management and operation to be effective and transparent for the benefits of all stakeholders and sustainability of the Company.

The Board of Directors then agreed to approve the Audit Committee Charter which is in accordance with the Code of Conduct, regulations and related laws as followings :

1. Constitution

Audit Committee shall be the Independent Directors who are appointed from the Board of Directors or the Annual General of Shareholders. The Committee shall consists of at least 3 independent directors and at least one member shall has the experiences in financial and accounting as well as the financial reporting.

2. Qualification

- 1.1 Hold the shares not exceed 1% of paid up share capital of the Company, subsidiaries or associates, including the shares of spouse, children or other related person of the Independent Directors.
- 1.2 Not used to or be in the duty of Management employee, consultant which receives the salary from the Company, subsidiaries and associates, including controlled parties and major shareholders, except being retirement from those duty at least 2 years before being Independent Directors.
- 1.3 Not being the relatives or the being in laws in form of father, mother, spouse, brother, sister or children of management, major shareholders, controlling parties or candidates of management of the Company, subsidiaries and associates.
- 1.4 Not used to involve or being involved in business relationship with the Company, subsidiaries, associates, major shareholders or controlling parties which can influence the independence, except being retirement from those duty at least 2 years before being Independent Directors.
- 1.5 Not used to or being the auditor or partner of audit firm of the Company, subsidiaries, associates, major shareholders or controlling parties, except being retirement from those duty at least 2 years before being Independent Directors.
- 1.6 Not used to or being professionals, including lawyers, financial consultant which received the fee more than 2 Million Baht from the Company, subsidiaries, associates, major shareholders or controlling parties and not being the shareholders of those firms or professionals, except being retirement from those duty at least 2 years before being Independent Directors.
- 1.7 Not used to or being the Directors who are appointed to be the agent of the Board of Directors, major shareholders or relates parties of major shareholders in the business such as shareholder agreement related to appoint the directors to maintain the benefits of a group of shareholders.
- 1.8 Not operate the business which is similar or being competitor of the Company, subsidiaries and associates or not being the major partner or director who is the management which receive the salary or hold the share exceed 1% of the common shares of those company.
- 1.9 Not being any other qualification which will be affect the independence.
- 1.10 Not Being the Director that the Board assign to decide in the operational performance of the Company, subsidiaries, associates, major shareholders or controlling parties.
- 1.11 Not being the Directors of subsidiaries which are the listed company.
- 1.12 Expertise and has the strong knowledge to perform the duty of Audit Committee and advocate the time to perform the duty.
- 1.13 Not being the Director in listed company more than 5 companies because this can affect the performance of the Audit Committee.

3. Constitution

- 3.1 Audit Committee who is independent director shall be appointed from the Board of Directors or the Shareholders in the Annual General Meeting of Shareholders.
- 3.2 Audit Committee or the Board of Directors shall appoint one of Audit Committee to be the Chairman of Audit Committee by consider the qualification in order to ensure the effectiveness.
- 3.3 In case of retirement or resign which affect the incomplete of the term and the member of the Committee is below than 3 people then the new Audit Committee shall be appointed within 3 months and the new Audit Committee shall has the term as the remaining term of the previous Audit Committee.
- 3.4 The Chairman of Audit Committee shall appoint the Head of Internal Audit or Company Secretary or Chief of Financial Officer to be the secretary in order to assist in the meeting arrangement, meeting documentation and they have no right to vote in the meeting.

4. Term

- 4.1 The term of each member shall be 3 years or being the period of director
- 4.2 Audit Committee who completed the term shall has the right to be re elect from the approval of the Board of Directors or Shareholders.
- 4.3 Apart from above the Audit Committee shall retire when:
 - 4.3.1 Dead
 - 4.3.2 Resign
 - 4.3.3 Lack of qualification, according to the SET or other regulations and this Charter.
 - 4.3.4 The Board of Directors has a resolution to impeachment with the vote as 3 out of 4 of the Board of Directors.
 - 4.3.5 Criminal
 - 4.3.6 To become an incompetent person or quasi- incompetent person.
 - 4.3.7 To become a bankrupt person
- 4.4 The Committee member who wants to resign from the position before completing the term of Audit Committee. They shall submit the resignation to the Chairman of the Board of Directors or Deputy 30 days in advance.
- 4.5 In case of Audit Committee impeachment, the Audit Committee shall be in duty until there is the new Audit Committee Appointment.

5. Authority

- 5.1 Provide and review the financial report and other financial disclosure in order to be in accordance with the financial report standard and general accepted standard.
- 5.2 Review the internal control in order to ensure the appropriateness and effectiveness and ensure the efficiency of internal audit performance.
- 5.3 Review the compliance of regulations of regulators.
- 5.4 Consider, select, appoint and impeach the auditor, including propose the audit fee. Moreover, the Audit Committee shall provide the meeting with the auditor at least once a year.
- 5.5 Consider the related transactions or conflict of interest transactions to be in accordance with the regulators.
- 5.6 Conduct the report of Audit Committee and disclose in the Annual report.
- 5.7 Report the Audit Committee work and progression to the Board of Directors every quarter. and provide self assessment every year.
- 5.8 Approve internal audit plan, budget and human resource of internal audit department.
- 5.9 Consider the independence of the internal audit under their performance and consider the appointment, rotate and impeachment of Head of internal audit.
- 5.10 Provide the internal audit evaluation which is in accordance with the standard and corporate governance.

- 5.11 Review the performance of internal audit and give the recommendation in order to ensure the effectiveness.
- 5.12 Review the effectiveness of Risk Management.
- 5.13 Review the anti corruption self assessment and internal control related fraud and corruption in order to comply the anti corruption practices by IOD.
- 5.14 Review the fraud and corruption and whistle blower.
- 5.15 The Chairman of the Audit Committee can call for the extra meeting, if there is the request from internal auditor, auditor, the Chairman of the Board in order to consider the agenda, including the external consultants.
- 5.16 Review the Charter of Audit Committee in order to compatible with the current situations.
- 5.17 Perform other duty assigned by the Board of Directors within the authority of the Audit Committee.

6. Meeting

- 6.1 Provide the meeting every month, at least 6 times in a year. The agenda of the meeting shall be determine in advance and send to the Committee before the meeting at least 7 days, except the emergency meeting which shall be appoint in another procedure.
- 6.2 In the meeting, there shall be the member of the Audit Committee as 2 out of 3 then the meeting will be the quorum. If the Chairman of the Audit Committee cannot perform the duty, the member shall be appointed to be the Chairman of the meeting.
- 6.3 The Audit Committee has a vote, however if that Audit Committee has the benefits or conflict of interest in any agenda, that Audit Committee shall not has the right to vote.
- 6.4 In case of equality of vote, the Chairman of Audit Committee shall be vote as the casting vote.
- 6.5 If the Audit Committee is able to attend the meeting at the place of the meeting, that Audit Committee shall attend the meeting in another way and it is approved and signed from other members.
- 6.6 The Chairman of the Audit Committee can call for the extra meeting, if there is the request from internal auditor, auditor, the Chairman of the Board in order to consider the agenda.
- 6.7 The Audit Committee can invite the Directors, Management, Auditor, Lawyer or other professionals to involve in the meeting.
- 6.8 The secretary shall record the minutes of meeting and propose to the Audit Committee within 14 days after the meeting.

7. Responsibility

The Audit Committee response to report to the Board of Directors and rectify the circumstances under the appropriateness in case of occurring of the events that can affect the financial position and operational performance of the Company as followings :

- (1) Conflict of interest.
- (2) Fraud and Corruption or the weakness of internal control.
- (3) The against of regulations.

8. Remuneration

The remuneration and nomination committee shall determine the remuneration of Audit Committee and shall be agreed by the Board of Directors and approved by the shareholders in the Annual General Meeting of Shareholders.

Charter of Remuneration and Nomination Committee

SiS Distribution (Thailand) Public Company Limited has been concerned the policies and principles of the Good and/or Corporate Governance of the Stock Exchange of Thailand. The Board of Directors has appointed a Remuneration Committee in the Board Meeting no.4/2005 held on 4th November 2005 to make recommendations to the Board of Directors who, in turn, proposes at the Annual General Meeting (AGM) with respect to the three types of roles and responsibilities: fiduciary duties and legal liabilities, dedication, and contributing value of the directors. In addition, the Remuneration Committee shall review the board remuneration, when this responsibility is assigned by the Board of Directors; by taking into consideration certain approach to propose an appropriate remuneration scheme to the company.

Furthermore, the Board meeting no. 1 /2008 held on 22 February 2008 had the approval for appointing the Remuneration Committee to perform Nomination functions extensively. In conclusion, the Board of Directors had agreed to appoint the Remuneration and Nomination Committee which has the accountabilities and responsibilities of the recommendation provision to the Board of Directors regarding the executives and directors' compensation, and the accountabilities and responsibilities of recommendation provision regarding the recruitment, evaluation, selection, and promotion for the executive and director positions.

Authority, Obligation and Responsibilities

Remuneration and Nomination Committee has duties to carry out the Board of Directors' overall responsibility relating to executive compensation and successive plan. In further of this purpose, the committee shall have the following authority and responsibilities :

1. Determine the scheme and policy of Directors' Remuneration which are in accordance with their responsibilities and comparable to the industry.
2. Propose the Remuneration of the Directors, Sub Committee to the shareholders in the annual general meeting of shareholders.
3. Determine the policy, scheme and guideline of the Executive Directors' Evaluation which can be compared to the goals and objective in order to revise the Remuneration of Executive Directors.
4. Review and consider the remuneration of the top management.
5. Consider the budget of employee expenses, annual bonus other extra compensation which the Company determine.
6. To review the company's stock-based plans and recommend changes in such plans to the board as needed.
7. Review and revise the remuneration scheme in order to be appropriate and reasonable every year.
8. Determine the scheme and policy of Directors' Nomination in order to nominate the qualified person to be elected as a Director to fulfill the constitution of the Board and Sub Committee.
9. Propose the candidates of directors which are qualified to the Board of Directors in order to be the candidates of Directors and Sub Committee to agreed for approval by the shareholders in the annual general meeting of shareholders
10. Review and revise the number of Directors and Constitution of the Board and Sub Committee in order to be appropriate to the Company and the environment
11. Conduct the succession plan of the management in order to ensure the going concern of the Company.
12. Review and revise the remuneration scheme in order to be appropriate and reasonable every year.
13. Report the performance and the progression of the Remuneration and Nomination Committee to the Board of Directors at least once a year
14. Conduct the Report of Remuneration and Nomination Committee which approved and signed by the Chairman of Remuneration and Nomination Committee and disclose on the Annual Report of the Company.
15. Propose the Remuneration of the Directors, Sub Committee and propose the candidates of directors to the shareholders in the annual general meeting of shareholders.

16. Disclose the scheme and criteria of Directors' Remuneration on the annual report.
17. Perform any other duty which is assigned from the Board of Directors and agreed by the Remuneration and Nomination Committee.

Appointment and Constitution

The Remuneration & Nomination Committee shall consist of at least 3 members to be elected by The Board of Directors and have to be independent directors 2 persons. A Committee Chair shall be appointed by The Board of Directors and shall be independent director.

The term of each member shall be 3 years or being the period of director. In order to maintain continuity of duty, members may be re-elected.

Qualification

1. Being the director who qualified according to the qualification of the SET and other regulations.
2. Honesty and Fairness and observe corporate governance and advocate the time to perform the duty.
3. Experience and expertise which is able to perform the duty and express the opinion which related to the Corporate Governance.

Retirement

1. Complete the term of Remuneration & Nomination Committee
2. Retire by other cases
 - 2.1 Dead
 - 2.2 Resign
 - 2.3 Incomplete in Committee member qualifications, according to this charter
 - 2.4 Lack of qualification, according to the SET or other regulations
 - 2.5 The Board of director has resolution to terminate remuneration & nomination member
 - 2.6 Criminal
 - 2.7 To become an incompetent person or quasi- incompetent person.
 - 2.8 To become a bankrupt person

The committee member, who wants to resign from the position before completing the term of Remuneration & Nomination Committee, must send the resignation to the Chairman of the Board of Directors or Deputy Chairman for 30 days in advance.

The Board of Directors must appoint the committee for the resigned position within 90 days from the date that the number of the committee member has not met the specification in this charter.

Meeting

1. The Remuneration & Nomination Committee shall meet at least 2 times a year or additionally as appropriate to consider in all remuneration and nomination.
2. A majority of the total remuneration and nomination members in each meeting should be more than a half then shall constitute a quorum.
3. Remuneration and Nomination Committee shall attend the meeting by themselves. If the committee cannot attend the meeting in person, the committee shall request to attend the meeting via the video conference. Then the secretary shall record the meeting accordingly and other committee shall sign for approval.
4. If Chairman of Remuneration & Nomination Committee cannot attend, the meeting elects a committee as a chairman in the meeting

5. Resolution of The Remuneration & Nomination Committee shall be made by majority vote. Each committee member has one vote. In case of equality of the vote, the Chairman of the meeting would be entitled a vote as a casting vote. However, the committee who has the benefit or conflict of interest in that agenda shall not has the right in a vote, except the normal remuneration consideration which is according to this Charter.
6. Remuneration and Nomination Committee shall appoint the Company Secretary or HR Manager to be secretary in order to assist in meeting arrangement, documentation and other cooperation.
7. Remuneration and Nomination Committee has the right to hire the external consultant or other external professionals in order to assist in necessary circumstances and the Company shall accept and take the fee into responsibility.

Charter of Risk Management Committee

SiS Distribution (Thailand) Public Company Limited has emphasized on the importance of the Risk Management then the Board of Directors appointed the Risk Management Committee since the Board Meeting No. 3/2008 on 9 May 2008 in order to response for the Risk Management to reduce the impact of those risk and maintain continuity of the Company.

Authority, Obligation and Responsibilities

Risk Management Committee response for the Risk Management to the Board of Directors in order to maintain the going concern and continuity of the Company as the followings :

1. Determine the Risk Management Policy and Risk Management Plan which covering all risks that might affected the Company such as strategic risk, financial risk, operational risk and compliance risk.
2. Conduct the Risk Management Plan which is in accordance with the policy and it shall be able to monitor and control to be in the risk appetite.
3. Provide and promote the coordination of Risk Management from employee and review the appropriateness, sufficiency and effectiveness of Risk Management.
4. Monitor and govern the compliance of Risk Management and review the disclosure of Risk Management to the regulators and stakeholders
5. Perform any other duty which is assigned from the Board of Directors and agreed by the Risk Management Committee.

Appointment and Constitution

The Risk Management Committee shall consist of at least 1 Executive Directors and to be elected by The Board of Directors. Chairman of Risk Management shall be elected by the members and appointed by The Board of Directors.

The term of each member shall be 3 years or being the period of director. In order to maintain continuity of duty, members may be re-elected.

Qualification

1. Being the director who qualified according to the qualification of the SET and other regulations.
2. Honesty and Fairness and observe corporate governance and advocate the time to perform the duty.
3. Experience and expertise which is able to perform the duty and express the opinion which related to the Risk management.

Retirement

1. Complete the term of Risk Management Committee
2. Retire by other cases
 - 2.1 Dead
 - 2.2 Resign
 - 2.3 Incomplete in Committee member qualifications, according to this charter
 - 2.4 Lack of qualification, according to the SET or other regulations
 - 2.5 The Board of director has resolution to terminate remuneration & nomination member
 - 2.6 Criminal
 - 2.7 To become an incompetent person or quasi- incompetent person.
 - 2.8 To become a bankrupt person

The committee member, who wants to resign from the position before completing the term of Risk Management Committee, must send the resignation to the Chairman of the Board of Directors or Deputy Chairman for 30 days in advance.

The Board of Directors must appoint the committee for the resigned position within 90 days from the date that the number of the committee member has not met the specification in this charter.

Meeting

1. The Risk Management Committee shall meet at least 2 times a year or additionally as appropriate to consider corporate governance policy and code of conduct as well as other responsibilities.
2. A majority of the total Risk Management Committee members in each meeting should be more than a half then shall constitute a quorum.
3. If Chairman of Risk Management Committee cannot attend, the meeting elects a committee as a chairman in the meeting.
4. Resolution of The Risk Management Committee shall be made by majority vote. Each committee member has one vote. In case of equality of the vote, the Chairman of the meeting would be entitled a vote as a casting vote. However, the committee who has the benefit or conflict of interest in that agenda shall not has the right in a vote.
5. Risk Management Committee shall appoint the Company Secretary or Chief Financial Officer to be secretary in order to assist in meeting arrangement, documentation and other cooperation.

Risk Management Committee has the right to hire the external consultant or other external professionals in order to assist in necessary circumstances and the Company shall accept and take the fee into responsibility.

Reporting

Risk Management Committee shall response for the report as followings :

1. Report the performance and the progression of the Corporate Governance Committee to the Board of Directors at least twice a year.
2. Conduct the Report of Risk Management Committee which approved and signed by the Chairman of Risk Management Committee and disclose on the Annual Report of the Company.

Charter of Corporate Governance Committee

SiS Distribution (Thailand) Public Company Limited has emphasized on the importance of the good corporate governance. Then the Board of Directors appointed the Corporate Governance Committee in order to support the Corporate Governance work for the Board to ensure that the Company has been fulfilled with the good Corporate Governance which is in accordance with the general accepted standard.

Corporate Governance Committee then determine the Charter and propose to the Board of Directors for approval in order to be the guideline and this Charter will be review every year in order to be relevant to the current circumstance and the regulations.

Authority, Obligation and Responsibilities

Corporate Governance Committee has duties to carry out the Board of Directors' overall responsibility relating to good corporate governance. In further of this purpose, the committee shall have the following authority and responsibilities :

1. Consider the Corporate Governance policy, Code of Conduct, Anti Corruption Policy and the Corporate Social Responsibility to the Board of Directors for approval
2. Conduct the corporate governance plan which is in accordance with the best practices of SET.
3. Review the Director Manual in order to be ensure the appropriateness and propose the article of associations of Directors and Sub Committees.
4. Provide the organizational culture of the good corporate governance to the Management and all levels of employee both policies and practical way.
5. Report the performance and the progression of the Corporate Governance Committee to the Board of Directors at least once a year.
6. Consider the Corporate Social Responsibility to the Board of Directors
7. Corporate Governance Committee has the right to hire the external consultant or other external professionals in order to assist in necessary circumstances and the Company shall accept and take the fee into responsibility.
8. Report the performance and the progression of the Corporate Governance Committee to the Board of Directors at least once a year
9. Conduct the Report of Corporate Governance Committee which approved and signed by the Chairman of Corporate Governance Committee and disclose on the Annual Report of the Company.
10. Disclose the Corporate Governance Policy and Report of Corporate Governance in the Annual Report.
11. Perform any other duty which is assigned from the Board of Directors and agreed by the Corporate Governance Committee.

Appointment and Constitution

The Corporate Governance Committee shall consist of at least 3 members to be elected by The Board of Directors and have to be independent directors 2 persons. Chairman of Corporate Governance shall be appointed by The Board of Directors and shall be independent director.

The term of each member shall be 3 years or being the period of director. In order to maintain continuity of duty, members may be re-elected.

Qualification

1. Being the director who qualified according to the qualification of the SET and other regulations.
2. Honesty and Fairness and observe corporate governance and advocate the time to perform the duty.
3. Experience and expertise which is able to perform the duty and express the opinion which related to the Corporate Governance.

Retirement

1. Complete the term of Corporate Governance Committee
2. Retire by other cases
 - 2.1 Dead
 - 2.2 Resign
 - 2.3 Incomplete in Committee member qualifications, according to this charter
 - 2.4 Lack of qualification, according to the SET or other regulations
 - 2.5 The Board of director has resolution to terminate remuneration & nomination member
 - 2.6 Criminal
 - 2.7 To become an incompetent person or quasi- incompetent person.
- 2To become a bankrupt person

The committee member, who wants to resign from the position before completing the term of Corporate Governance Committee, must send the resignation to the Chairman of the Board of Directors or Deputy Chairman for 30 days in advance.

The Board of Directors must appoint the committee for the resigned position within 90 days from the date that the number of the committee member has not met the specification in this charter.

Meeting

1. The Corporate Governance Committee shall meet at least 2 times a year or additionally as appropriate to consider corporate governance policy and code of conduct as well as other responsibilities.
2. A majority of the total Corporate Governance Committee members in each meeting should be more than a half then shall constitute a quorum.
4. Corporate Governance Committee shall attend the meeting by themselves. If the committee cannot attend the meeting in person, the committee shall request to attend the meeting via the video conference. Then the secretary shall record the meeting accordingly and other committee shall sign for approval.
5. If Chairman of Corporate Governance Committee cannot attend, the meeting elects a committee as a chairman in the meeting.
6. Resolution of The Corporate Governance Committee shall be made by majority vote. Each committee member has one vote. In case of equality of the vote, the Chairman of the meeting would be entitled a vote as a casting vote. However, the committee who has the benefit or conflict of interest in that agenda shall not has the right in a vote.
7. Corporate Governance Committee shall appoint the Company Secretary or HR Manager to be secretary in order to assist in meeting arrangement, documentation and other cooperation.
8. Corporate Governance Committee has the right to hire the external consultant or other external professionals in order to assist in necessary circumstances and the Company shall accept and take the fee into responsibility.

Assumption of Directorship in Other Companies by Directors, Managing Director and Senior Executives

The policies in the directorship of the Directors (including Managing Director) in other companies are clearly stated in accordance with the best practices established or recommended by regulatory authorities. The Company prohibited the directors to hold the director positions in more than 5 listed companies and more than 2 listed companies for Managing Directors. The assumption of directorship in other companies by Managing Director and Senior Executives are required consent by the Board of Directors.

Directors Development

The Company realizes the importance of the knowledge development of directors which is determined as a part of Good Corporate Governance by promoting and facilitating to directors for a training in various course from the relevant regulatory agencies and other agencies consistently through the Company secretary.

Directors Training

The Board of Directors has a policy to encourage all directors for continuing knowledge development. The Company has 8 directors composed of 3 foreign directors and 5 Thai directors. The 6 directors have completed Director Certification Program (DCP) from the Thai Institute of Directors Association (IOD). The 8 Directors have financial experience more than 10 years. In addition, the Audit Committee which consists of 3 Independent Directors has completed the Audit Committee Program from the Thai (IOD).

In 2016, there are several courses that directors attended as followings.

Name	Topic
Mr. Suwit Chindasanguan– Chairman	<ul style="list-style-type: none">• Economic and Business outlook 2016: Hot – button for Directors• National Director Conference 2016:Enhancing GrowthThrough Governance in Family Controlled Business• Managing Technology and Disruption
Mr. Somchai Sittichaisrichart– Managing Director	<ul style="list-style-type: none">• Director Forum : Corporate Governance Code• IOD Dinner Talk 2/2016 “Ten practical guidelines to improving board communication”

Orientation program for new Board Members

New Directors will receive an orientation program. The Company Secretary and Managing Director are assigned by the Board of Directors to provide information to new directors as well as provide other useful including the minutes from the past several meetings. The company visit will be set up for the new directors to understand the industry and the Company’s operation including the clarification of business operation and strategy from Managing Director and Executive Director. In 2016, the Company has no new director.

Conflict of interest

The Directors’ structure is independent from the operation. With 3 of 8 are independent directors (37.5%), 3 of 8 are representative of major shareholders (37.5%), 2 of 8 are representative of Executive Directors (25.0%), it is independent in operation and carefully check any transactions that may occur conflicts of interest, including stipulate the policy to control and monitor the Managements and all employees in disclosure of internal information as followings:

1. The Boards has recognised and audited any transactions that may concern as conflicts of interest and related transaction, including compliance with the regulation of the Stock Exchange of Thailand with same price and condition as the transaction with third parties. The Company disclosed that in the Annual Report as well as in 56-1.

2. At the Board of Directors meetings, if any of Directors has conflicts of interest concerning with any agenda, he will leave the meeting before it commences for independent discussion.
3. The Company has governance and monitor in usage of inside information and stipulated the Managements have the responsibility to reporting the change of securities holding to SEC under the Securities and Exchange Act B.E.2535. All employees are prohibited to disclose all inside information to outside person or not related person because the Company has operated the business with disclosure of information to all employees throughout. In addition, since the Company always discloses all the information concerning to its operation to the employees, thus, the Company warned all employees to stop their share trading at the end of each quarter till the Company submitted its operating results to the SET. From 2014 onwards, Directors and Managements have to inform the Board of Director 1 business day in advance for the buying and selling the Company's securities before trade date.

Business Code of Conduct

The Company recognizes the importance of good corporate governance and believes that good governance will benefit the Company in the long term and build trust with shareholders, investors and other stakeholders. The Company takes a commitment to the stakeholder under far and wide vision, transparency and sincerity including respect for the rule of law. Thus, the Company has established business code of conduct as a guideline for directors, managements and employees and disclosed in the Company's website and set to be one of the subjects for orientation. Employees will be supervised by their supervisor to ensure that they follow to the code of conduct.

Prevention of Fraud and Corruption

The Company strongly realizes that fraud and corruption can affect and generate the damage for the Company both in operation and reputation. Therefore, the Company defines the Anti-Corruption policy and determines its practices in order to solve any form of fraud and corruption proactively as below:

- The work flow is designed to provide the cross functional check between related department.
- Emphasizes and provide the Anti-Corruption concept as the organizational culture.
- Provide the whistleblower for fraud and corruption which is able to contact directly to the management at complain@sisthai.com this already has been indicated on the Company's website. This channel is likely to be used by stakeholders which there was some complaints about the general problems previously. Moreover, there is the direct channel of whistleblower to inform about fraud and corruption to the Audit Committee at independentdirector@sisthai.com
- There is the prohibition that it is not allowed the management and employees to accept, receive any gifts or other benefits which is higher than 3,000 Baht from other parties, except in accepted traditional period such as New Year. Apart from this, it is necessary to inform the boss or the Company to process according to the code of conducts transparently. In case of travelling or training package receiving from other parties, it has to be informed to the Company to further allocate this fairly.
- The Company agrees that the inappropriate advantage or power is not acceptable and it is prohibited such as proposing or promising to give any benefits in order to gain inappropriate advantage.
- The Company defines the policy and procedure for the reimbursement clearly and appropriately in order to protect fraud and corruption. There is a General Affair Department which respond for review and check any reimbursement in order to ensure the compliance of those transactions. Also, the Company emphasizes to the employees that the reimbursement is to reimburse the actual expense, that is not to be the revenue for employees
- The Company agrees that fraud and corruption are the critical offense. There will be the committee to consider every case of fraud and corruption. Besides, the punishment of involving in fraud and corruption is ranging from admonition, disbursement, dismiss from the position as well as prosecution. Nevertheless, the procedure to manage and investigate fraud and corruption case is defined systematically to ensure the transparent and the appropriateness.

Balancing of Non-Executive Director and Management Control

Board of Directors

There are 8 Directors and Independent Directors shall be in the amount of at least one third (1/3) of total Directors according to the SET's CG principals. The Board of Directors consists of :

Type of Director	No. of Director	Percentage
Independent Director	3	37.5%
Non-Executive Director	3	37.5%
Executive Director	2	25.0%

The Company has a policy for directors to holding directorship positions in the listed companies not more than 5 companies as recommended by the Stock Exchange of Thailand.

Audit Committee

The Audit Committee is comprised of 3 Independent Directors.

Remuneration and Nomination Committee

Remuneration and Nomination Committee is comprised of 4 Directors and the Independent Director as Chairman of Remuneration and Nomination Committee. The proportion of members of Remuneration and Nomination Committee are as follows :

Type of Director	No. of Director	Percentage
Independent Director	2	50%
Non-Executive Director	1	25%
Executive Director	1	25%

Risk Management Committee

Risk Management Committee is comprised of 3 Directors and the Non-Executive Director as the Chairman. The proportion of members of Risk Management Committee are as follows :

Type of Director	No. of Director	Percentage
Non-Executive Director	1	33.33%
Executive Director	2	66.67%

Corporate Governance Committee

Corporate Governance Committee is comprised of 5 Directors. The proportion of members of Corporate Governance Committee are as follows :

Type of Director	No. of Director	Percentage
Independent Director	3	60%
Non-Executive Director	1	20%
Executive Director	1	20%

Separations of Chairman and Managing Director

The Company separates the Chairman of the Board and Managing Director from each other in order to have balancing of power so that they can recheck on each other and no one would be granted unlimited power. Chairman of the Board is the leader in the Policy side and control of the meeting efficiently, encourage all Board Members participate in the meeting, control the business operation to align with the Policy through the

Managing Director which the leader of the management team, they are jointly in consideration of the policy, budget and business plan closely. The Chairman of the Board must be Independent Director.

The Board of Director Meetings

The Company determined the Board of Directors Meeting by setting the agenda for information and consideration clearly and informing all directors in advance throughout the year, every year. The performance of the Company has been reviewed on a regular basis. Supporting Documentation of meetings has been completely prepared and sent prior to the meetings. On the agenda with having conflicts of interest with any person, that person will leave the meeting before it commences for independent discussion. Management has been invited to attend the meetings, to join in the discussion and find solutions as well as answering questions in various cases. Moreover, there were specific meeting for all directors exclude Managing Director and Executive Director and also meeting between the Audit Committee and the Auditors. The Company determined the minimum quorum not less than two-thirds of total directors for any votes. Moreover, the Company determined that all Directors had a proportion of the meeting attendance at least 75% over the year (Except for new directors that was appointed during the year). Details of meeting attendance were as followings:

Name	Board of Directors Meeting	Audit Committee Meeting	Remuneration and Nomination Committee Meeting	Risk Management Committee Meeting	Corporate Governance Committee Meeting	Annual General Meeting 2016	Non Executive Meeting	External Auditor and Audit Committee Meeting	Total
1. Mr.Suwit Chindasangaun	6/6	12/12			2/2	1/1	1/1	1/1	23/23
2. Mr.Somchai Sirivichayakul	6/6	12/12	2/2		2/2	1/1	1/1	1/1	25/25
3. Rojanasak, PhD. Chomvilailuk	6/6	12/12	2/2		2/2	1/1	1/1	1/1	25/25
4. Mr.Somchai Sittichaisrichart	6/6		2/2	2/2	2/2	1/1			13/13
5. Mr.Sombati Pungsrinont	6/6			2/2		1/1			9/9
6. Mr.Lim Hwee Hai	6/6		2/2	2/2	2/2	1/1	1/1		14/14
7. Mr.Lim Kia Hong	6/6					1/1	1/1		8/8
8. Mr.Lim Kiah Meng	6/6					1/1	1/1		8/8

Remarks

- Information represents in format of X/Y, X is the numbers of attendance and shows the number of meeting.

Board Self-Assessment

For the consideration and review of the Board's operation, The Board has annual self-assessment in order to correct and improve the Board's performance for next year. The Company comply the SET's guidelines for assessment.

For the Managing Director and Executive Director will be separately evaluated by the Remuneration and Nomination Committee in 2 criteria for the assessment: Financial and Strategic goals (65%) and Non Financial Goals and Other Key Performance Indicators such as Corporate Governance, Operational Efficiency and Planning Public Relation, etc. (35%) by compared with goal as well as industry. The result will be determined the remuneration of Managing Director and Executive Director.

Internal Auditing and Controls

The Board has organized the effective internal audit and internal control system in all function including the compliance of the related law and regulation, finance, operations and property control to use in company's business appropriately. The Audit Committee, in cooperation with the Internal Audit Department, determined the internal auditing covering 8 areas : 1) Sales 2) Account Receivable and Crediting 3) Inventory 4) Procurement and Import 5) Trade Account Payable/Expense 6) Maintenance and Services 7) Fixed Asset

8) Finance and Accounting. The Audit Committee has monthly reviewed with Internal Audit Department to ensure that an operational process and audit guidelines are effective and efficient, auditing results are accurate by concerning the advantage of shareholders. In 2016, the Audit Committee has provided an internal audit quality assessment by internal independent auditor from EY. The results of this assessment are reviewed to improve the quality of internal audit process to be more effective.

Corporate Governance Participation

The Company develops and improves a participation system for the shareholders and all stakeholders to take part in Corporate Governance with transparent of information disclosure, provides the opportunity for customer to send the suggestion and complaint through complain@sisthai.com and independentdirector@sisthai.com. For investors, it is available via email investorinfo@sisthai.com. The Company provides working team to consider every complaints and suggestion with the effective recording system in order to follow up every suggestion.

Internal and Inside Information Control

The Company has a policy to prohibit Directors, Managements, and all employees use the internal information about financial statement and operation information, which has not yet been disclosed to the public as information for their securities trading including their other own benefits. The Company informed the Directors, the managements as well as spouses and children of immaturity and related person under section 258 of the Securities and Exchange Act B.E.2535 to understand the obligation to report their own securities holding of the Company including the changes of securities holding to the SEC within three days under Section 59 and penalties under Section 275 of the Securities and Exchange Act B.E.2535, the activity above also must be reported in the Annual Report of the Company.

In addition, the Company promoted to other employees do the same approach with the Executives to stop their securities trading before the financial statement has been disclosed to the public. During this period, if the employees need to buy or sell their securities, they have to inform and approve by Compliance before trading. To remind employees, the Company sends e-mail to all employees to aware of this guideline in every quarter.

Report of Board of Directors

The Board of Directors has appointed the sub-committee as followings:

Audit Committee

The Audit Committee composed of 3 Independent Directors who are responsible for the quality of financial report and internal control systems.

- | | |
|---------------------------------|--|
| 1. Rojanasak Chomvilailuk, PhD. | Chairman of Audit Committee (Independent Director) |
| 2. Mr.Suwit Chindasanguan | Audit Committee (Independent Director) |
| 3. Mr.Somchai Sirivichayakul | Audit Committee (Independent Director) |

Remuneration and Nomination Committee

The Remuneration and Nomination Committee, composed of 2 Independent Directors, 1 Non-Executive Director and 1 Executive Director, who are responsible in reviewing compensation arrangements for all Directors. The Chairman of Remuneration and Nomination Committee must be independent director. The followings are the members of Remuneration and Nomination Committee.

- | | |
|---------------------------------|---|
| 1. Mr.Somchai Sirivichayakul | Chairman of Remuneration and Nomination Committee
(Independent Director) |
| 2. Rojanasak Chomvilailuk, PhD. | Remuneration and Nomination Committee (Independent Director) |
| 3. Mr.Lim Hwee Hai | Remuneration and Nomination Committee (Non-Executive Director) |
| 4. Mr.Somchai Sittichaisrichart | Remuneration and Nomination Committee (Managing Director) |

Risk Management Committee

The Risk Management Committee composed of 1 Non-executive director and 2 Executive Director who are responsible for review and control risk of the Company. The followings are the members of Risk Management Committee.

- | | |
|---------------------------------|--|
| 1. Mr.Lim Hwee Hai | Chairman of Risk Management Committee (Non-Executive Director) |
| 2. Mr.Sombati Pungsrinont | Risk Management Committee (Executive Director) |
| 3. Mr.Somchai Sittichaisrichart | Risk Management Committee (Managing Director) |

Corporate Governance Committee

The Corporate Governance Committee composed of 1 Non-executive director, 1 Executive Director and 3 Independent Directors who are recommendation for morals and ethics to the company business. The followings are the members of Corporate Governance Committee.

- | | |
|---------------------------------|---|
| 1. Mr.Suwit Chindasanguan | Chairman of Corporate Governance Committee (Independent Director) |
| 2. Rojanasak Chomvilailuk, PhD. | Corporate Governance Committee (Independent Director) |
| 3. Mr.Somchai Sirivichayakul | Corporate Governance Committee (Independent Director) |
| 4. Mr.Lim Hwee Hai | Corporate Governance Committee (Non-Executive Director) |
| 5. Mr.Somchai Sittichaisrichart | Corporate Governance Committee (Managing Director) |

The opinion of sub-committee is presented in this annual report.

Disclosure of the sale and purchase of Company Shares

To comply with the Corporate Governance, the Company requires all executives and directors to disclose and report the sale and purchase of Company shares to the Board of Directors Meeting by add the issue of sale and purchase in one of quarterly agenda. From 2014 onwards, the Company increases the regulation for directors and executives to be informed sale and purchase the Company's securities to the Board of Director 1 business day in advance before trade date.

Report of Conflict of Interests

The Company determines that all directors and executives are required to report all interests of their own or other related persons which its interest is related to its management affairs of the Company or its subsidiaries. In order for the Company having conflicts of interests' information that may lead to take the interests of the Company and its subsidiaries in accordance with the announcement of the Capital Market Commission Th.No. 2/2009, the Company determines that the Company Secretary is responsible for filing a report in conflicts of interest at Head Office and submit a copy of the report to the Chairman of the Boards and the Audit Committees within 7 days of receiving notice from reporter.

Relationship with Investors

The Board recognizes the importance of information disclosure for both financial statements and other information with accuracy, transparency and punctuality. The Company provides section of "Investor Relations" in the company's website name www.sisthai.com to disclosure information in this website and communicates with the interested investors in particular. In addition, any suggestion or inquiry can be sent through via email or by telephone. The Company provides the opportunity to visit the company and inquiry of company's operation from individual investors, institution investors, analysts, and the press when they are requested. In 2016, direct and indirect communication can be summarized as followings :

- | | |
|--|----------|
| - Emails and Telephone | 14 times |
| - Interviewed on earnings with the press | 1 times |
| - Company visit by institution investor | 3 times |
| - Company visit by individual investor | 1 times |
| - Opportunity Day | 1 times |

Role of Company Secretary

Company Secretary : Have duties to do the Company secretary task, treat all activities according to the Regulation of the Office of the Securities and Exchange Commission and the additional duties by the Office of the Securities and Exchange Commission.

Secretary to the Board of Director : The old responsibility in coordinate to provide the Board meeting and the AGM preparation by coordinate with the Managing Director directly to determine the agenda and issue the invitation letter, including coordinate with all directors for such meeting, prepare the agenda documentation, record the minute of meeting, coordinate with related parties to clarify or provide information to the meeting on each agenda.

Operate according to the meeting resolution concerning the change of Company registry : In case of directors or shareholders have the resolution to change the Company registration; the Company Secretary will be responsible in operation to change the company registration according to the meeting's resolution.

Advice to the Board : to comply with the regulation of SEC and SET, including report information to the SEC and the SET within certain period as stated in principles.

Coordinate to prepare the Annual Report : coordinate with related departments in the Company to complete information for the Annual Report in accordance with the SEC and the SET's principles.

Serve as the share registrar for subsidiary company : serve as the share registrar for subsidiary company (only non-listed company) including notification to the Department of Business Development, the Ministry of Commerce.

Coordinate with Investor Relation Department : to oversee the information disclosure in accordance with the rules and regulations of SET.

Success plan

The Board of Directors has delegated the Remuneration and Nomination Committee to be responsible for succession plan. The Remuneration and Nomination Committee assigned Managing Director to provide plan for substitution of main position which is being in the process of setting up criteria of knowledge and capability required for each job, and then consideration from the existing candidates with the knowledge assessment in order to know what skills they are ineligible, and then, the Company will provide training course or job rotation to get them more work experience. The Remuneration and Nomination Committee will consider and follow up the progressive of the succession plan every Remuneration and Nomination Committee meeting.

In 2016, the candidate of first line and second line of management was proposed and they have been assigned in management role, also in the intensive course in order to prepare to be the executive managements later.

Vision and Mission

The Board of Directors has established the corporate vision and mission and disseminated to employees, stakeholders for recognition which it has been reviewed and approved every 5 years. Following to the principles of good corporate governance, in 2015, the Company has revised mission and vision as one part of vision as following :

Vision

to be the leading company in Indo-China region of information technology businesses by collaborating and coordinating to obtain mutually exclusive wealth.

Mission

The company promise to be

- Good citizen of society and society's wealth contributor
- Professional, determinant, honest and trusted company for our shareholders' maximized wealth
- Provider of high quality and high valued goods and services for our customers
- Strong and trusted collaborator for our suppliers and all supporters
- A warm and happy family, trusting and respecting human being's honor and endless potentials, supports and enhances our employee for our jointed success and maximized wealth

Long Term Goal

to become Thailand's leading IT company with sustainable and continuous growth, transparent and socially responsible business operations and superior stakeholder value.

Audit Fee

In 2016, total audit fee from KPMG Phoomchai Audit Co., Ltd are 1,900,000 Baht exclude out of pocket expenses. Details are as following :

Description	SiS Distribution (Thailand)	Qool Distribution (Thailand)	SiS Venture	Total
Yearly audit fee	770,000	325,000	100,000	1,195,000
Quarterly audit fee	525,000	75,000	30,000	630,000
Package fee	75,000	-	-	75,000
Total Audit Fee	1,370,000	400,000	130,000	1,900,000
Non-Auditing fee	-	-	-	-
Total	1,370,000	400,000	130,000	1,900,000

The Explanation for Not Compliances

In 2016, the Company still has not complied with some code of conducts as following :

Practices which have not comply	Explanation
The Appointment of an independent directors shall not exceed 9 years from the first date of appointment.	The existing independent directors of the Company are skilled, expertise, competent and experienced with the company's business, also their performances are efficient and effective. To change independent directors may affect the continuity.
The Chairman of the Board should not be either a chairman or a member of any committee, to ensure independence of the committees.	Currently, the Chairman of the Company is the Audit Committee and the Chairman of the Corporate Governance Committee. This is because the Company is considered as a small listed company which there is not many directors, the Chairman then is appointed to participate in auditing. Furthermore, the Chairman is competent, skilled and experienced, he is completely suitable for corporate governance work, and then he is appointed to be the Chairman of the Corporate Governance Committee.
To appoint an external consultant to facilitate a board assessment at least once every 3 years, and assessment results should be disclosed in the annual report.	The Company considered that this recommendation was not urgent then it will be consider in term of appropriate and urgency in order to comply with this recommendation later.
To report sustainability in accordance with Global Reporting Initiative (GRI).	The Company still lack of both people who are skilled and knowledge of this issue because it is quite new.
Boards should include a majority of independent Directors	The Company is still a small listed company. To mark up the number of independent directors to 50% will be too high burden when compare to the size of the Company.

Related Transactions

The Company has adopted the Related Transaction Policy to set forth the policies and procedures to review and approval from the Board of Directors prior to transaction done. Related transactions for 2016 which may be conflict of interests as followings :

Related Parties	Type of transaction and Relationship	Amount (Thousand Baht)	
		2016	2015
Click Connect Co., Ltd. <u>Relationship</u> Subsidiary Company held 15% of Issued and paid-up share capital	The Company sells our products to Click Connect Co., Ltd. for office equipment used. <ul style="list-style-type: none"> Account Receivable brought forward Account Receivable carried forward <u>Pricing and Condition</u> Pricing and Condition in the Related Transaction is the market price and normal condition treated as other parties <u>The Audit Committee's Opinion</u> The Audit Committee has an opinion that Pricing and Condition in the Related Transaction is the market price and normal condition that be treated as other parties.	45 32 -	45 32 -
Nippon Pack Trading Company Limited <u>Relationship</u> Subsidiary Company held 49% of Issued and paid-up share capital.	The related transaction between the Company and Nippon Pack Trading Company Limited as follows: <ul style="list-style-type: none"> Sell goods to Nippon Pack Trading Company Limited to use as the operational assets Charge the technical support service and equipment to Nippon Pack Trading Company Limited Account Receivable brought forward Account Receivable carried forward <u>Pricing and Condition</u> Pricing and Condition of sales and services in the Related Transaction are the market price and normal condition treated as other parties. <u>The Audit Committee's Opinion</u> The Audit Committee has an opinion that Pricing and Condition of sales and services in the Related Transaction are the market price and normal condition that be treated as other parties. <ul style="list-style-type: none"> Charge interest for the loan which is to be working capital to Nippon Pack Trading Company Limited Other Receivable brought forward Other Receivable carried forward Loan balance brought forward Loan balance carried forward <u>Lending and Interest Rate</u> Loan to related parties is to use as the working capital which is due within 1 year with the interest rate of 5.25% which is not below than the finance cost of loan from financial institutions of the Company. <u>The Audit Committee's Opinion</u> The Audit Committee has an opinion that loan to this related parties is for the necessity of their business and the interest rate is not below than the finance cost of loan from financial institutions of the Company	- 1,680 316 556 1,277 414 860 14,700 24,500	15,941 991 - 316 414 - 414 - 14,700

Related Parties	Type of transaction and Relationship	Amount (Thousand Baht)	
		2016	2015
Wiko Mobile (Thailand) Company Limited	The related transaction between the Company and Wiko Mobile (Thailand) Company Limited as follows:		
	• Sell goods to Wiko Mobile (Thailand) Company Limited to use as the operational assets	2,314	654
<u>Relationship</u> Subsidiary Company held 45% of Issued and paid-up share capital	• Purchase goods from Wiko Mobile (Thailand) Company Limited to distribute to our dealers	1,261,460	498,846
	• Service income from Wiko Mobile (Thailand) Company Limited	8,312	-
	• Marketing support and Other incomes from Wiko Mobile (Thailand) Company Limited.	17,745	33,144
	• Trade Account Receivable brought forward	920	-
	• Trade Account Receivable carried forward	-	920
	• Other Receivable brought forward	29,036	-
	• Other Receivable carried forward	20	29,036
	<u>Pricing and Condition</u> Pricing and Condition in the Related Transaction is the market price and normal condition treated as other parties.		
	<u>The Audit Committee's Opinion</u> The Audit Committee has an opinion that Pricing and Condition of sales, purchases and services in the Related Transaction is the market price and normal condition that be treated as other parties.		
	• Charge interest for the loan which is to be working capital to Wiko Mobile (Thailand) Company Limited	2,176	2,199
	• Loan balance brought forward	73,259	-
	• Loan balance carried forward	64,000	73,259
	<u>Lending and Interest Rate</u> Loan to related parties is to use as the working capital which is due within 2 years with the interest rate of 3.03 - 3.15% which is not below than the finance cost of loan from financial institutions of the Company		
	<u>The Audit Committee's Opinion</u> The Audit Committee has an opinion that loan to this related parties is for the necessity of their business and the interest rate is not below than the finance cost of loan from financial institutions of the Company.		
SiS International Holdings Limited.	The Company has got the suggestions, consulting, introducing and sourcing new IT manufacturers, negotiating with financial institutions including with shared services of management from SiS International Holdings Limited. Its fee that has to be paid as the contractually agreed price.	11,492	11,252
<u>Relationship</u> SiS International Holdings Limited is an ultimate parent of the Group and some common directors.	• Other Payables brought forward	841	1,847
	• Other Payables carried forward	909	841
	• Accrued expenses brought forward	870	806
	• Accrued expenses carried forward	1,144	870
	<u>Pricing and Condition</u> From 2004 onwards, the fee that has to be paid is 0.0625% of the monthly turnover.		
	<u>The Audit Committee's Opinion</u> The Audit Committee has an opinion that its fee was paid as the contractually agreed price. The Audit Committee has noted that the rate was same as the prior year which was lower than the rate requested from companies from other company networks. The Audit Committee thus deemed this rate to be appropriate		

Remarks:

In 2002, the company paid a management fee at a rate of 0.25% of total sales.

In 2003, the company paid a management fee at a rate of 0.125% of total sales.

From 2004, the company paid a management fee at a rate of 0.0625% of total sales.

Corporate Social Responsibilities

The Company realizes its duties for corporate social responsibilities together with its business by focusing in improvement of quality of life of its stakeholders and society for sustainable growth. Some CSR activities are as following:

Social and Community Projects

Donation of IT equipment to Society and Community

The Company continuously donated IT equipment to society and realizes the importance of IT equipment usage to increase productivity in both corporation and household. In 2016, the Company delivered 9 units of PHILIPS LCD TV in the amount of Baht 229,200 to support Ramathibodi Foundation, the donation was received by Asst.Prof. Supattra Leelapiwat, Executive Director and Secretary of the Ramathibodi Foundation on behalf of the Ramathibodi Foundation.



Car Insurance to Delivery Truck Drivers

The Company has implemented a car insurance scheme for delivery truck drivers who have been subcontractor of the Company since 2014 to reduce the burden in case of an accident on the road. Although delivery truck drivers are not our employees, the Company realizes the importance of those people and wishes them to have a better quality of life.

The initiative of this project comes from the Company considered delivery truck drivers to be part of its family and community. Because improving the quality of their life is necessary, the Company started with a hearing about any concerns about their quality of life. The first concern was all expenses that may occur when accidents happen. Because their vehicles are owned by them no car insurance cover. When an accident happens, such burdens are directly incurred, so the Company opened an opportunity for delivery truck drivers to join this car insurance scheme which is subsidized for all insurance costs. Nowadays, all truck drivers participate in this scheme.

Educational Projects

SiS Technical Project

SiS Technical Project is initiated from the realization of the importance of social responsibility together with educational promote. The Company launched this project in 2012 and has continuity plans in cooperation with Kanchanaphisek Technical College to recruit the bilateral exchange vocational students and provide technical skills training with a higher compensation than the minimum wage. This enhances their knowledge through direct working experience. The participating students will get integrated ideas, proactive problem solving skills, teamwork skill, a positive attitude towards their professional as well as earn money and improve their quality of life. This is an important youth in society.

The Company provides engineering teams as mentors. The participating students will be able to perform in after sales and services jobs, checking, analyzing of IT equipment and smartphones, repairing and recording data in the system, etc. Moreover, the participating students can learn from real problems by pointing out of problems in each process and being encouraged to express their opinion and to proactively solve problems.

In 2016, four students participated in the project, representing 1,920 technical working hours. The company believes that the SiS Technical Project will be a part of the development of the education, community and the youth to be well-equipped with knowledge, capability to society and IT industry.

Educational IT Donation Project

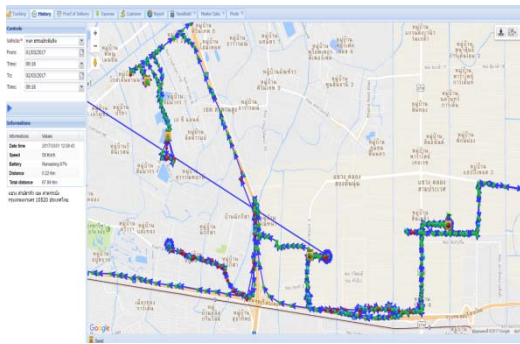
The Company donated IT Equipment to both public and private Educational Institutions. This promotes and supports education more effectively. In 2015, the Company cooperated with Student Care to deliver printers to 272 schools countrywide and its project was carried on and completed in 2016.



Environmental Projects

Green Logistics

Green Logistics is a logistic management that reduce the environmental footprint in all activities and now became significant trends in the global. The Company has implemented this new technology and logistic management and believes that green logistics will be part of reducing air pollution and global warming to society. In 2016, the Company has initiated and invested in green logistics by focusing a transportation process to reduce air pollution and optimize shipping to customers by deploying Sky Frog Logistic Management Software to our truck.



Sky Frog is a Windows Mobile and cloud based software service. It has special features that help to calculate fuel economy routes and timing and also monitor vehicles with Global Positioning System



(GPS). It connects to Sky Frog's Cloud Computing Service so that Headquarters can instantly detect the route in real time and users can monitor the speed of their vehicles through speedmeters as well.

Electronic Trash by Cooperation with DTAC in Think Smart Project



Electronic waste is the effects from over using Technology these days. Without good management, it leads to environmental effects in terms of resource depletion and the toxic leakage that are harmful to humans and the environment. The Company, as an entrepreneur in the IT and Electronic Industry, saw these impacts, and then cooperated with Total Access Communication Public Company Limited (DTAC) to carry out the Electronic Trash, "Think Smart" Project from 2012 onwards by providing trash bin of electronic waste (Waste from Electrical and

Electronical Equipment : WEEE) for employees and customers to leave them in such as Smartphones, deteriorate batteries, accessories like headphones or adapters. Then, the electronic waste is collected by DTAC and taken to TESAMM (Thailand) Co., Ltd to be properly and safely disposed of or recycled.



Energy Saving Project



The Company aims to be a part of reducing domestic energy consumption. Therefore, the Company has initiated a project of using LED bulbs instead of traditional bulbs at Head Office and Romklao warehouse since 2014 onwards. The principal advantage of switching to use an LED bulb is longer service life. From our tests, it can be used for up to 60,000 – 100,000 hours with no brightness reduction in comparison to fluorescent bulbs that having a lifetime of 10,000 hours only.

Governance Report of the Audit Committee

Dear Valued Shareholders

The Audit Committee of SiS Distribution (Thailand) Public Company Limited consists of 3 independent directors; Rojanasak Chomvilailuk, PhD., as the Chairman of Audit Committee, Mr. Suwit Chindasangaun and Mr. Somchai Sirivichayakul as the audit committees. All audit committees are qualified with respect to the Audit Committee Charter's requirements that conform to the regulations and best guidance of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). All audit committees are appointed by the Board of Directors in the ordinary meeting. The audit committees are in the position by 3 years period.

To ensure that the Company had effective, efficient, and sufficient corporate governance, the Audit Committee had independently practiced under the Charter of Audit Committee with the scope of duties, responsibilities, and authorities, for their reviews, audits, and monitors on the company's operations and performance, assigned by the Board of Directors. With respect to all activities of the Audit Committee, the committees had functioned to achieve the goals and objectives for maximized profits of all shareholders fairly and equally, without any conflict of interests. Furthermore, there was an adequate and appropriate internal control system to ensure that executives officiate with honesty, integrity and responsibility in accordance with the Company policies.

In the fiscal year of 2016, the Audit Committee had regularly arranged 12 monthly meetings and also set up the meetings with Executive Directors, Internal Auditors, relevant operators, and the Auditor to consider and discuss the relevant important matters to enhance the effectiveness and the efficiency of the Audit Committee's auditing and monitoring the Company performance. Moreover, there were arranged meetings with Auditor and Non-Executive Directors without Executive Directors. In particular, the details of Audit Committee's meetings as following:

1. Rojanasak Chomvilailuk, PhD. participated in the Audit Committee meetings for 12 times
2. Mr. Suwit Chindasangaun participated in the Audit Committee meetings for 12 times
3. Mr. Somchai Sirivichayakul participated in the Audit Committee meetings for 12 times

In addition, All Audit Committees attended the meetings with the Auditor and Non-Executive Directors without the Executive Directors in accordance with the meeting schedule.

The Audit Committee had audited, monitored, and discussed in the meetings with the Executive Directors, Management, Internal Auditors, Auditors, and Non-Executive Directors about the related and important issues summarized as followings:

1. Reviewing the interim and financial statements of the year 2016 These reviews consist of the interim and year ended financial statements; the consolidated and separate statements of financial position as at 31 December 2016 and quarterly, the consolidated and separate statements of comprehensive income, change in equity, statements of cash flow for the year then ended and quarterly period, condensed notes and notes to financial statements financial statements for the year ended that were reviewed and audited by the Auditor and also disclosed for the significant issues. Furthermore, the Audit Committee inquired the Executive Directors and Auditor to discuss the particular matters of financial reports in terms of accuracy, sufficiency, precise, increase and decrease of financial transactions, disclosure and risks. Moreover, the meeting with Auditor without the Executives to ensure the accuracy, precisely, consistency and compliance of the company's financial statements. In specific, Audit Committee agreed with Auditor that financial statements were prepared as the generally Accepted Accounting Principles (GAAP). The Audit Committee reviewed and found the significant changes of financial performances in the year 2016. In the other words, the Company's and subsidiary company's financial positions were changed as follows. Total income was 18,495 Million Baht, increased from the previous year about 374 Million Baht or 2.06%. However, the net profit was 227 Million Baht compared to the net profit of

166 Million Baht in the year 2015. Specifically, the Company's earnings per share (EPS) was 0.65 Baht per share, higher than the EPS in 2015 that 0.48 Baht. According to EPS which is the indicator of the Company's and the subsidiary Company's business potentials, the financial status and overall operations of the Company in 2016 presented the appropriate positions compared with the current competitive situations and business environment.

2. Reviewing the operational information and internal control system In order to evaluate the sufficiency, effectiveness and appropriateness of the internal control in accordance with the requirements of The Securities and Exchange Commission (SEC), and according to the results of internal auditing under the approved audit plan which cover important work processes asset management, and sufficient disclosure. It was agreed that the Company had the appropriate processes and procedures of asset management and transparent disclosure sufficiently.

In the view of operations in the year 2016, the Company managed inventories efficiently, however, inventories were increased 395 Million Baht, but the turnover is improved from the previous year due to the proactive plan and monitoring of inventory management. Meanwhile, loan from the financial institutions were decreased 39 Million Baht which was in accordance with the decreasing in finance cost 14 Million Baht due to the effective management in working capital of the Company. In addition, the Company systematically bought future contracts in accordance with the policy to reduce the volatility risks of foreign exchanges.

3. Reviewing the internal audit The Audit Committee reviewed the Internal Audit Department regarding its missions, duties, authorities, manpower, training, development plan, budget and the independence of the Internal Audit Department. Also, the Audit Committee had reviewed the audit plan for the year 2016 and approved the audit plan for the year 2017. Moreover, the Audit Committee reviewed and approved the Internal Audit Department's Charter in order to be up to date and relevant to the risk management .

The Audit Committee agreed that the Company has the appropriate and sufficient internal audit function under the independence and it is the proactive internal audit which can enhance the value to the Company and promote the sustainability to the Company.

The Audit Committee had opinions that the Company had the appropriate, effective and independent internal audit control system under the proactive work which the audit qualities were supported by the company in terms of manpower and authorities.

4. Review Risk Management The Audit Committee has reviewed the risk management quarterly together with management. Also, the Internal Audit has been assigned monitor the risks which are significant in order to report the Audit Committee in every meeting, especially risk from account receivables, the risk from technology shift affected the inventories and the risk from foreign exchange rate.

The Audit Committee agreed that the Company has the effective risk management which is proactively, suitable for the current economics and situations. In 2016, the Company has provide the risk management according to the COSO 2013 Risk Management Frame Work which comprises of the objectives alignment, risk identifications, risk assessment and monitoring.

5. Reviewing and monitoring the compliant practices with the SEC's regulations, Security Act, relevant business laws and the SET's good-practice direction for a listed company.

The Audit Committee agreed that there was no any matter in terms of overrules practices of the Company with respect to the relevant regulations, Act, and any regulators' guidance directions.

6. Reviewing and providing opinions on related transactions and/or conflict of interest transactions to ensure that the Company's and subsidiaries' relevant transactions are reasonable, fair, and consistent with laws, rules, and regulations regulated by SET and SEC by focusing on benefits of all shareholders.

The Audit Committee had opinion that all related transactions of the Company and subsidiaries were normal commercial deals which supported the normal business transactions, reasonable, fair, and highly beneficial to all shareholders. Furthermore, there were sufficient and appropriate disclosures.

7. Considering an appointment of the Auditor and propose the Auditor's fees of the year 2017 to the Board of Directors' agreement for the approval of the Annual General Meeting (AGM) 2017. The Audit Committee reviewed, selected and proposed the Company's Auditor for the Year 2017. The review and evaluation processes include the previous year auditing fee based on the basis of sufficient knowledge, experience, independence, and appropriateness which the Audit Committee agreed upon with respect to the evaluated performances of the year 2016. Thus, the Audit Committee proposed the board to appoint the Auditors as in the below list, and to approve the fees for the Auditors as shown. List of Auditors is Mr. Thanit Osathalert CPA 5155 or Ms. Orawan Sirirattanawong CPA 3757 or Ms. Porntip Rimdusit CPA 5565 of KPMG Phoomchai Audit Limited with the fees as 1,540,000 Baht which is increased from the previous year approximately 12.61 percent. The main reason of this increased fee is that there are noticeable increases in business transactions as well as the changes in accounting standards which affect the responsibilities of the auditor.

8. Reviewing good corporate governance including business ethics to ensure the transparency and sufficient disclosure complied with the regulations of Securities and Exchange Commission (SEC) and Stock Exchange of Thailand (SET). The Audit Committee had reviewed the business/corporate practices in terms of the transparent and sufficient information disclosure to comply with the regulations and rules of the SET and the SEC. The Audit Committee encouraged the Management to follow the code of conducts of good corporate governance defined by the Company. The assessment of corporate governance showed that the Company's governance practices have continuously been improved.

In the year 2016, the Company was evaluated as the Excellent-Performance listed company in terms of corporate governance practices in 2 Awards.

I. The Very Good Corporate Governance Award which the award was initiated and jointly provided by The Thai Institute of Directors Association (IOD), The Stock Exchange of Thailand (SET), Securities and Exchange Commission of Thailand (SEC).

II. 100 from 100 points in the arrangement of the Annual General Meeting of Shareholders award. The Award was assessed by The Thai Investors Association, and The Thai-Listed Company Association.

Besides, the Audit Committee reviewed the compliance of code of conducts as well as the corporate governance policy, it was founded that management and employees at all levels were on their duties and operates their job responsibilities accordingly and appropriately. The Company has been certified as the certified company of Thailand's Private Sector Collective Action Coalition Against Corruption in on 22 January 2016. The Audit Committee agreed that the Company has the good corporate governance which is able to enhance the sustainability growth of the Company. In order that, the Audit Committee will continuously support the internal audit together with the corporate governance to ensure the good corporate governance and the compliance.

9. Review Fraud and Corruption the Audit Committee has supported the internal control in fraud and corruption. The management has emphasized that the fraud and corruption is zero tolerance and provide the anti corruption as the organizational culture.

Moreover, the Company provide the whistle blower both internally and externally and provide the standard to manage those complains. In 2016, the Audit Committee did not receive any fraud and corruption complains as well as the action against the Code of Conduct.

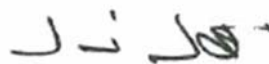
For the audit and monitoring, the Audit Committee assigned the internal audit to audit and report the fraud and Corruption quarterly. The Audit Committee has reviewed the report and the internal control for fraud and corruption proactively. The Audit Committee agreed that the Company has the sufficient internal control for fraud and corruption.

10. Conducting self assessment of the Audit Committee The Audit Committee conducted a self assessment with the results of satisfaction by considering the Audit Committee's Charter and the accepted standard benchmarks of the good practices for the effectiveness improvement. The Audit Committee agreed that the performance of Audit Committee according to the result of assessment is satisfied and the role and responsibilities according to the Charter has been completed. Furthermore, the Audit Committee has developed the skill and knowledge continuously.

11. The internal audit assessment to ensure the performance of internal audit and internal audit work in order to maintain the vital benefits to the shareholders. In 2016, the Audit Committee provide the internal audit assessment by the independent internal auditor from EY Office. The result of evaluation will be consider to develop the internal audit performance to be more effective.

In particular, the Audit Committee had opinion that the evaluation results of 2015 were in the satisfaction level in terms of practices complied with the Charter and continuously attending the course of knowledge and experience development such as the courses provided by IOD and KPMG Phoomchai Audit Company Limited.

In conclusion, the Audit Committee perform the duty, in accordance with the Audit Committee Charter with the experiences and expertise under the independence in order to maintain the benefit to the shareholders equally as well as stakeholders. The Audit Committee agreed that the Company has prepared the financial statements under the General Accepted Accounting Standard and Financial Reporting Standard, moreover the disclosure is appropriate and sufficient. For the internal control and Compliance, the Company align the effective internal control, efficient risk management and have a good corporate governance with the compliance of regulations which enhance the sustainable of the Company.



(Rojanasak Chomvilailuk, PhD.)
Chairman of the Audit Committee
3 March 2017



Responsibility Report of Board of Directors for Financial Report

Dear valued Shareholders

The Board of Directors is responsible for financial statements of SiS Distribution (Thailand) Public Company Limited, including the financial information that was disclosed in this annual report. The financial statements are prepared in accordance with Thai Financial Report Standards (TFRSs). The Company implements the appropriate accounting policy, conducts with consistency, discretion and the estimation is suitable execution with reasonability. Also, there is adequate and transparent disclosure of important information in the notes to financial statements. Furthermore, the Board of Directors provides the risk management system, sufficient internal control as well as laws and regulations compliance.

The Board of Directors has appointed the Audit Committee which comprised with independent directors who do not involve the management of the Company. The Audit Committee is responsible for accounting reviewing of accounting policy, quality of financial reports and efficiency of internal control.

However, the opinion of the Audit Committee on this issue was indicated on the report from Audit committee which presented in this annual report.

The Board of Directors has an opinion that the internal control of the company is satisfied and it is able to ensure that the financial reports as well as financial statements of SiS Distribution (Thailand) Public Company Limited presented fairly, accuracy, completely, reliably and in accordance with Thai Financial Reporting Standards (TFRSs).




(Mr. Suwit Chindasanguan)
Chairman
3 March 2017




(Mr. Somchai Sittichaisrichart)
Managing Director
3 March 2017

Independent Auditor's Report



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Independent Auditor's Report

To the shareholders of SiS Distribution (Thailand) Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of SiS Distribution (Thailand) Public Company Limited and its subsidiaries (the "Group") and of SiS Distribution (Thailand) Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2016, the consolidated and separate statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2016 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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

KPMG Phoomchai Audit Ltd., a Thai liability limited company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

Key Audit Matters

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

Recognition of deferred tax assets	
Refer to Note 3(r) and note 14	
The key audit matter	How the matter was addressed in the audit
<p>The Group has recognised deferred tax assets in the consolidated statements of financial position as at 31 December 2016 of Baht 254.5 million which was deferred tax assets from loss carry forward of Baht 24.8 million.</p> <p>Significant management judgment is required over the recoverability of deferred tax assets because realisation of tax benefits from these deferred tax assets is dependent on future taxable profit projections and there are uncertainties about business actual performance may different from future profit projections. This is a focus area in my audit.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> - Inquiring of the management who is responsible for preparation of the Group's future taxable profit projection. - Reconciliation of taxable loss carry forward and expiration year with tax report - Consideration of the key assumption underlying the future taxable profit projections prepared by the Group's management to support the Group's assessment of its ability to recover deferred tax assets. The key assumptions are the revenue growth rates and profit margins which drive the future profit projections. - Comparison of actual revenue growth rates with the Company business plan to business forecasts and assessing the reasonableness of that forecasting process in the past and consider whether profit margins in the projections are achievable which reference to the recent business performance, business plans and management expectation. - Recalculation test of future taxable profit projection; and - Consideration of the adequacy of the Group's disclosures in respect of income tax in accordance with Thai Financial Reporting Standards.
Valuation of inventory	
Refer to Note 3(g) and note 8	
The key audit matter	How the matter was addressed in the audit
<p>The Group and the Company has a significant level of inventory. Management judgment is required in assessing the appropriateness of the allowance for decline in value of inventory in respect of obsolete and slow moving inventories. Therefore, there is a risk that the allowance for decline in value of inventory may not adequately provided for due to the products based on technology. This is a focus area in my audit.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> - Inquiring the management who is responsible in this area to obtain an understanding of the Group's and the Company's policy and procedure in estimating the allowance for decline in value of inventory. - Assessment of the Group's and the Company's compliance with their accounting policy. - Assessment of the reasonableness of the inventory aging report by using KPMG's information technology specialist to test, on a sample test basis, whether the inventory items in the report were categorised in appropriate aging bracket and I test aging of inventory with relating supporting document on a sample basis. - Reasonableness testing on methodology used for calculating the allowance for obsolescence by challenging the assumptions used and comparing with historical experience, sale plan as well as recalculating of the inventory report and also performing test on a sample basis of net realisable value of inventories by investigating the latest sales documents and comparing the cost of inventories against expected net realisable value; and

The key audit matter	How the matter was addressed in the audit
	- Consideration of the adequacy of disclosures in relation to inventory in accordance with Thai Financial Reporting Standards.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

(Ekkasit Chuthamsatid)
Certified Public Accountant
Registration No. 4195

KPMG Phoomchai Audit Ltd.
Bangkok
23 February 2017

Statement of financial position

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2016	2015	2016	2015
<i>(in thousand Baht)</i>					
Current assets					
Cash and cash equivalents	5	147,870	49,490	106,493	31,699
Trade accounts receivable	4, 6	2,412,339	2,045,107	2,269,761	1,907,230
Other receivables	4, 7	221,852	520,292	37,806	316,452
Short-term loans to related parties	4	-	11,523	20,000	137,000
Current portion of long-term loans to related party	4	49,782	-	64,000	-
Inventories	8	1,718,131	1,323,205	1,620,801	1,281,617
Other current assets		5,443	3,425	5,348	3,033
Total current assets		4,555,417	3,953,042	4,124,209	3,677,031
Non-current assets					
Investments in subsidiaries	9	-	-	171,958	181,758
Long-term loans to related party	4	-	44,973	-	73,259
Equipment	12	107,156	112,275	106,863	112,096
Intangible assets	13	29,592	34,522	29,592	34,522
Deferred tax assets	14	254,450	271,172	222,622	216,781
Other non-current assets		11,725	11,707	11,725	11,689
Total non-current assets		402,923	474,649	542,760	630,105
Total assets		4,958,340	4,427,691	4,666,969	4,307,136

SiS Distribution (Thailand) Public Company Limited and its subsidiaries

Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
Liabilities and equity	Note	2016	2015	2016	2015
<i>(in thousand Baht)</i>					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	15	1,219,222	1,258,005	1,017,705	1,093,005
Trade accounts payable	4, 16	1,683,714	1,245,065	1,586,602	1,207,273
Other payables	4, 17	277,139	260,842	267,871	246,948
Income tax payable		37	16,571	-	16,571
Other current liabilities		21,175	17,975	20,703	17,361
Total current liabilities		3,201,287	2,798,458	2,892,881	2,581,158
Non-current liabilities					
Provision for cost of assets dismantlement		3,960	3,960	3,960	3,960
Employee benefit obligations	18	43,970	38,535	43,970	38,535
Total non-current liabilities		47,930	42,495	47,930	42,495
Total liabilities		3,249,217	2,840,953	2,940,811	2,623,653
Equity					
Share capital:	19				
Authorised share capital		350,199	350,199	350,199	350,199
Issued and paid-up share capital		350,199	350,199	350,199	350,199
Premium on ordinary shares	19	435,415	435,415	435,415	435,415
Retained earnings					
Appropriated					
Legal reserve	20	35,020	35,020	35,020	35,020
Unappropriated		888,489	766,104	905,524	862,849
Total equity		1,709,123	1,586,738	1,726,158	1,683,483
Total liabilities and equity		4,958,340	4,427,691	4,666,969	4,307,136

Statement of Income

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
		2016	2015	2016	2015
<i>(in thousand Baht)</i>					
Income					
Revenue from sale of goods	4	18,374,515	17,969,111	15,599,991	15,631,725
Revenue from rendering of services		60,344	54,201	34,185	28,947
Other income	4, 22	59,610	73,159	94,033	89,652
Gain on exchange rate		232	23,522	596	19,723
Gain from loss of controlling interests					
in subsidiary		-	895	-	-
Total income		18,494,701	18,120,888	15,728,805	15,770,047
Expenses					
Cost of sale of goods	4, 24	17,437,296	17,028,185	14,794,494	14,828,435
Cost of rendering of services		29,822	29,577	27,157	29,573
Selling expenses	24	193,441	227,060	185,108	204,126
Administrative expenses	4, 24	479,702	455,747	475,652	447,564
Finance costs		50,218	64,346	41,592	59,113
Total expenses		18,190,479	17,804,915	15,524,003	15,568,811
Share of profit (loss) of investments in associates		2,908	(83,475)	-	-
Profit before income tax expense		307,130	232,498	204,802	201,236
Income tax expense	25	(79,685)	(66,160)	(57,067)	(42,446)
Profit for the year		227,445	166,338	147,735	158,790
Profit (loss) attributable to:					
Owners of the Company		227,445	168,851	147,735	158,790
Non-controlling interests		-	(2,513)	-	-
Profit for the year		227,445	166,338	147,735	158,790
Basic earnings per share (Baht)	26	0.65	0.48	0.42	0.45

Statement of comprehensive Income

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Profit for the year	227,445	166,338	147,735	158,790
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	227,445	166,338	147,735	158,790
Total comprehensive income attributable to:				
Owners of the Company	227,445	168,851	147,735	158,790
Non-controlling interests	-	(2,513)	-	-
Total comprehensive income for the year	227,445	166,338	147,735	158,790

Statement of changes in equity

Consolidated financial statements							
				Retained earnings			
	Note	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated	Equity attributable to owners of the Company	Non-controlling interests
					(in thousand Baht)		Total equity
Year ended 31 December 2015							
Balance at 1 January 2015		350,199	435,415	35,020	667,293	1,487,927	-
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners of the Company							
Loss of non-controlling interests from dilution of interests in subsidiary		-	-	-	-	-	2,513
Dividend to owners of the Company	27	-	-	-	(70,040)	(70,040)	-
Total contributions by and distributions to owners of the Company		-	-	-	(70,040)	(70,040)	2,513
Comprehensive income for the year							
Profit (loss) and other comprehensive income		-	-	-	168,851	168,851	(2,513)
Total comprehensive income for the year		-	-	-	168,851	168,851	(2,513)
Balance at 31 December 2015		350,199	435,415	35,020	766,104	1,586,738	-

SiS Distribution (Thailand) Public Company Limited and its subsidiaries

Statement of changes in equity

Consolidated financial statements								
			Retained earnings		Equity	Non-		
	Note	Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated (in thousand Baht)	attributable to owners of the Company	controlling interests	Total equity
Year ended 31 December 2016								
Balance at 1 January 2016		350,199	435,415	35,020	766,104	1,586,738	-	1,586,738
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners of the Company								
Dividend to owners of the Company	27	-	-	-	(105,060)	(105,060)	-	(105,060)
Total contributions by and distributions to owners of the Company								
		-	-	-	(105,060)	(105,060)	-	(105,060)
Comprehensive income for the year								
Profit and other comprehensive income		-	-	-	227,445	227,445	-	227,445
Total comprehensive income for the year		-	-	-	227,445	227,445	-	227,445
Balance at 31 December 2016		350,199	435,415	35,020	888,489	1,709,123	-	1,709,123

SiS Distribution (Thailand) Public Company Limited and its subsidiaries

Statement of changes in equity

	Note	Issued and paid-up share capital	Separate financial statements			Total equity
			Retained earnings			
			Share premium	Legal reserve <i>(in thousand Baht)</i>	Unappropriated	
Year ended 31 December 2015						
Balance at 1 January 2015		350,199	435,415	35,020	774,099	1,594,733
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners of the Company</i>						
Dividend to owners of the Company	27	-	-	-	(70,040)	(70,040)
<i>Total contributions by and distributions to owners of the Company</i>		-	-	-	(70,040)	(70,040)
Comprehensive income for the year						
Profit and other comprehensive income		-	-	-	158,790	158,790
Total comprehensive income for the year		-	-	-	158,790	158,790
Balance at 31 December 2015		350,199	435,415	35,020	862,849	1,683,483

SiS Distribution (Thailand) Public Company Limited and its subsidiaries

Statement of changes in equity

	Note	Issued and paid-up share capital	Separate financial statements			Total equity
			Retained earnings			
			Share premium	Legal reserve <i>(in thousand Baht)</i>	Unappropriated	
Year ended 31 December 2016						
Balance at 1 January 2016		350,199	435,415	35,020	862,849	1,683,483
Transactions with owners, recorded directly in equity						
<i>Contributions by and distributions to owners of the Company</i>						
Dividend to owners of the Company	27	-	-	-	(105,060)	(105,060)
<i>Total contributions by and distributions to owners of the Company</i>		-	-	-	(105,060)	(105,060)
Comprehensive income for the year						
Profit and other comprehensive income		-	-	-	147,735	147,735
Total comprehensive income for the year		-	-	-	147,735	147,735
Balance at 31 December 2016		350,199	435,415	35,020	905,524	1,726,158

Statement of cash flows

		Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December	31 December	31 December	31 December
	Note	2016	2015	2016	2015
		(in thousand Baht)			
Cash flows from operating activities					
Profit for the year		227,445	166,338	147,735	158,790
Adjustments for					
Depreciation	12	31,248	33,229	31,126	32,327
Amortisation of intangible assets	13	5,804	5,883	5,804	5,883
Interest income		(8,808)	(6,927)	(8,887)	(19,815)
Finance costs		50,218	64,346	41,592	59,113
Unrealised loss on exchange		813	761	812	786
Gain on disposal of equipment		(354)	(1,309)	(354)	(179)
Bad debts and doubtful debts expense (reversal)	6	(14,406)	13,979	(12,813)	12,517
Doubtful debts expense for short-term loans to related party	4	10,163	-	-	-
Provision of allowance for obsolete and defective stocks (reversal)	8	68,020	(40,003)	61,251	(2,238)
Provision for employee benefit obligation		6,985	6,059	6,985	6,059
Impairment losses on investment in subsidiary		-	-	9,800	8,571
Impairment losses on other long-term investments		-	8,571	-	-
Share of (profit) loss of investments in associates		(2,908)	83,475	-	-
Gain from loss of controlling interests in subsidiary		-	(895)	-	-
Income tax expense	25	79,685	66,160	57,067	42,446
		453,905	399,667	340,118	304,260
Changes in operating assets and liabilities					
Trade accounts receivable		(352,826)	(108,978)	(349,718)	(190,054)
Other receivables		298,419	(9,794)	277,894	113,525
Inventories		(462,946)	607,371	(400,435)	300,105
Other current assets		(2,018)	(643)	(2,315)	(841)
Other non-current assets		(18)	412	(36)	134
Trade accounts payable		437,836	444,649	378,517	442,895
Other payables		15,981	114,717	20,565	11,057
Other current liabilities		3,200	2,208	3,342	2,028
Cash generate from operating activities		391,533	1,449,609	267,932	983,109
Employee benefit obligations paid		(1,550)	(600)	(1,550)	(600)
Income tax paid		(79,497)	(42,222)	(79,479)	(42,222)
Net cash provided by operating activities		310,486	1,406,787	186,903	940,287

SiS Distribution (Thailand) Public Company Limited and its Subsidiaries

Statement of cash flows

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
		2016	2015	2016	2015
<i>(in thousand Baht)</i>					
<i>Cash flows from investing activities</i>					
Interest received		8,829	6,927	9,639	21,278
Purchase of equipment		(26,789)	(29,976)	(26,553)	(29,400)
Sale of equipment		1,014	6,255	1,014	1,081
Cash inflow (outflow) on loans to related parties		(541)	(87,959)	126,259	267,878
Purchase of intangible assets		(874)	(1,259)	(874)	(1,259)
Net payment from investment in associate		-	(44,985)	-	-
Net cash from (used in) investing activities		(18,361)	(150,997)	109,485	259,578
<i>Cash flows from financing activities</i>					
Interest paid		(49,902)	(65,007)	(41,234)	(59,812)
Payment of dividend	27	(105,060)	(70,040)	(105,060)	(70,040)
Net payments of loan from financial institutions		(38,783)	(1,169,589)	(75,300)	(1,078,589)
Repayment of short-term loan from subsidiary		-	-	-	(49,000)
Net cash used in financing activities		(193,745)	(1,304,636)	(221,594)	(1,257,441)
Net increase (decrease) in cash and cash equivalents		98,380	(48,846)	74,794	(57,576)
Cash and cash equivalents from loss control's subsidiary		-	(10,835)	-	-
Cash and cash equivalents at 1 January		49,490	109,171	31,699	89,275
Cash and cash equivalents at 31 December	5	147,870	49,490	106,493	31,699

Notes to the financial statements

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SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2016

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 23 February 2017.

1 General information

SiS Distribution (Thailand) Public Company Limited, “the Company”, is incorporated in Thailand and has its registered office at 9 Pakin Building, 9th Floor, Room No. 901, Ratchadaphisek Road, Din Daeng, Bangkok, Thailand.

The Company was listed on the Stock Exchange of Thailand on 21 June 2004.

The Company’s major shareholders during the financial year were SiS Technologies (Thailand) Pte. Ltd. which was incorporated in Singapore (47.29% shareholding), Sittichaisrichart Family (14.66% shareholding) and Pungsrinont Family (9.83% shareholding).

The principal activities of the Company are trading in computer component, smartphone, office automation equipment, service and rental of computers and accessories and trading in Digital Disc - Movie and Music. Details of the Company’s subsidiaries as at 31 December 2016 and 2015 are given in notes 4 and 9.

2 Basis of preparation of financial statements

(a) Statement of compliance

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

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2016. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2017 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 31.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items.

<i>Items</i>	<i>Measurement bases</i>
Derivative financial instruments	Fair value
Defined benefit liability	Present value of the defined benefit obligation as explained in Note 3 (n)

SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2016

(c) *Functional and presentation currency*

The financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded to the nearest thousand unless otherwise stated.

(d) *Use of estimates and judgements*

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 3 (r) Current and deferred taxation;

Note 14 Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

Note 18 Measurement of defined benefit obligations: key actuarial assumptions; and

Note 28 Valuation of financial instruments

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2016

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in notes 28 financial instruments.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) *Basis of consolidation*

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the group’s interests in associate.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity - accounted investees

The Group’s interests in equity-accounted investees was interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2016

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity - accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in profit or loss.

(c) Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange risks arising from operational activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

(d) Hedging

Fair value hedges

Where a derivative financial instrument hedges the changes in fair value of a recognised asset, liability or unrecognised firm commitment (or an identified portion of such asset, liability or firm commitment), any gain or loss on remeasuring the fair value or foreign currency component of the hedging instrument is recognised in the profit or loss. The hedged item is also stated at fair value in respect of the risk being hedged, with any gain or loss being recognised in profit or loss.

SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2016

(e) *Cash and cash equivalents*

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(f) *Trade and other accounts receivable*

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is based on management's assessment of loss which may arise from the outstanding accounts receivable. Such assessment is provided by considering the accounts receivable outstanding over 3 months, for which allowance for doubtful accounts is set at the rate of 100%, together with the analysis of payment histories, future expectations of customer payment and the local economic conditions. Bad debts are written off when incurred.

(g) *Inventories*

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase or other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

The Group sets an allowance for the decline in value of obsolete and defective stock by management reviewing.

(h) *Investment*

Investment in subsidiaries and associates

Investment in subsidiaries and associates in the separate financial statements of the Company are accounted for using the cost method. Investments in associates in the consolidated financial statements are accounted for using the equity method.

Equity securities

Equity securities which are not marketable are stated at cost less any impairment losses.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average applied to the carrying value of the total holding of the investment.

SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2016

(i) *Equipment*

Recognition and measurement

Owned assets

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

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

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment, and are recognised net within other income in profit or loss.

Subsequent costs

The cost of replacing a part of an item of equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

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

Vehicles	5 years
Furniture & fixtures	5 years
Computer & office equipment	3 and 5 years
Leasehold improvements	3, 5, 10 and 12 years

No depreciation is provided on asset under construction.

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

(j) *Intangible assets*

Software licences

Software licences that are acquired by the Group, which have finite useful lives, are stated at cost less accumulated amortisation and accumulated impairment losses.

SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2016

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of software licences from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are 5 and 10 years.

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

(k) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

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

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

(l) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(m) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2016

(n) *Employee benefits*

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) *Revenue*

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods and services rendered

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs, the probable return of goods or the continuing management involvement with the goods.

Revenue from the sale of goods for Digital Disc - Movie and Music products after provision for sales return is recognised when have been sold to the customer.

Revenue from services is recognised when services are rendered.

SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2016

Interest income

Interest income is recognised in profit or loss as it accrues.

(p) Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration.

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred.

(q) Operating leases

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made.

Contingent rentals are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

(r) Income tax

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

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

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

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

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

SiS Distribution (Thailand) Public Company Limited

Notes to the financial statements

For the year ended December 31 December 2016

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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

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

(s) *Earnings per share*

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for share options granted to employees.

(t) *Segment reporting*

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and tax assets and liabilities.

4 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries and associate are described in notes 9 and 10. Relationship with other related parties were as follows:

Name of the entities	Country of incorporation/ nationality	Nature of relationships
Key management personnel	Thailand Singapore	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.
SiS International Holdings Ltd.	Bermuda	Ultimate parent of the Group and some common directors

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For the year ended December 31 December 2016

Name of the entities	Country of incorporation/ nationality	Nature of relationships
SiS Technologies (Thailand) Pte. Ltd.	Singapore	Under the same control of the ultimate parent company
Nippon Pack Trading Co.,Ltd.	Thailand	Associate, 49% shareholding by the subsidiary company
Wiko Mobile (Thailand) Co., Ltd.	Thailand	Associate, 45% shareholding by the subsidiary company
Alliance & Link Corporation Co., Ltd	Thailand	15% shareholding by the subsidiary company
Click Connect Co., Ltd.	Thailand	15% shareholding by the subsidiary company
Hardware House International Co., Ltd.	Thailand	Indirect shareholding by the subsidiary company
Direct subsidiaries		
SiS Venture Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding
Qool Distribution (Thailand) Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding

On 15 February 2015, a subsidiary was diluted in its ownership interest of Wiko Mobile (Thailand) Co., Ltd. from 60% to 45%. As a result, Wiko Mobile (Thailand) Co., Ltd. was ceased to be a subsidiary to become an associated company.

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Sale of goods	Market price plus actual related expenses
Rendering of services	Contractually agreed price
Management income/expense	Contractually agreed price
Purchase of goods	Actual cost plus actual related expenses
Interest income/ expense of loan to/from	Reference from interest rate of financial institution

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Significant transactions for the years ended 31 December with related parties are summarised as follows:

<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Ultimate parent company				
Management fee	11,492	11,252	9,750	9,789
Subsidiary				
Sale of goods	-	-	9,218	582
Purchase of goods	-	-	2,810	2,439
Management income	-	-	46,253	33,871
Interest income	-	-	1,561	13,747
Interest expense	-	-	-	265
Associates				
Sale of goods	2,314	16,595	1,270	5,563
Purchase of goods	1,261,460	498,646	-	-
Service income	9,992	-	-	-
Other income	17,745	34,135	11,432	5,265
Interest income	3,453	2,613	2,175	2,198
Related party				
Sale of goods	-	45	-	45
Key management				
Key management personnel				
Compensation				
Short-term employee benefit	51,081	55,231	46,584	50,588
Other long-term benefits	1,646	1,997	1,440	1,789
Total key management personnel compensation	<u>52,727</u>	<u>57,228</u>	<u>48,024</u>	<u>52,377</u>

Balances as at 31 December with related parties are as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Trade accounts receivable from associates				
Nippon Pack Trading Co., Ltd.	556	316	-	316
Wiko Mobile (Thailand) Co., Ltd.	-	920	-	920
Trade accounts receivable from other related parties				
Hardware House International Co., Ltd.	46,223	46,223	46,223	46,223
	46,779	47,459	46,223	47,459
Less allowance for doubtful accounts	(46,223)	(46,223)	(46,223)	(46,223)
Net	<u>556</u>	<u>1,236</u>	<u>-</u>	<u>1,236</u>

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	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in thousand Baht)			
<i>Other receivables from subsidiary</i>				
SiS Venture Co., Ltd.	-	-	-	54
<i>Other receivables from associates</i>				
Nippon Pack Trading Co., Ltd.	860	414	-	-
Wiko Mobile (Thailand) Co., Ltd.	20	29,036	20	752
<i>Other receivable from other related parties</i>				
Hardware House International Co., Ltd.	<u>557,087</u>	<u>557,087</u>	<u>541,542</u>	<u>541,542</u>
Less allowance for doubtful accounts	<u>(557,087)</u>	<u>(557,087)</u>	<u>(541,542)</u>	<u>(541,542)</u>
	<u>880</u>	<u>29,450</u>	<u>20</u>	<u>806</u>
<i>Accrued income from subsidiary</i>				
Qool Distribution (Thailand) Co., Ltd.	<u>-</u>	<u>-</u>	<u>3,660</u>	<u>3,698</u>

The Company and its subsidiary (Qool Distribution (Thailand) Co., Ltd.) have an agreement on consignment with a related company (Hardware House International Co., Ltd.) which has notified the call for return all consignment from the related company in November 2012 because of the default of the terms of the agreement for consignment. The Company and its subsidiary are in the process to reclaim those losses from the related company. As at 31 December 2016 the receivable from the loss of consignment amounted to approximately Baht 557.09 million in the consolidated financial statements and Baht 541.54 million in separate financial statements, respectively (31 December 2015: Baht 557.09 million in the consolidated financial statements and Baht 541.54 million in the separate financial statements, respectively). The Company is undertaking litigation proceedings, therefore, pending the outcome of these proceedings, the Company and its subsidiary has estimated the allowance for doubtful account, amounted to Baht 557.09 million and 541.54 million, respectively.

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<i>Loans to related party</i>	Interest rate		Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015	2016	2015
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Short-term loans to Subsidiaries						
Qool Distribution (Thailand) Co., Ltd.	-	3.00	-	-	-	127,000
SiS Venture Co., Ltd.	2.80 - 3.25	3.25	-	-	20,000	10,000
Total			<u>-</u>	<u>-</u>	<u>20,000</u>	<u>137,000</u>
Associate						
Nippon Pack Trading Co., Ltd.	5.25	5.25	24,500	14,700	-	-
Less allowance for doubtful debt			(10,163)	-	-	-
Less share of loss exceeds its interest in associates			<u>(14,337)</u>	<u>(3,177)</u>	<u>-</u>	<u>-</u>
Total			<u>-</u>	<u>11,523</u>	<u>-</u>	<u>-</u>
Grand Total			<u>-</u>	<u>11,523</u>	<u>20,000</u>	<u>137,000</u>
Current portion of long-term loans to Associate						
Wiko Mobile (Thailand) Co., Ltd.	3.03 - 3.15	-	64,000	-	64,000	-
Less share of loss exceeds its interest in associates			<u>(14,218)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total			<u>49,782</u>	<u>-</u>	<u>64,000</u>	<u>-</u>
Long-term loans to Associate						
Wiko Mobile (Thailand) Co., Ltd.	-	3.03 - 3.15	-	73,259	-	73,259
Less share of loss exceeds its interest in associates			<u>-</u>	<u>(28,286)</u>	<u>-</u>	<u>-</u>
Grand Total			<u>-</u>	<u>44,973</u>	<u>-</u>	<u>73,259</u>

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For the year ended December 31 December 2016

Movements during the years ended 31 December of loans to related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Short-term loans to Subsidiaries				
At 1 January	-	-	137,000	478,137
Increased	-	-	10,000	-
Decreased	-	-	(127,000)	(341,137)
At 31 December	-	-	20,000	137,000
Associate				
At 1 January	11,523	-	-	-
Increase	9,800	14,700	-	-
Allowance for doubtful debt	(10,163)	-	-	-
Share of loss exceeds its interest in associates	(11,160)	(3,177)	-	-
At 31 December	-	11,523	-	-

Short-term loans to related parties were due on demand.

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Long-term loans				
Associate				
At 1 January	44,973	-	73,259	-
Increase (decrease)	(9,259)	73,259	(9,259)	73,259
(Reversal of) share of loss exceeds its interest in associates	14,068	(28,286)	-	-
Reclassify to current portion of long-term loans	(49,782)	-	(64,000)	-
At 31 December	-	44,973	-	73,259

During January 2015 the Company entered into an unsecured long-term loan agreement with an associate company, Wiko Mobile (Thailand) Co., Ltd., for the loan principal of Baht 73 million. The loan principal is receivable in the various amounts as stipulated in the agreement, commencing in April 2017.

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Trade payable to associate				
Wiko Mobile (Thailand) Co., Ltd.	57,104	11,072	-	-
Trade payable to other related parties				
Alliance & Link Corporation Co., Ltd.	86	86	86	86
Total	57,190	11,158	86	86

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	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<i>Other payable to ultimate parent company</i>				
SiS International Holdings Ltd.	<u>909</u>	<u>841</u>	<u>778</u>	<u>744</u>
<i>Accrued expense to ultimate parent company</i>				
SiS International Holdings Ltd.	<u>1,144</u>	<u>870</u>	<u>1,011</u>	<u>733</u>

Significant agreements with related parties

Management income

The Company has an agreement with a subsidiary (Qool Distribution (Thailand) Co., Ltd.) for sharing the combined staff and assets cost. The parties agreed to enter into new agreement effective from 1 January 2013 to change the monthly rate of management fee to Baht 1.50 million per month plus 1% of the net sales of the subsidiary for each month. The agreement is in force for an indefinite period of time and may be terminated by either party giving to the other notice in writing.

Administrative support agreement

On 31 December 2015, the Company entered into an administrative service agreement with Wiko Mobile (Thailand) Co., Ltd to provide certain administrative supports. Under the terms of the agreement, the Company is committed to pay monthly administrative service fee at the rate as specified in the agreement. The agreement is in force for an indefinite period of time and may be terminated by either party giving to the other notice in writing not less than 30 days.

Management fee

In 2004, the Company entered into an agreement with SiS International Holdings Ltd. for sharing the combined staff and assets cost. The term of the agreement is from 1 January 2004 onward, and the monthly rate of management fee is 0.0625% of each month's sales. The agreement is in force for an indefinite period of time and may be terminated by either party giving to the other notice in writing.

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Cash on hand	165	164	165	164
Cash at banks - current accounts	(7,919)	(58,903)	(8,060)	(60,870)
Cash at banks - savings accounts	155,624	108,229	114,388	92,405
Total	<u>147,870</u>	<u>49,490</u>	<u>106,493</u>	<u>31,699</u>

Cash and cash equivalents of the Group and the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

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6 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Related parties	4	46,779	47,459	46,223	47,459
Other parties		2,638,318	2,280,022	2,493,421	2,138,506
Total		<u>2,685,097</u>	<u>2,327,481</u>	<u>2,539,644</u>	<u>2,185,965</u>
Less allowance for doubtful accounts		<u>(272,758)</u>	<u>(282,374)</u>	<u>(269,883)</u>	<u>(278,735)</u>
Net		<u>2,412,339</u>	<u>2,045,107</u>	<u>2,269,761</u>	<u>1,907,230</u>
Bad debts and doubtful debts expenses for the year (reversal)		<u>(14,406)</u>	<u>13,979</u>	<u>(12,813)</u>	<u>12,517</u>

Aging analysis for trade accounts receivable were as follows:

		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Related parties					
Within credit terms		128	1,236	-	1,236
Overdue:					
Less than 3 months		428	-	-	-
Over 12 months		<u>46,223</u>	<u>46,223</u>	<u>46,223</u>	<u>46,223</u>
		<u>46,779</u>	<u>47,459</u>	<u>46,223</u>	<u>47,459</u>
Less allowance for doubtful accounts		<u>(46,223)</u>	<u>(46,223)</u>	<u>(46,223)</u>	<u>(46,223)</u>
		<u>556</u>	<u>1,236</u>	<u>-</u>	<u>1,236</u>
Other parties					
Within credit terms		2,008,864	1,589,499	1,900,179	1,471,341
Overdue:					
Less than 3 months		402,096	433,805	368,703	415,635
3-6 months		5,019	31,820	4,844	30,966
6-12 months		8,042	14,314	8,042	13,103
Over 12 months		<u>214,297</u>	<u>210,584</u>	<u>211,653</u>	<u>207,461</u>
		<u>2,638,318</u>	<u>2,280,022</u>	<u>2,493,421</u>	<u>2,138,506</u>
Less allowance for doubtful accounts		<u>(226,535)</u>	<u>(236,151)</u>	<u>(223,660)</u>	<u>(232,512)</u>
		<u>2,411,783</u>	<u>2,043,871</u>	<u>2,269,761</u>	<u>1,905,994</u>
Total		<u>2,412,339</u>	<u>2,045,107</u>	<u>2,269,761</u>	<u>1,907,230</u>

The normal credit term granted by the Group is ranging from 30 days to 90 days.

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The currency denomination of trade accounts receivable as at 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	2,412,339	2,044,397	2,269,761	1,906,520
United States Dollars (USD)	-	710	-	710
Total	2,412,339	2,045,107	2,269,761	1,907,230

7 Other receivables

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Related parties					
Other receivables	4	880	29,450	20	806
Receivable from losses of consignment	4	557,087	557,087	541,542	541,542
Accrued income	4	-	-	3,660	3,698
		557,967	586,537	545,222	546,046
Less allowance for doubtful accounts		(557,087)	(557,087)	(541,542)	(541,542)
Net		880	29,450	3,680	4,504
Other parties					
Account receivable from Revenue Department		144,002	397,165	-	256,118
Accrued income		22,881	49,314	7,383	34,967
Prepaid expenses		9,723	10,729	7,366	7,005
Others		44,366	33,634	19,377	13,858
Total		220,972	490,842	34,126	311,948
Total		221,852	520,292	37,806	316,452

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8 Inventories

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Finished goods - computer components, and telecommunication components	1,568,999	1,369,197	1,459,539	1,322,747
Finished goods Digital Disc - Movie and Music	-	21,880	-	21,880
Work in progress	712	13,169	645	13,146
Goods in transit	365,604	68,123	365,604	67,580
	<u>1,935,315</u>	<u>1,472,369</u>	<u>1,825,788</u>	<u>1,425,353</u>
Less allowance for decline in value of inventories	<u>(217,184)</u>	<u>(149,164)</u>	<u>(204,987)</u>	<u>(143,736)</u>
Net	<u>1,718,131</u>	<u>1,323,205</u>	<u>1,620,801</u>	<u>1,281,617</u>
Inventories recognised as an expense in 'cost of sales of goods':				
- Cost	17,369,276	17,068,188	14,733,243	14,830,673
- Write-down to net realisable value (reversal)	68,020	(40,003)	61,251	(2,238)
Net	<u>17,437,296</u>	<u>17,028,185</u>	<u>14,794,494</u>	<u>14,828,435</u>

9 Investments in subsidiaries

	Separate financial statements	
	2016	2015
	<i>(in thousand Baht)</i>	
At 1 January	181,758	190,329
Allowance for impairment	(9,800)	(8,571)
At 31 December	<u>171,958</u>	<u>181,758</u>

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Investments in subsidiaries as at 31 December 2016 and 2015, and dividend income from those investments for the years then ended, were as follows:

		Separated financial statements											
	Type of business	Ownership interest		Paid-up capital		Cost		Impairment		At cost-net		Dividend income	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
		(%)											
		(in thousand Baht)											
Subsidiaries													
SiS Venture Co., Ltd.	Holding Investment	99.99	99.99	120,000	120,000	120,000	120,000	69,401	59,601	50,599	60,399	-	-
Qool Distribution (Thailand) Co., Ltd	Trading	99.99	99.99	200,000	200,000	199,994	199,994	78,635	78,635	121,359	121,359	-	-
Total				320,000	320,000	319,994	319,994	148,036	138,236	171,958	181,758	-	-

All subsidiaries were incorporated in Thailand.

In 2016, the Company set up allowance for impairment in the value of SiS Venture Co., Ltd. amounting to Baht 9.8 million (2015: 8.6 million).

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10 Investment in associates

<i>For the period ended 31 December</i>	Consolidated financial statements	
	2016	2015
	<i>(in thousand Baht)</i>	
At 1 January	-	9,800
Share of loss of associates	-	(52,013)
Reclassification from indirect subsidiary	-	(2,772)
Acquisitions	-	44,985
At 31 December	-	-

At the extra ordinary shareholders' meeting of a subsidiary (Wiko Mobile (Thailand) Co., Ltd.) held on 9 February 2015, the shareholders of the subsidiary passed resolution to approve the increase of authorised share capital from Baht 0.1 million to Baht 100 million to current shareholders. SiS Venture Co., Ltd. has invested in 449,400 new ordinary shares on 15 February 2015, at par value of Baht 100 per share, totaling of Baht 44.9 million and consequently its decrease of ownership interest from 60% to 45%. Wiko Mobile (Thailand) Co., Ltd. thereby ceased to be a subsidiary and become an associate. The carrying amount of Wiko Mobile (Thailand) Co., Ltd.'s net assets in the Group's financial statements on the date of invested was Baht 6.2 million. The fair value of the Group's retained interest in the associate at the date when control was lost was Baht 2.8 million, which became the carrying value of the Group's interest in associate at that date. The Group recognised an increase in retained earnings of Baht 5.3 million; loss of non-controlling interests from dilution of interests in subsidiary of Baht 2.5 million; and gain from loss of controlling interests in subsidiary of Baht 0.9 million, which is included in the consolidate statement of income.

For the year ended 31 December 2016, the Group's share of profit of investment in Wiko Mobile (Thailand) Co., Ltd. amounted to Baht 14.1 million (*2015: share of loss of investment amounted to Baht 70.5 million*). As at 31 December 2016, the Group's accumulated share of loss of investment in Wiko Mobile (Thailand) Co., Ltd. exceeded the carrying amount of the investment in shares. The excess loss is adjusted to loan to Wiko Mobile (Thailand) Co., Ltd. Future reversals of losses are first be applied to the loan investment to the extent that such loss is previously applied against this loan investment and subsequently recognised in the investment in shares.

Moreover, for the year ended 31 December 2016, the Group's share of loss of investment in Nippon Pack Trading Co., Ltd. amounted to Baht 11.2 million (*2015: Baht 13.0 million*). As at 31 December 2016, the Group's accumulated share of loss of investment in Nippon Pack Trading Co., Ltd. exceeded the carrying amount of the investment in shares. The excess loss is adjusted to loan to Nippon Pack Trading Co., Ltd. Future reversals of losses are first be applied to the loan investment to the extent that such loss is previously applied against this loan investment and subsequently recognised in the investment in shares.

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Investments in associate as at 31 December 2016 and 2015, and dividend income for the years then ended, were as follows:

		Consolidated financial statements									
	Type of business	Ownership interest		Paid-up capital		Cost method		Equity method		Dividend income	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
		(%)		(in thousand Baht)							
<i>Associate</i>											
Nippon Pack Trading Co., Ltd.	Trading and service	49.00	49.00	20,000	20,000	9,800	9,800	-	-	-	-
Wiko Mobile (Thailand) Co., Ltd.	Trading	45.00	45.00	100,000	100,000	45,000	45,000	-	-	-	-
Total				120,000	120,000	54,800	54,800	-	-	-	-

None of the Group's associates are publicly listed and consequently do not have published price quotations.

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The following table summarises the financial information of the associates as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in these companies.

	Nippon Pack Trading Co., Ltd.		Wiko Mobile (Thailand) Co., Ltd	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Revenue	11,719	13,105	1,269,013	519,665
Total income (100%)	(22,808)	(26,306)	24,209	(154,754)
Total income (45% hold)	-	-	13,963	(70,013)
Total income (49% hold)	(11,176)	(12,890)	-	-
Elimination of unrealised profit on downstream sales	16	(87)	105	(501)
Group's share of total income	(11,160)	(12,977)	14,068	(70,514)
Current assets	11,026	16,748	227,852	186,448
Non-current assets	13,909	18,169	16,006	11,920
Current liabilities	(68,577)	(55,142)	(128,546)	(86,376)
Non-current liabilities	(659)	(547)	(146,086)	(166,975)
Net assets (100%)	(44,301)	(20,772)	(30,774)	(54,983)
Group's share of net assets (45% hold)	-	-	(13,848)	(25,013)
Group's share of net assets (49% hold)	(21,707)	(10,179)	-	-
Reclassification from indirect subsidiary	-	-	-	(2,772)
Elimination of unrealised profit on downstream sales	281	(87)	(370)	(501)
Differences between amount paid and carrying amount of interest in associate	7,089	7,089	-	-
Share of loss exceeded the carrying amount of investment adjusted to loan to associates	14,337	3,177	14,218	28,286
Carrying amount of investment in associates	-	-	-	-

11 Other long-term investments

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Other long-term investment				
Other non-marketable equity security	59,601	59,601	-	-
	59,601	59,601	-	-
Less Allowance for impairment	(59,601)	(59,601)	-	-
Net	-	-	-	-

Other long-term investments were investments in ordinary shares of Alliance & Link Corporation Co., Ltd. at 15% and Click Connect Co., Ltd. at 15% of authorised share capital, by the Company's subsidiary (SiS Venture Co., Ltd.).

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In 2011, SiS Venture Co., Ltd. set up allowance for impairment in the value of long-term investment in Alliance & Link Corporation Co., Ltd. Baht 51.0 million.

In 2015, SiS Venture Co., Ltd. set up allowance for impairment in the value of long-term investment in Click Connect Co., Ltd. Baht 8.6 million.

12 Equipment

	Consolidated financial statements					
	Vehicles	Furniture & fixtures	Computer & office equipment <i>(in thousand Baht)</i>	Leasehold improvements	Assets under installation	Total
Cost						
At 1 January 2015	7,473	16,807	196,240	69,979	-	290,499
Additions	-	413	29,189	374	-	29,976
Disposals	-	(2,785)	(38,178)	(3,948)	-	(44,911)
At 31 December 2015 and 1 January 2016	7,473	14,435	187,251	66,405	-	275,564
Additions	-	706	25,468	115	500	26,789
Disposals	(1,012)	-	(574)	-	-	(1,586)
Transfers	-	-	-	500	(500)	-
At 31 December 2016	6,461	15,141	212,145	67,020	-	300,767
Depreciation						
At 1 January 2015	6,284	9,439	129,561	24,741	-	170,025
Depreciation charge for the year	602	1,525	24,603	6,499	-	33,229
Disposals	-	(2,784)	(33,233)	(3,948)	-	(39,965)
At 31 December 2015 and 1 January 2016	6,886	8,180	120,931	27,292	-	163,289
Depreciation charge for the year	70	1,307	23,604	6,267	-	31,248
Disposals	(495)	-	(431)	-	-	(926)
At 31 December 2016	6,461	9,487	144,104	33,559	-	193,611
Net book value						
At 1 January 2015						
Owned assets	1,189	7,368	66,679	45,238	-	120,474
	1,189	7,368	66,679	45,238	-	120,474
At 31 December 2015 and 1 January 2016						
Owned assets	587	6,255	66,320	39,113	-	112,275
	587	6,255	66,320	39,113	-	112,275
At 31 December 2016						
Owned assets	-	5,654	68,041	33,461	-	107,156
	-	5,654	68,041	33,461	-	107,156

The gross amount of the Group's fully depreciated equipment that was still in use as at 31 December 2016 amounted to Baht 100.8 million (2015: Baht 97.6 million).

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For the year ended December 31 December 2016

	Separate financial statements					
	Vehicles	Furniture & fixtures	Computer & office equipment (in thousand Baht)	Leasehold improvements	Assets under installation	Total
Cost						
At 1 January 2015	7,473	16,807	191,267	69,979	-	285,526
Additions	-	413	28,613	374	-	29,400
Disposals	-	(2,785)	(33,055)	(3,948)	-	(39,788)
At 31 December 2015						
and 1 January 2016	7,473	14,435	186,825	66,405	-	275,138
Additions	-	706	25,232	115	500	26,553
Disposals	(1,012)	-	(574)	-	-	(1,586)
Transfers	-	-	-	500	(500)	-
At 31 December 2016	6,461	15,141	211,483	67,020	-	300,105
Depreciation						
At 1 January 2015	6,284	9,439	129,138	24,740	-	169,601
Depreciation charge for the year	602	1,525	23,701	6,499	-	32,327
Disposals	-	(2,784)	(32,154)	(3,948)	-	(38,886)
At 31 December 2015						
and 1 January 2016	6,886	8,180	120,685	27,291	-	163,042
Depreciation charge for the year	70	1,307	23,482	6,267	-	31,126
Disposals	(495)	-	(431)	-	-	(926)
At 31 December 2016	6,461	9,487	143,736	33,558	-	193,242
Net book value						
At 1 January 2015						
Owned assets	1,189	7,368	62,129	45,239	-	115,925
	1,189	7,368	62,129	45,239	-	115,925
At 31 December 2015						
and 1 January 2016						
Owned assets	587	6,255	66,140	39,114	-	112,096
	587	6,255	66,140	39,114	-	112,096
At 31 December 2016						
Owned assets	-	5,654	67,747	33,462	-	106,863
	-	5,654	67,747	33,462	-	106,863

The gross amount of the Company's fully depreciated equipment that was still in use as at 31 December 2016 amounted to Baht 100.6 million (2015: Baht 97.6 million).

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13 Intangible assets

	Consolidated financial statements/ Separate financial statements		
	Software licences	Software licences in progress (in thousand Baht)	Total
Cost			
At 1 January 2015	81,361	3,585	84,946
Additions	939	320	1,259
Transfers	(25,459)	-	(25,459)
At 31 December 2015 and 1 January 2016	56,841	3,905	60,746
Additions	874	-	874
Disposal	250	(250)	-
At 31 December 2016	57,965	3,655	61,620
Amortisation			
At 1 January 2015	45,800	-	45,800
Amortisation charge for the year	5,883	-	5,883
Disposal	(25,459)	-	(25,459)
At 31 December 2015 and 1 January 2016	26,224	-	26,224
Amortisation charge for the year	5,804	-	5,804
At 31 December 2016	32,028	-	32,028
Net book value			
At 1 January 2015	35,561	3,585	39,146
At 31 December 2015 and 1 January 2016	30,617	3,905	34,522
At 31 December 2016	25,937	3,655	29,592

The gross amount of the Group's fully amortised intangible assets that was still in use as at 31 December 2016 amounted to Baht 1.7 million (2015: Baht 1.3 million).

14 Deferred tax

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

	Consolidate financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in thousand Baht)			
Deferred tax assets	255,538	279,742	223,692	225,272
Deferred tax liabilities	(1,088)	(8,570)	(1,070)	(8,491)
Net deferred tax assets	254,450	271,172	222,622	216,781

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For the year ended December 31 December 2016

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

Consolidated financial statements			
	At	(Charged)/ Credited to:	At
	1 January	Profit or loss	31 December
	2016	(Note 25)	2016
	(in thousand Baht)		
Deferred tax assets			
Trade and other accounts receivable	158,132	(8,930)	149,202
Inventories	29,833	13,604	43,437
Provisions	26,768	1,377	28,145
Loss carry forward	47,367	(22,567)	24,800
Others	17,642	(7,688)	9,954
Total	279,742	(24,204)	255,538
Deferred tax liabilities			
Fair value change of forward exchange contracts in assets	(685)	(403)	(1,088)
Allowance for purchased return	(7,885)	7,885	-
Total	(8,570)	7,482	(1,088)
Net	271,172	(16,722)	254,450

Consolidated financial statements			
	At	(Charged) /Credited to:	At
	1 January	Profit or loss	31 December
	2015	(Note 25)	2015
	(in thousand Baht)		
Deferred tax assets			
Trade and other accounts receivable	156,730	1,402	158,132
Inventories	37,833	(8,000)	29,833
Provisions	21,420	5,348	26,768
Loss carry forward	60,610	(13,243)	47,367
Others	13,605	4,037	17,642
Total	290,198	(10,456)	279,742
Deferred tax liabilities			
Fair value change of forward exchange contracts in assets	(556)	(129)	(685)
Allowance for purchased return	(5,460)	(2,425)	(7,885)
Total	(6,016)	(2,554)	(8,570)
Net	284,182	(13,010)	271,172

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	Separate financial statements		
	At 1 January 2016	(Charged) /Credited to: Profit or loss (Note 25) (in thousand Baht)	At 31 December 2016
Deferred tax assets			
Trade and other accounts receivable	154,642	(8,610)	146,032
Inventories	28,747	12,250	40,997
Provisions	24,320	2,408	26,728
Others	17,563	(7,628)	9,935
Total	225,272	(1,580)	223,692
Deferred tax liabilities			
Fair value change of forward exchange contracts in assets	(606)	(464)	(1,070)
Allowance for purchased return	(7,885)	7,885	-
Total	(8,491)	7,421	(1,070)
Net	216,781	5,841	222,622

	Separate financial statements		
	At 1 January 2015	(Charged) /Credited to: Profit or loss (Note 25) (in thousand Baht)	At 31 December 2015
Deferred tax assets			
Trade and other accounts receivable	153,530	1,112	154,642
Inventories	29,195	(448)	28,747
Provisions	15,654	8,666	24,320
Others	13,596	3,967	17,563
Total	211,975	13,297	225,272
Deferred tax liabilities			
Fair value change of forward exchange contracts in assets	(438)	(168)	(606)
Allowance for purchased return	(5,460)	(2,425)	(7,885)
Total	(5,898)	(2,593)	(8,491)
Net	206,077	10,704	216,781

The loss carry forward will be expired in fiscal year 2017. The deductible temporary differences do not expire under current tax legislation.

One of the Group's subsidiaries, Qool Distribution (Thailand) Company Ltd. expands its market and business for trading in communication and electronic equipment. As a result, management prepared its estimates of future taxable profits. The Group recognized the tax effect of Baht 24.8 million of cumulative tax losses in the amount of Baht 124 million because management considered it probable that future taxable profits would be available against which such losses can be used. The remaining loss carry forward in the amount of Baht 13 million has not been recognised as deferred tax assets.

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15 Interest-bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Current - unsecured				
Bank overdrafts	-	3	-	3
Trust receipts	1,019,222	658,002	917,705	643,002
Loans from financial institutions	200,000	600,000	100,000	450,000
Bank overdrafts and loans from financial institutions	1,219,222	1,258,005	1,017,705	1,093,005
Total	1,219,222	1,258,005	1,017,705	1,093,005

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Within one year	1,219,222	1,258,005	1,017,705	1,093,005
Total	1,219,222	1,258,005	1,017,705	1,093,005

Under the term of the loan agreements, the Company has to comply with all terms and conditions which were specified in the agreements such as maintaining the debt to equity ratio, etc.

Interest-bearing liabilities of the Group and the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

16 Trade accounts payable

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Related parties	4	57,190	11,158	86	86
Other parties		1,626,524	1,233,907	1,586,516	1,207,187
Total		1,683,714	1,245,065	1,586,602	1,207,273

The currency denomination of trade accounts payable as at 31 December 2016 and 2015 were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	1,256,491	1,036,229	1,159,380	999,077
United States Dollars (USD)	427,223	208,836	427,222	208,196
Total	1,683,714	1,245,065	1,586,602	1,207,273

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17 Other payables

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		(in thousand Baht)			
Related parties					
Other payables	4	909	841	778	744
Accrued expenses	4	1,144	870	1,011	733
Total		2,053	1,711	1,789	1,477
Other parties					
Accrued marketing expenses		140,727	133,840	133,638	121,600
Accrued employee benefit expenses		73,867	62,772	73,867	62,772
Other payables		25,379	26,404	23,991	25,312
Advance received		12,000	9,976	11,836	9,976
Payable for intangible assets		11,575	11,575	11,575	11,575
Account payable to Revenue department		8,859	-	8,859	-
Others		2,679	14,564	2,316	14,236
Total		275,086	259,131	266,082	245,471
Total		277,139	260,842	267,871	246,948

18 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in thousand Baht)			
As at 31 December				
Statement of financial position				
Obligations for:				
Define benefit plans	43,970	38,535	43,970	38,535
Total	43,970	38,535	43,970	38,535
Year ended 31 December				
Statement of income				
Recognised in profit or loss:				
Define benefit plans	6,985	6,059	6,985	6,059
Total	6,985	6,059	6,985	6,059

The Group operates defined benefit plans based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk.

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

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	38,535	33,076	38,535	33,076
Included in profit or loss:				
Current service costs	5,690	4,948	5,690	4,948
Interest on obligation	1,295	1,111	1,295	1,111
Other				
Benefits paid by the plan	(1,550)	(600)	(1,550)	(600)
Defined benefit obligations at 31 December	43,970	38,535	43,970	38,535

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(%)</i>			
Discount rate	3.36	3.36	3.36	3.36
Future salary growth	5.23	5.23	5.23	5.23
Employee turnover rate	0 - 33	0 - 33	0 - 33	0 - 33

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2016, the weighted-average duration of the defined benefit obligations were 9.42 years (2015: 9.42 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Consolidated financial statements		Separate financial statements	
	(in thousand Baht)			
Defined benefit obligation 31 December 2016	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(1,837)	1,977	(1,837)	1,977
Future salary growth (0.5% movement)	1,931	(1,814)	1,931	(1,814)
Life expectancy (1 year movement)	324	(322)	324	(322)
Defined benefit obligation 31 December 2015				
Discount rate (0.5% movement)	(1,636)	1,759	(1,636)	1,759
Future salary growth (0.5% movement)	1,718	(1,616)	1,718	(1,616)
Life expectancy (1 year movement)	296	(293)	296	(293)

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19 Share capital

	Par value per share (in Baht)	Number	2016 Baht (thousand shares / thousand Baht)	2015 Number	Baht
Authorised					
At 1 January					
- ordinary shares	1	350,199	350,199	350,199	350,199
At 31 December					
- ordinary shares	1	350,199	350,199	350,199	350,199
Issued and fully paid-up					
At 1 January					
- ordinary shares	1	350,199	350,199	350,199	350,199
At 31 December					
- ordinary shares	1	350,199	350,199	350,199	350,199

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

20 Reserves

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Movements in reserves

Movements in reserves are shown in the statements of changes in equity.

21 Operating Segments

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

- *Segment 1* Commercial products
- *Segment 2* Consumer products
- *Segment 3* Value added products
- *Segment 4* Phones

None of other operations meets the quantitative thresholds for determining reportable segments in 2016 or 2015.

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

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Information about reportable segments:

	Consolidated financial statements													
	Segment 1		Segment 2		Segment 3		Segment 4		Total reportable segments		Others		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	(in million Baht)													
External revenues	5,145	5,186	6,523	6,507	2,511	1,578	2,818	3,239	16,997	16,510	1,378	1,459	18,375	17,969
Total segment revenues	<u>5,145</u>	<u>5,186</u>	<u>6,523</u>	<u>6,507</u>	<u>2,511</u>	<u>1,578</u>	<u>2,818</u>	<u>3,239</u>	<u>16,997</u>	<u>16,510</u>	<u>1,378</u>	<u>1,459</u>	<u>18,375</u>	<u>17,969</u>
Segment gross profit	<u>221</u>	<u>216</u>	<u>322</u>	<u>309</u>	<u>247</u>	<u>200</u>	<u>92</u>	<u>112</u>	<u>882</u>	<u>837</u>	<u>55</u>	<u>104</u>	<u>937</u>	<u>941</u>
Segment assets as at 31 December	<u>426</u>	<u>229</u>	<u>916</u>	<u>643</u>	<u>149</u>	<u>99</u>	<u>104</u>	<u>211</u>	<u>1,595</u>	<u>1,182</u>	<u>123</u>	<u>141</u>	<u>1,718</u>	<u>1,323</u>

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Reconciliation of reportable segment profit or loss and assets

	Consolidated financial statements	
	2016	2015
	<i>(in million Baht)</i>	
Gross profit or loss		
Total profit for reportable segments	882	837
Other segment's profit	55	104
	<u>937</u>	<u>941</u>
Unallocated amounts:		
- Other income	120	151
- Other corporate expenses	(703)	(713)
- Finance cost	(50)	(64)
- Share of loss of investments in associates	3	(83)
Consolidated profit before income tax	<u>307</u>	<u>232</u>
Assets		
Total assets for reportable segments	1,595	1,182
Other segment's assets	123	141
Other unallocated amounts	3,240	3,105
Consolidated total assets	<u>4,958</u>	<u>4,428</u>

Geographical segments

The Group is managed and operates principally in Thailand. There are no material revenues derived from, or assets located in, foreign countries.

Major customer

The Group has no major customer.

22 Other income

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Management income	4	-	-	46,253	33,871
Income from marketing refund	4	30,891	52,298	22,291	24,517
Income from administrative service		11,432	-	11,432	-
Interest income	4	8,808	6,927	8,887	19,815
Others		8,479	13,934	5,170	11,449
Total		<u>59,610</u>	<u>73,159</u>	<u>94,033</u>	<u>89,652</u>

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23 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Wages and salaries	304,836	283,570	300,133	282,350
Pension costs - defined contribution plans	8,105	8,480	8,105	8,480
Pension costs - defined benefit plans	6,985	6,059	6,985	6,059
Others	15,367	17,443	15,367	17,317
Total	335,293	315,552	330,590	314,206

The Company has established a contributory provident fund for its employees. Membership of the fund is on a voluntary basis. Contributions are made monthly by the employees at the rate of 3% and 5% of their basic salaries and by the Company at the rate of 3% and 5% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as juristic entity and is managed by a licensed Fund Manager.

24 Expenses by nature

The statements of comprehensive income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<i>Included in cost of sales of goods:</i>				
Changes in inventories	(462,946)	691,986	(400,435)	300,105
Purchase	17,832,222	16,376,202	15,133,678	14,530,568
Allowance for obsolete and defective stocks (reversal)	68,020	(40,003)	61,251	(2,238)
Total	17,437,296	17,028,185	14,794,494	14,828,435
<i>Included in selling expenses:</i>				
Advertising and marketing expenses	133,786	170,354	128,891	149,432
Transportation expenses	34,593	32,845	31,155	30,928
Employee benefit expenses	20,790	20,678	20,790	20,583
Others	4,272	3,183	4,272	3,183
Total	193,441	227,060	185,108	204,126

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	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in thousand Baht)			
Included in administrative expenses:				
Employee benefit expenses	301,489	284,054	301,489	282,804
Tax penalties	41,777	-	41,777	-
Depreciation and amortisation	37,052	39,112	36,930	38,210
Rental expense	36,769	36,861	36,769	36,858
Bad debts and doubtful accounts (reversal)	(14,406)	13,979	(12,813)	12,517
Doubtful debts expense for short-term loans to related party	10,163	-	-	-
Management fee	11,491	11,253	9,750	9,789
Impairment losses on investment	-	8,571	9,800	8,571
Service charge	4,480	4,171	4,480	4,112
Others	50,887	57,746	47,470	54,703
Total	479,702	455,747	475,652	447,564

25 Income tax expense

Income tax recognised in profit or loss

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
		(in thousand Baht)			
Current tax expense					
Current year		61,303	52,662	61,248	52,662
Under provided in prior year		1,660	488	1,660	488
		62,963	53,150	62,908	53,150
Deferred tax expense					
Movements in temporary differences	14	16,722	13,010	(5,841)	(10,704)
		16,722	13,010	(5,841)	(10,704)
Total		79,685	66,160	57,067	42,446

Reconciliation of effective tax rate

	Consolidated financial statements			
	2016		2015	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Accounting profit before income tax		307,130		232,498
Tax at the applicable tax rates	20.0	61,426	20.0	46,500
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	2.8	8,692	8.2	19,172
Derecognition of previously recognised deductible temporary differences	2.6	7,907	-	-
Under provided in prior year	0.5	1,660	0.2	488
Total	25.9	79,685	28.4	66,160

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	Separate financial statements			
	2016	2015	2016	2015
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Accounting profit before income tax		204,802		201,236
Tax at the applicable tax rates	20.0	40,960	20.0	40,247
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	4.5	9,227	0.9	1,711
Derecognition of previously recognised deductible temporary differences	2.6	5,220	-	-
Under provided in prior year	0.8	1,660	0.2	488
Total	27.9	57,067	21.1	42,446

Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

26 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for year ended 31 December 2016 and 2015 were based on the profit for the period attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the year as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(thousand Baht / thousand shares)			
Profit attributable to equity holders of the Company (Basic)	227,445	168,851	147,735	158,790
Number of ordinary shares outstanding	350,199	350,199	350,199	350,199
Basic earnings per share (in Baht)	0.65	0.48	0.42	0.45

27 Dividends

At the annual general meeting of the shareholders of the Company held on 22 April 2016, the shareholders passed the resolution to approved the appropriation of dividend as at 31 December 2015 for 350.20 million ordinary shares, Baht 0.30 per share, totalling Baht 105.06 million. The dividend was paid in May 2016.

At the annual general meeting of the shareholders of the Company held on 24 April 2015, the shareholders passed the resolution to approved the appropriation of dividend as at 31 December 2014, for 350.20 million ordinary shares, Baht 0.20 per share, totalling Baht 70.04 million. The dividend was paid in May 2015.

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28 Financial instruments

Financial risk management policies

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

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Company is primarily exposed to interest rate risk from its borrowings (Note 15). Most of the interest rates of financial assets and liabilities of the Group are floating rates, which are based on market rates such as the interest prime rate of commercial banks, saving interest rate or other benchmark floating rates.

The effective interest rates of interest-bearing financial liabilities as at 31 December 2016 and 2015 and the periods in which those liabilities mature or re-price were as follows:

Consolidated financial statements					
	Effective interest rates (% per annum)	Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	Total
2016					
Current					
Trust receipts	2.20 - 2.49	1,019	-	-	1,019
Loan from financial institutions	2.40 - 2.80	200	-	-	200
Total		1,219	-	-	1,219
2015					
Current					
Trust receipts	2.38 - 2.69	658	-	-	658
Loan from financial institutions	2.70 - 3.00	600	-	-	600
Total		1,258	-	-	1,258

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	Effective interest rates (% per annum)	Within 1 year	Separate financial statements		Total
			After 1 year but within 5 years (in million Baht)	After 5 years	
2016					
Current					
Trust receipts	2.20 - 2.49	918	-	-	918
Loan from financial institutions	2.40	100	-	-	100
Total		1,018	-	-	1,018
2015					
Current					
Trust receipts	2.38 - 2.69	643	-	-	643
Loan from financial institutions	2.70 - 2.74	450	-	-	450
Total		1,093	-	-	1,093

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year to hedge financial liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales in foreign currencies, for the subsequent period.

At 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		(in million Baht)			
United States Dollars					
Trade accounts receivable	6	-	1	-	1
Trade accounts payable	16	(427)	(209)	(427)	(208)
Gross balance sheet exposure		(427)	(208)	(427)	(207)
Forward contracts		451	474	445	439
Swap contracts		21	93	21	93
Net exposure		45	359	39	325

Credit risk

Credit risk is the risk arising from failure of customers or counterparties to meet their contractual obligations, which may eventually cause financial losses. The Group has determined a risk management policy through analysis of the customer and counterparties' financial status, and also by defining the rules for credit approval and debt collection period. In addition, the Group has policy to take out risk insurance for uncollectability of accounts receivable.

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Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Carrying amount and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Consolidated financial statements					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in thousand Baht)			
31 December 2016					
Financial assets/Financial liabilities measured at fair value					
Forward contracts	5,444	-	5,444	-	5,444
Swap contracts	(1)	-	(1)	-	(1)
31 December 2015					
Financial assets/Financial liabilities measured at fair value					
Forward contracts	3,568	-	3,568	-	3,568
Swap contracts	(144)	-	(144)	-	(144)
Separate financial statements					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in thousand Baht)			
31 December 2016					
Financial assets/Financial liabilities measured at fair value					
Forward contracts	5,350	-	5,350	-	5,350
Swap contracts	(1)	-	(1)	-	(1)
31 December 2015					
Financial assets/Financial liabilities measured at fair value					
Forward contracts	3,177	-	3,177	-	3,177
Swap contracts	(144)	-	(144)	-	(144)

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	Consolidated financial statements		Separate financial statements	
	Fair value	Carrying amount	Fair value	Carrying amount
	<i>(in thousand Baht)</i>			
Financial asset not measured at fair value				
31 December 2016				
Long-term loans to related party	49,686	49,782	63,904	64,000
Total	49,686	49,782	63,904	64,000
Financial asset not measured at fair value				
31 December 2015				
Long-term loans to related party	44,936	44,973	73,222	73,259
Total	44,936	44,973	73,222	73,259

The Group determines Level 2 fair values for forward contracts rate and swap contracts rate are based on counterparties' quotes. Fair value of the instrument reflect the credit risk and include adjustment to take account of the credit risk.

29 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Future minimum lease payments under non-cancellable operating leases				
Within one year	13	34	13	34
After one year but within five years	2	12	2	12
Total	15	46	15	46
Other commitments				
Unutilised credits facilities	4,773	4,097	4,572	4,061
Forward contracts	451	474	445	439
Swap contracts	21	93	21	93
Bank guarantee	183	165	165	165
Total	5,428	4,829	5,203	4,758

Lease and service agreements

The Group had commitments for building and warehouse lease contracts with terms of 1-3 years.

Forward contracts

In 2016, the Group has forward contract facilities with banks in the amount of Baht 4,791 million equivalent to USD 133 million (2015: Baht 4,324 million equivalent to USD 119 million).

As at 31 December 2016, the Group had purchased forward contracts in the amount of USD 12.7 million, equivalent to Baht 450.76 million. The contracts are due in July 2017 (2015: USD 13 million, equivalent to Baht 473.71 million which the contracts were due in June 2016).

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Swap contracts

As at 31 December 2016 the Group had purchased a currency swap contract in the amount of USD 0.6 million equivalent to Baht 21 million. The contracts are due in March 2017. (2015: USD 3 million, equivalent to Baht 93 million which the contracts were due in March 2016).

Others

In 2006, the Company entered into two Digital Disc - Movie and Music distributor agreements. The Company has to pay a portion of related income to the vendor from the sale of Digital Disc - Movie and Music, after deduction of discount as stated in the distribution agreements. The agreements were effective from 1 July 2006 and 1 October 2006 onward and terminated on 1 July 2017.

30 Events after the reporting period

At the Board of Directors' meeting held on 23 February 2017, the Board approved to propose for approval of cash dividend at the rate of Baht 0.25 per share and the special rate of Baht 0.15 per share, in the totally rate of Baht 0.40 per share, approximately amount to Baht 140.08 million, to the annual general meeting of the shareholders of the Company. The dividends will be paid subject to general shareholders' meeting approval.

31 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January 2017, are set out below. The Group does not plan to adopt these TFRS early.

TFRS	Topic
TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events after the Reporting Period
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 33 (revised 2016)	Earnings per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets
TAS 40 (revised 2016)	Investment Property
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation

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TFRS	Topic
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 25 (revised 2016)	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
TFRIC 14 (revised 2016)	TAS 19 (revised 2016) <i>Employee Benefits</i> – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
FAP Announcement no. 5/2559	Accounting guidance for derecognition of financial assets and financial liabilities

The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

