



C.I.GROUP
Public Company Limited

รายงานประจำปี 2559
บริษัท ซี.ไอ.กรุ๊ป จำกัด (มหาชน)

CIG ANNUAL REPORT 2016

—
SOLUTIONS FOR
TOMORROW





ด้วยสำนึกในพระมหากรุณาธิคุณ ความเมตตาและอุปถัมภ์ที่
กราบพระบาทถวายอาลัยองค์พระทรงธรรม ๘ ผู้เสด็จสู่สวรรคาลัย

ด้วยเกล้าด้วยกระหม่อมขอเดชะข้าพระพุทธเจ้า กรรมการ ผู้บริหาร พนักงาน และลูกจ้าง
บริษัท ซี.ไอ.กรุ๊ปจำกัด (มหาชน)

VISION

We aim to be the world leading producer and service provider in heat exchanger technology advancement with excellent quality.

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MISSION

1. Commitment to get the highest world standard with certificate.
2. Constantly improve production and management system by challenging and change with high technology and new system.
3. Create customers satisfaction to accomplish leading of the market.
4. Create durability in operating and encourage to improve human resources capacity in order to be readied to new management system and ability to create innovation on HVAC products continuously.
5. Be a good organization of social with management in respect to environment be complied with the world standard and being a part of social and community quality of life improvement.
6. Initiate the company's brand for recognizing of customers.
7. Create happy and proud organization.

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BUSINESS OBJECTIVES AND IMPORTANT DEVELOPMENT

Objectives

1. Develop and create brand awareness. Supply high quality product and services to domestic and export markets.
2. Develop state-of-the-art and low-cost production processes that make efficient use of resources.
3. Create innovative products that can differentiate from other suppliers and exceed demands of customers.
4. Employees are efficient and loyal to the company. Be a desirable place to work for.
5. Get certified as a member of "Private Sector Collective Action Coalition against Corruption Committee"
6. Provide good return to shareholders and stakeholders.

Important changes and events

C.I. Group Public Company Limited was founded on 20 August 1991 from a collaboration of a group of managements who used to work for an American air-conditioning parts manufacturer with registered capital of 10 million Baht. The objective of the company was to manufacture evaporator coils, condenser coils and chilled water coil which are important parts of air-conditioners, refrigerators and heat exchangers for domestic market. In 1998, the company started to export its products.

As of now, the company has registered capital of 648.576 million Baht and is one of the largest producer and distributor of coils in Thailand. In addition to product sales, the company continues to create value and become part of success for customers.

The company's first factory/office is located in Patumthani. Later, the company expands its production base to Sriracha, Chonburi with an area of 6 sq.raai and to Muang, Samutprakarn with an area of 1 sq.raai. The company's headquarters is located at 1/1 Moo 7, Bangkoowad, Muang, Patumthani 12000.

Important changes and events in the business and management of the company

Year	Events
2005	<ul style="list-style-type: none"> - Issued 41 million shares for sale to the public and 4 million shares to directors and employees. - Listed on MAI of Stock Exchange of Thailand on 27 January 2005. - Received Excellent Industrial Award of 2005 in SME Management category from the Prime Minister held by Department of Industrial Promotion, Industrial Ministry - Increased registered capital from 165 million Baht to 247.50 million Baht by issuing Warrants to shareholders up to 82,500,000 unit with conversion ratio of 2 shares per warrant (round down)
2007	<ul style="list-style-type: none"> - Increased registered capital from 247.50 million Baht to 350 million Baht by offering 85.50 million shares at 1 Baht/share to the public and prepared for first warrant exercise of 17.00 million shares. - Started operation at the second factory in Pin Thong Industrial Park, Chonburi
2008	<ul style="list-style-type: none"> - The company invested 144.95 million Baht for 999,680 shares in De Lamai company limited which operated a hotel business in Koh Samui, Suratthani
2009	<ul style="list-style-type: none"> - Changed par value of shares from 1 Baht to 0.50 Baht and changed number of registered shares from 350,000,000 shares to 700,000,000 shares. This resulted in outstanding shares from 251,592,417 shares to 503,184,834 shares. - ISO 9001 : 2008 certified
2010	<ul style="list-style-type: none"> - Received approval from extraordinary shareholders meeting to issue 25,100,000 units of free ESOP-1 to directors and employees - Received approval from extraordinary shareholders meeting to issue 219,611,940 free second warrant (CIG-W2) units to existing shareholders with the ratio of 1 share to 0.43637118 unit of CIG-W2
2011	<ul style="list-style-type: none"> - Received approval from extraordinary shareholders meeting to issue 3,048,173,915 free third warrant (CIG-W3) units to existing shareholders with the ratio of 1 share to 5 units of CIG-W3
2012	<ul style="list-style-type: none"> - Bank of Ayudhya transferred De Lamai's loan account to Bangkok Asset Management (BAM)

Year	Events
2013	<ul style="list-style-type: none"> - Received approval from ordinary shareholder's meeting to issue 601,836,915 free third warrant (CIG-W4) units to existing shareholders with the ratio of 1 share to 2 units of CIG-W4 - The subsidiary: CIG (Thailand) company limited, signed an agreement to sell its investment in ordinary shares of Shenzhou Xiai Heating and Refrigeration Equipment Manufacture Company limited at the price of 17.55 million Baht to another non-related company.
2014	<ul style="list-style-type: none"> - A subsidiary, CIG (Thailand) Co.,Ltd. invested in Fakwantip Co.,Ltd. - The civil case with a debtor namely Mrs. Suthasinee Setapan or Mutamara has been closed after the Civil Court dismissed the objector, the defendant of the case. The asset went into an auction according to Civil Court's order. The company entered and won the auction to buy the collateral asset at 60 million Baht and the company has received title deed transfer. - The subsidiary, De- Lamai Company Limited, received a debt restructuring approval from Bangkok Commercial Asset Management Company Limited. for repayment of 102 million Baht to settle all of its outstanding debts. - The company financially support its subsidiary, De Lamai Company Limited, by granting a 102 million Baht loan for debt repayment to Bangkok Commercial Asset Management Company Limited.
2015	<ul style="list-style-type: none"> - Get approval from ordinary shareholder's meeting to issue 216,185,556 free fifth warrant (CIG-W5) units to existing shareholders with the ratio of 4 share to 1 units of CIG-W5 - Rebranding to make it easier to remember and signs of change to be more international - Signed an agreement to distribute its products, Kingspan Insulated Panel Pty Limited, manufacturer of Insulation Panel from Australia
2016	<ul style="list-style-type: none"> - April 29: Annual General Meeting of Shareholder 2016 - August 1: Extraordinary General Meeting of Shareholder 2016 - December: Dispose leasehold right and assets of Samaya Bura and the Room Hotel to P. A. N Corporation Company limited

MESSAGE FROM CHAIRMAN



Pol.Gen. 
Prung Boonpadung)
Chairman of the Board

In 2016, Thai Air-conditioning Market has a turnover trend when compare with last year. In order to be in line with the current economic situation, the Company and its subsidiaries has started increasing productivity and efficiency, new product design, and increase new business of the group. Moreover the Board of Director has seen an important of Private Sector Collective Action Against Corruption (CAC) which CIG had become a signatory company in the 4th quarter of 2016 and expect to apply for the certification by the 4th quarter of 2017.

Moreover, the Company had started from improving image, concentrate on costs reduction, increasing operational efficiency and productivity, researching for production and product innovation which is friendly to environment under line of trust that business and society must be grow together and supporting each other and keeping and improving human resource continuously with intention to create high return to shareholders.

As one of the Board members, I would like to ensure that the issuance of the appropriate policy and strategy, the effectiveness of management including other suitable measures will manage the risks in controllable level. Moreover the compliance with good governance is one of mission to ensure the sustainable growth and gain trust among all stakeholders.

On behalf of the Board of Directors, I would like to take this opportunity to thank our shareholders, customers, business alliances and all stakeholders who continuously support including management and employees of all levels who devote themselves in all business operations. Please rest assured that the company will thrive for sustainable growth.

AUDIT COMMITTEE'S REPORT

In 2016, the Audit Committee performed its duties in compliance with the scope established by the Company's Board of Directors regarding the control and monitoring prescribed in the Audit Committee Charter. In this regard, the Audit Committee held 6 meetings, which all was attended by the Committee. The major issues in operation can be summarized as follows:

1. Review quarterly and annually financial statements for the year 2016 of C.I. Group Plc. in cooperation with the executives and internal audit office. The auditor was also invited to participate in the meeting and to reply to the questions on preparation of financial statements in accordance with the law and accounting standards before approving such financial statement.
2. Review and comment on related transactions or conflict of interest issue (if any) inclusive of disclosure of the referred information as per SET and SEC's rules and regulation which the Audit Committee has an opinion that all of the above issues are reasonable to the best company's business concerned and be disclosed properly and correctly.
3. Monitor the internal audit function through the performance review made by the Internal Audit Office. Considerations were made in approving the scope of operation, annual audit plan. It was believed that the efficiency of internal audit was in a reasonable level. In additions, recommendations and observations were provided to assist in the review and consideration of performance and independence of the Internal Audit Office.
4. Review and follow up if the problem has been resolved within the time frame given as agreed in the meeting. Transparent monitoring of operation was also performed.
5. Meet with the concerned executives, auditor, and internal audit and provide useful suggestion to the management team.
6. Provide internal control system as well as internal audit to the company properly and efficiently to be in the standard of internal audit set forth.
7. Allow the company to abide by SET regulations, laws or concerned business laws.
8. Consider, select, prescribe remuneration, and propose the appointment of an auditor for the year 2016. Considerations were made from the assessment of the auditor's performance, which was satisfactory. Besides, verification of the auditor's qualification was made in compliance with the announcement of SEC and SET. As a result, the Audit Committee resolved to propose to the Company's Board of Director to consider and propose for approval from the shareholders' meeting in appointment of Mr. Virach Aphimeteetamrong, Mr. Chaikakorn Aunpitipongsa, Mr. Apiruk Ati-anuwat, Mr. Preecha Suan, license no. 1378, 3196, 5202 and 6718 respectively, or other CPAs, who is in list of Auditors approved by the office of SEC, of the Dr.Virach & Associates office Co.,Ltd. as the CIG's Auditor for the year 2016.

In conclusion, the Audit Committee has performed as per his duties and responsibilities with their best knowledge and carefulness. The accomplishment of the Audit Committee's duties was from independence which could generate benefits to all stakeholders equally. The Audit Committee has opinion that the company's financial information is accurate and complied with The Certified Accounting Standard; risk management is appropriated; internal control system is appropriate and effective; operations are relied on good corporate governance under rules and regulation related to the company's business.

Pol.Gen.



(Prung Boonpadung)

Chairman of the Audit Committee

TYPES OF BUSINESS



AUSTRALIA	EGYPT	ISRAEL	NEW CALEDONIA	SAUDI ARABIA	TUNISIA
BAHRAIN	GERMANY	ITALY	NEW ZEALAND	SINGAPORE	TURKEY
BRUNEI	HONG KONG	JAPAN	PAKISTAN	SOUTH KOREA	UAE
CAMBODIA	INDIA	MALAYSIA	PHILIPPINES	SPAIN	UK
CANADA	INDONESIA	MEXICO	POLAND	SRI LANKA	USA
CHINA	IRELAND	NETHERLAND	RUSSIA	SWEDEN	VIETNAM

History

The company was incorporated on 10 April 2003 with registered capital of 94,000,000 Baht which was a result of a merger between C.I. Group Company Limited and Heat Interchange Company Limited by the same groups of shareholders namely Poomsanoh, Wangkorkiat and Wongsawang. The company's objective is to manufacture coils, which are important parts in air conditioner, chiller and other types of heat exchanger for domestic and international markets.

The company's office and first factory is located in Pathumthani and later on expanded to Sriracha, Chonburi on 6 sq.rai of land and to Muang, Samutprakarn on 1 sq.rai of land. The headquarters is located on 1/1 Moo 7, Bangkoowad Rd., Bangkoowad, A. Muang Pathumthani 12000.

Overall Business Operation

The company is a manufacturer of evaporator coils, condenser coils and chilled water coils which are important parts in all kind of heat exchangers. Most of manufacturing orders are made to order basis for domestic and international market with sales proportion of 70% and 30% respectively.

Domestic customers consists of well-known air-conditioner manufacturers for international and domestic brands especially those with policies to buy parts from other sources and those in replacement markets such as air-conditioning or refrigeration service and maintenance companies. For export markets, the company sells directly to customers in Asia, Europe and sells through sales agents in USA, Canada, Australia and New Zealand. At present, the company is considered by customers as a high quality coils manufacturer. The company is the only manufacturer in Thailand with product certification from Canadian Standards Association ("CSA") from Canada and Underwriters Laboratories Inc. ("UL") of USA which is globally accepted standards. Moreover, our teams of engineers provide consultancy services as well as product designs.

The company has expanded its services into designing and installing air conditioning system and wall insulation products, Polyurethane and Polyisocyanurate type, which is co-partnered with manufacturers of insulation products from both domestic and international, in order to provide

one-stop service for customers who require a quick construction of energy saving with good air quality building. The Company has signed an agreement as a distributor of Kingspan Insulated Panel Pty Limited, a manufacture of Insulation Panel from Australia.



Business Overview of the Company's Group

Investment Structure of the Company and the Subsidiary

The Company has 2 subsidiaries which are:

De Lamai Company Limited

C.I. Group Public Company Limited holds 999,680 ordinary shares with par value of 100 Baht or 99.97% of the paid up capital of De Lamai Co., Ltd. which is in hotel business on Koh Samui under the name "Samayabura" located at 171/4-9 Moo. 4 Maret, Koh-Samui, Suratthani. Registration No. 0845547005846. The company has registered capital of 100,000,000 Baht. The Company has disposed leasing right, land and construction of De Lamai Company limited's hotels in total of 200,000,000million Baht (two hundred million baht) which will be effective on January 1st, 2017.



CIG (Thailand) Company Limited

C.I. Group Public Company Limited holds 599,850 ordinary shares with par value of 100 Baht or 99.98% of the paid up capital of CIG (Thailand) Co., Ltd. which is in manufacturing and distribution of air conditioners and refrigerators business as well as other types of products. The company is located at 1/1 Moo.7 Bangkoowad Rd., Bangkoowad, A.Muang Patumtani 12000. Registration No. 0135554002471. The company has registered capital of 60,000,000 Baht. There are 3 directors namely, Mr.Aree Poomsanoh, Mr.Theera Poomsanoh and Mr.Sawai Chatchairungruang.

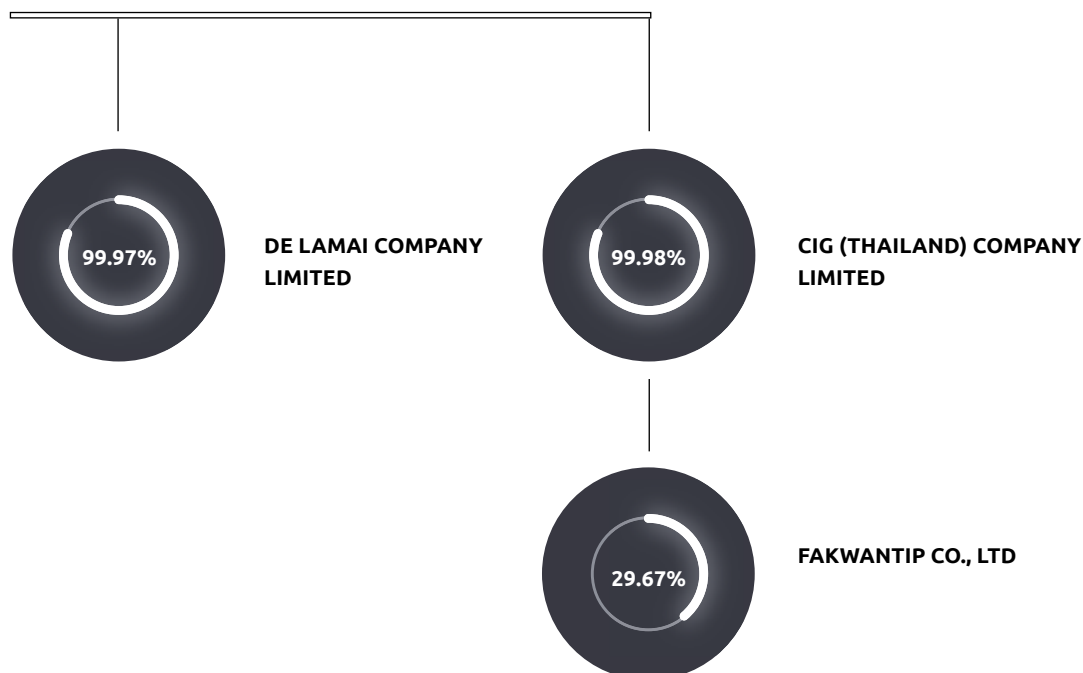
Association with a Subsidiary

Fakwantip Co., Ltd

The CIG (Thailand) Co., Ltd. had engaged in a joint venture of Fakwantip Co., Ltd in a portion of 29.67% of registered capital, THB 101,100,000 , or equal to Million Baht 30 investment. The Fakwantip is a company in energy business which has ethanol as a main product. The Fakwantip Co., Ltd. is located on 468 Moo. 4, Suntun - Wangdinsor Rd.,Tumbol Kaomaikaew, A. Kabinburi, Prajinburi., Thailand.

Investment Structure of the Company and Subsidiary

C.I. GROUP PUBLIC COMPANY LIMITED



SOLUTIONs FOR TOMORROW

Develop and create brand awareness. Supply high quality product and services to domestic and export markets.



CORPORATE SOCIAL RESPONSIBILITY: CSR

The company believes that business and society should maintain harmonious relationship, help one another, and strengthen each other's weaknesses. Therefore, the company focuses on growth based on corporate governance and social responsibility in a sustainable way while considering the best interest of all stakeholders.

Mission on Corporate Social Responsibility

1. Commitment to get the highest world standard with certificate.
2. Constantly improve production and management system by challenging and change with high technology and new system.
3. Create customers satisfaction to accomplish leading of the market.
4. Create durability in operating and encourage to improve human resources capacity in order to be readied to new management system and ability to create innovation on HVAC products continuously.
5. Be a good organization of social with management in respect to environment be complied with the world standard and being a part of social and community quality of life improvement.
6. Initiate the company's brand for recognizing of customers.
7. Create happy and proud organization.

In order to process upon above intention and idea, the Company has set a Corporate Social and Environment Responsibility Policy, to be applied with both the Company and subsidiaries to be used and followed as the Company's Principle, which is:

Corporate Social and Environment Policy

Conserve Environment and Energy

Supporting activities are related to protecting environment and conserving energy resources such as water, fuel and paper efficiently.

- ▶ Promoting energy conservation and protection of the environment
- ▶ Meeting environmental and conservation standards and regulations.
- ▶ Developing and improving manufacturing process and waste management system in order to get rid of pollution that impact to the environment complying to match with ISO14001 standard.
- ▶ Promoting environmental awareness among employees at all levels to enhance their responsibility to protect environment both inside and outside of the plant.

Human Rights and Human Resources Practice

Insist to the Company's traditional; respects and obeys on the human rights; fair and practice to all level of employees equally and support employees on being a part of making benefit to society both on direct and indirect way.

- ▶ Developing skills of employees at all levels; building knowledge management towards Knowledge Support Policy and developing human resources in order to increase their work quality as professional one.
- ▶ Encouraging employees to take part in community development.
- ▶ Welfare, safety and sanitation within the workplace of employees are set including of developing working systems and innovation.

Responsibility to Consumer

Improve products and services which safe to consumers and environment, quality is match or better than requirement of the consumer based upon fair condition and

- ▶ Emphasize on services standard, responsible on the Company 'services, provide accurate information which must not be exaggerated.
- ▶ Keep customers' information confidentially and must not get any advantage on it for the Company or related person benefit.
- ▶ Marketing and Investment Policy and promoting products and services that concern on social responsibility.

Corporate Governance

The company focuses on transparency and moral in its business operation including information disclosure, control of internal data usage, maintaining corporate governance and effective risk management.

Good corporate governance

- ▶ Internal data usage policy
- ▶ Transparency
- ▶ Data Disclosure
- ▶ Risk Management

Community and Education

The Company emphasizes on stakeholder and community where it's located. The Company intends to improve quality of life around the neighborhood by educating people, preserving environment and promote local traditional.

- ▶ Using business process to improve quality of life, booth up economic and strength of the neighbor community and society.
- ▶ Support on all activities and projects which necessary to the community and related to education projects for schools in the community.

- ▶ Together with the Company staffs/employees, employees' family, local community and with overall society in order to improve all quality of life in the way that is value added to both business and development.

Implementation of Corporate Social Responsibility Policy

The company has studied characteristic and business context both internally and externally using generally accepted principles to create mission on corporate social responsibility. The management has set up social responsibility policy for implementation within the company and conducts thorough analysis whether such policy matches company's business context and make changes when necessary.

In order to identify stakeholders of the company which is in industry sector, the company analyzed each shareholder and corporate social responsibility issue along the supply chain such as customers, suppliers, employees, nearby communities and shareholders. At present, the company is in the process of linking business processes and their effects as well as other dimensions of corporate social responsibility such as economic, social and environment by conducting interviews, focus groups, surveys and industrial data.

The company has implemented the following actions in order to comply with corporate social responsibility policy;

Linkage to Stakeholders

Customers

In order to maintain customers' satisfaction and trust in the Company's products and services, the Company pays attention on standard together with marketing, investment and promotion policy that responsible to social.

Employees

Our employees make sure that they comply with corporate social responsibility policy. Moreover, the company focuses on human resources development and encourages good career path within the company.

Suppliers

The company ensures that suppliers comply with the company's corporate social responsibility policy.

Community

The company conducts business fairly and focuses on development of local community.

Shareholders and investors

The company communicates key information to shareholders and investors transparently, equally and in timely manner.

Account Payables

The company treats all account payables equally, fairly and transparently according to outstanding terms and agreements.

Government agencies

The company conduct business with government agencies according to rules, regulations and applicable laws.

Social and educators

The company is open to public opinions and conduct business together with social development in a sustainable way.

Competitors

The company treats all competitors fairly, lawfully within code of conduct.

Important issues

Health and safety

- ▶ The company has comprehensive safety measures.
- ▶ Safety training sessions are conducted regularly.

Waste management and excess materials

- ▶ The company has effective water treatment system to adequately treat waste water before releasing water into public drainage.
- ▶ Develop production process to reduce waste and excess materials.
- ▶ Re-use of excess materials in production process.

Environmentally friendly products and services

- ▶ Joining CFC elimination project to discontinue the use of Chlorofluocarbon (CFC) in air-conditioning manufacturing process.
- ▶ The Company's products do not require use of CFC.
- ▶ The Company's repair and maintenance service reduces the need for replacements and therefore reduce effects to environment.

Product and services accountability

- ▶ The company carefully controls its production of products to ensure high quality and customer satisfaction.
- ▶ On time delivery is a priority to ensure smooth and efficient supply chain.
- ▶ All products come with a warranty according to general sales conditions.
- ▶ Fast repair and maintenance service to meet urgent demands of customers.

Employee benefits

- ▶ Trainings are offered to all employees to increase potentials and career path.
- ▶ Annual health check-ups are offered to reduce medical costs and promote good health among employees.
- ▶ Annual New Year party to entertain and increase morale of employees.
- ▶ The company gives scholarships to employees' children.

Corporate Governance and Integrity measures

The company focuses on transparency and moral in its business operation including information disclosure, control of internal data usage, maintaining corporate governance and effective risk management.

- ▶ Good corporate governance
- ▶ Internal data usage policy
- ▶ Transparency
- ▶ Data Disclosure
- ▶ Risk Management

Community and education

The company supports various activities and projects on community and educations for local schools. Furthermore, the company extends its support for victims of natural disasters.

- ▶ Offer scholarships to students at various educational institutions and local communities such as Bangkoowad School, Eur Ar Torn village, Bangkoowad Municipality.
- ▶ Provide trainings to polytechnic students such as Lamthong Polytechnic School and Patumthani Polytechnic School.
- ▶ Help victims from disaster and mitigation.

Corporate Governance and Integrity measures

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Business operations that may affect social responsibility

Due to the fact that the company is in manufacturing sector, some of the production processes may require use of lubricants and/or other chemicals. The company has set up preventive plans to reduce any effects on the environment and local community. The company stopped using CFC which is harmful to the environment even though it is a widely used chemical in air-conditioning industry. The company is thriving to improve its products and production processes to protect the environment and community from any harmful substances. Furthermore, the Company continues improving quality both production process and products to ensure that will not have negative effect to society and environment by following ISO 14001 criteria. The Company seeks for raw material and components which must comply with international safety standard and could be reused in the processes. Moreover, the Company has target on effectively usage of energy to maximize benefit, create less waste, reuse materials and avoid supplying non-compostable raw materials or components.

Legal disputes

The company and its subsidiaries have never had any legal disputes on environmental / social aspects. The company has never been accused or been investigated of such issues.

We care for local community and environment for better lives of our children. CIG received a certificate from Council of Industry for our effort in protecting our environment by stop using CFC (Chlorofluorocarbon) which is commonly used in air-conditioning industry. Such chemical is harmful to the environment. In 2000, we built a water treatment system as well as re-using water in our production line. These mark the start of Green Factory Initiative.



We received the certificate from the Department of Industrial Factory for project participation of “Ozone Depleting Substance Phase out ” for terminating the usage of Chlorofluorocarbons (CFC) for all steps of production process.

Adverse effects to society and environment

The company's operations from the past until end of 2016, there is no evidence of adverse effects to society and environment according to 8 principles of CSR.

CSR Activities for society and environment

In 2016, the company engaged in various activities such as environment and energy conservation project, production process without harmful chemical, cost reduction, material reduction and maintaining good relationship with local communities.

Health and safety



In 2016, the company conducted internal and external safety training such as fire extinguish foundation course, crane operating training, safety training as required by Safety Act 2011, Fork Lift training, Safety for Management and Safety committee trainings.

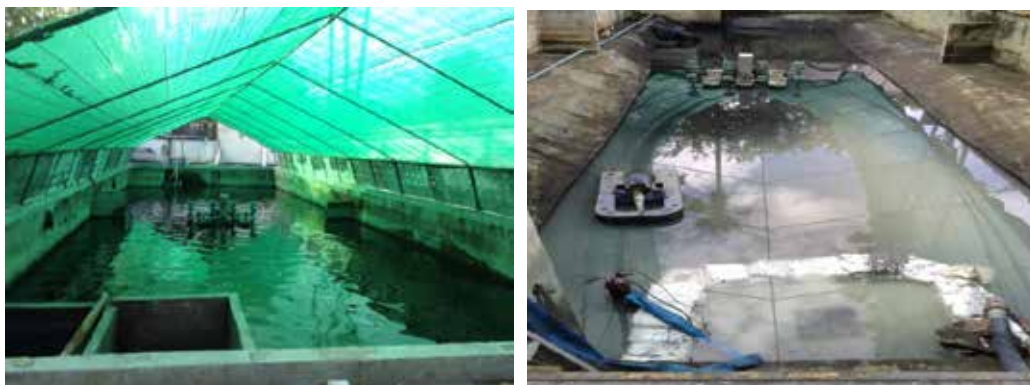


The Company has got Outstanding Practice Awards in Occupational Health, Safety and Environment of 2016's in province level by Department of Labor Protection and Welfare.



Waste management and excess materials

- ▶ The company has effective water treatment system to adequately treat waste water before releasing water into public drainage.



- ▶ The company focuses on optimizing usage of raw materials and materials, resulting in reduced cost of goods sold of 2,923,600 baht per year.

- Reduced the use of copper Cross Over Link	228,400 Baht/Year
- Reduced plate linking	88,000 Baht/Year
- Reduced waste from CNC plate	122,600 Baht/Year
- Recycling copper wastes to use as copper lid	1,386,300 Baht/Year
- Reduced scrap by adapting DITRIBUTOR's size	1,098,300 Baht/Year

Energy management

The company promotes energy conservation and initiated energy saving project. There were 3 projects with electricity cost reduction of 2,119,147.33 Baht per year as follow;

- ▶ Air conditioning improvement program in Pathumthani: Electricity saving of 696,267.59 Baht per year
- ▶ Air compression improvement project at Pinthong factory: Electricity saving of 809,577.99 Baht per year
- ▶ Switching to LED lighting in all 3 factories: Electricity saving of 613,301.75 Baht per year

Employee benefits

The company offers trainings to employees of all levels to increase potentials and reduce risk of skill shortage.

Employee development programs

Hours per person per year

Average training time	2013	2014	2015	2016
Director and employees	5.80	6.57	5.81	4.22

Baht per person per year

Expenses for training	2013	2014	2015	2016
Director and employees	548.77	1,244.78	773.80	623.78

In 2016, the Company introduced many training courses including cost reducing technique, leadership skills, air conditioning system, internal auditing, and OHSAS 18001



► Annual health check-up



► New Year party



► Scholarships for employee's children



Shareholder's Activities

In 2016, the Company invited shareholders to visit head office and factory to allow them to see the operation, getting information and met with management of the Company.



Community and education

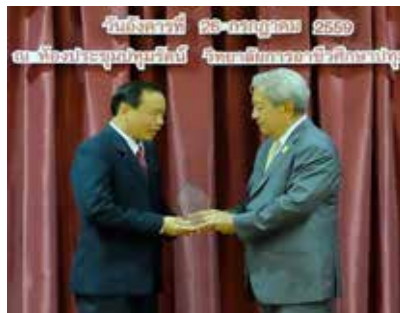
► Merit making at local temples



- ▶ Scholarships for the nearby institutes students such as Bangkoowad School, Government housing, municipality of Bangkoowad, etc.



- ▶ Provide trainings to polytechnic students such as Lamthong Polytechnic School and Patumthani Polytechnic School. In 2016, The Company is involved in a collaboration education project by Industrial Council of Thailand under the King's initiative which allows polytechnic students to study and train in real life situation.



Anti-Corruption

The Company's Board of Director No.4/2015, November 11th, 2015, had approved appointment of Anti-Corruption Committee who plays important roles in setting system, supporting and promoting Anti-Corruption Policy in order to communicate to all staffs/employees and all related persons in all departments including risk assessment of activities having a chance to conflict with anti-corruption policy and setup review appropriate of system and measurement to be complied with business situation change, order, rules and regulations of law continuously. The duties and responsibilities of the committee are:

1. Prepare and review the approved anti-corruption policy, risk management frame regarding corruption activities determination of the Company to submit to the Board of Directors.
2. Monitoring and supporting corruption risk management to be complied with the Company' strategies and goals including business situation change.
3. Set up operation process, measure of success to target and resources need to reduce corruption risk to propose to the Board of Directors for approval.
4. Control assessment process of corruption's risk within the organization. Provide suggestion guidelines follow and evaluate of risk management to the Board of Directors and Internal Audit Committee to consider.
5. Report result of corruption's risk assessment and provide suggestion of risks may occur. Including set up controlling process or mitigation plan and improving risk management system to present to the Board of Directors to ensure of effectiveness.
6. In case of having important factors or events that may affect directly to the Company, the committee must report results of such assessment to the Board of Director and/or the Audit Committee to acknowledge and consider immediately.
7. The committee must have meeting at least once per quarter.
8. Monitor directors and management practices to ensure of compliance to the Anti-Corruption Policy and Business Conduct.
9. Set up corporate governance frame of practices that related to anti-corruption.

Anti-corruption policy

The board of directors' willingness is to manage the company with integrity and fairness with focus on social responsibility and its stakeholders. The board of directors ensures that management and employees comply with anti-corruption policy in all of business operations as follow;

1. Directors, managers and all employees of the company as well as its subsidiaries shall not directly or indirectly accept or support corruptions in any forms. This applies to all its subsidiaries, including but not limited to contractors, sub-contractors, and any parties involved. The anti-corruption policy just be reviewed regularly to match rules, regulations, law and changes in business operations.
2. Anti-corruption is an essential part of business operation. It is a responsibility of board of directors, management, all employees, contractors, and sub-contractors to express opinions on how to conform with anti-corruption policy so that the anti-corruption objectives are achieved.
3. The company will not act or support bribery in any form under all activities it is involved including but not limited to control, charitable donations, donations to political parties, corporate gifts and support all activities with transparency and not to influence government officers or private sector employees to act in his or her favor.
4. The company just implements effective internal control and it must be reviewed regularly to prevent inappropriate actions especially sales, marketing and purchasing activities.
5. The company must educate anti-corruption to directors, management and all employees to promote integrity, honesty and responsibility to all business operations as well as communicate the company's willingness to become corruption-free.
6. The company announces its financial positions transparently and accurately.
7. The company allows various ways of communication related to corruption and makes sure that confidentiality is strictly protected while ensuring unfair treatment and investigate all issues that were reported.

Nevertheless, the company promotes implementation of anti-corruption policy by publishing it though the company's website, distribute code of conduct handbook for directors, management and employees for employees to sign their acceptance, organize communication sessions for anti-corruption policy to new employees and review its anti-corruption policy annually.

The company understands that corruption will be effected and be as an important threat to social and economic development and unfair business operation which will effect to the company image regarding corporate governance, competitive ability and unacceptable company for both Thai and international. Moreover, it would decrease confidence of shareholders, investors and all stakeholders. Therefore, the company has been paying attention on doing business without supporting to business, individual or person who get involved in seeking benefit which should not get in both direct and indirect from using dishonestly authorization with clear method to cooperate and support with government and private sectors. By that the company agreed to announce its intention to join the Private Sector Collective Action Coalition Against Corruption Committee-CAC on December 22nd, 2016 and has set target to get certified within the fourth quarter of 2017's.



THE INDUSTRIAL SITUATION AND COMPETITIVE

Electrical Appliances and Electronics Industry

Electrical Appliances and Electronics Industry in 2016 has Manufacturing Production Index 110.75 increasing from the previous year 6.46%. By which the Electronics Industry was up 1.55% when compare to the last year due to increasing on demands of IC as an important part in high technology products. For Electrical Appliances Industry also experience increasing trend when compared to that of last year about 13.71% due to expansion of sales volume of air-conditioner both local and export markets continuously since the beginning of the year and washing machines also expanding a lot in the third quarter from expansion of production capacity of several suppliers which start producing from August 2016. Export volume of Electronic and Electric Appliances in 2016 was Million USD 53,375 or 1.1% decreasing from last year. Export to almost all of the main markets was decreased which are Asian, EU, China and Japan except USA which was increased. For 2017, the industrial is expected to experience an increasing trend about 2.3% comparing to the year 2016. By which expected that the MPI would increase 2.2% when compared to last year from recovering of local and export market upon increasing of economic situation trend.

Production Situation

Production of Electrical Appliances and Electronics industry, for the year 2016 (as shown in the table below), was at 110.75% increasing 6.46% when compared with last year from Electronics industry increased 1.55%. Group of products of the Electronics that were in increasing trend are Monolithic IC and Other IC which were increased 4.58% and 5.35% respectively when compared with last year

In conclusion, Electrical Appliances and Electronics Industry in 2016 and trend of 2017 reported production index of Electrical Appliances Industry adjust up 13.17%, when compared to that of last year, mostly from Electric Appliances Group such as split type air-conditioning and fan coils air-conditioning, fans, refrigeration, microwave and electric rice cookers due to increase in overall local demand and also from export to Europe, China and Japan.

Market situation

Domestic Sales

Domestic Electrical Appliances sales in 2016 that are expected to increase when compared to that of last year are split type air conditioning, fan coils air-conditions, compressor, fan, refrigerator and rice cooker with increase of 12.94%, 12.94%, 2.84%, 12.77%, 5.44%, and 11.60% respectively. Electrical Appliances that are expected to decrease are washing machine, microwave, electric hot pot and electrical wire with increase of 0.27%, 26.11% 12.01% and 11.60% respectively when compare with that's of last year.

Products	2014	2015	2015				2016				2016*
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Jan.-Oct.	
Split Type Air-Conditioning (Condensing Units)	1,587,609	1,706,137	600,624	490,044	329,225	286,244	614,777	669,619	337,386	1,704,934	1,910,873
YoY	4.74	7.47	19.33	-3.62	5.27	8.79	2.36	36.64	2.48	12.94	12
QoQ			128.28	-18.41	-32.82	-13.06	114.77	8.92	-49.62		
Split Type Air-Conditioning (Fan Coil Units)	1,607,277	1,728,317	603,150	497,645	335,110	292,392	624,133	676,715	339,770	1,724,314	1,935,715
YoY	4.26	7.53	19.00	-2.74	4.38	9.22	3.48	35.98	1.39	12.94	12
QoQ			125.30	-17.49	-32.66	-12.75	113.44	8.42	-49.79		
Compressors	7,151,405	7,419,937	2,000,009	1,807,554	1,741,454	1,870,920	2,065,041	1,953,781	1,786,298	6,389,608	8,384,529
YoY	-2.44	3.75	-6.74	-16.14	-6.83	-12.78	7.57	19.39	2.58	2.84	3
QoQ			10.42	-16.14	5.18	-10.44	4.77	-6.93	-8.57		

Source: The office of Industrial Economics, Electrical and Electronics Institute

Remarks: 1. Data presented are estimated from actual data of 70%–80%

2. Domestic sale data were gathered from ex-factory value of domestic manufacturers.

Export sales

Electrical Appliances export value in 2016 amounted to USD 22,571 million, an increase of 0.7% compared with that of the same period last year with export to the EU, China and Japan increased from economic situation. Exports to ASEAN and USA experienced a decrease continuously when compared to that of last year mainly from TV due to main export market was decreased which are Europe USA and ASEAN at 51.95% 43.28% and 22.86% respectively. Subordinately, from movie camera, digital camera/VDO which partly from changing technology allowing for substitutes such as smart phones, tablets accounted for decreasing demands for digital cameras in ASEAN, EU, China, USA and Japan. Air-conditioner is a major exports that saw an increased resulting in every markets especially China from a 40.29% increase of sales to the USA. Then, refrigeration was also increased in export volume to every markets when compared to that of last year.

Import

Electrical Appliances imports in 2016 amounted to USD 17,935 million, an increase of 0.3% compared with that of last year. Import from key markets such as EU, China and USA has increased except from ASEAN and Japan. Key products that experienced an increase include electrical circuit breakers and control panels, imported from ASEAN and Japan, followed by electrical wire, electrical wiring systems imports from China and USA.

Trend

Electrical Appliances and Electronics Industry's productivities are expected to increase by 2.3% in 2017 when compared to 2016's. By which the Electrical Appliances industry are expected to increased 2.2% from recover of local market and export due to economic situation. For the Eelectronics industry, productivity trend will be increased 2.4% when compare to 2016's from products such as Integrated Circuit, which is a key component in innovative products with higher technology.



SOLUTIONs FOR TOMORROW

Develop and create brand awareness. Supply high quality product and services to domestic and export markets.

RISK FACTORS

In business operations, there are some internal and external uncertainty that might negatively affect how the company achieves its goals. Such risks include strategy, operation and financial risks. Thus, preparing for uncertainty may reduce those risks and reduce the impact to the company.

The company's audit committee, board of directors, managing director and department managers regularly assess, analyze risks and their trend that might affect the company. Detail of policy related is followed:

Risk Management Policy **C.I.Group Public Company Limited**

C.I.Group Public Company Limited ("The Company") is committed in its management of risks against corporate objectives that include risk management in safety and health of employees, society and communities as well as environment, to be complied with laws and regulations. The Company would provide fair treatment to all stakeholders while focusing on business performance and investment objectives in accordance with good corporate governance to minimize the probability of risks may effect to the Company' success or reduce damage from occurred risks, and/or in our endeavor to capture a business opportunities by using COSO-Enterprise Risk Management Framework 2004 as a risk management framework.

Definition

Risk means situation that have probability to occur in which could effect to achievement of the Company's objectives.

Guidelines

1. The Company shall have a system and process for risk management at enterprise level as well as in all subsidiaries which shall be aligned with corporate objectives and strategies.
2. The Company shall manage risks to be within the Risk Appetite level or in any case not to deviate from the risk tolerance levels.
3. The Audit Committee will also act as Risk Management Committee which shall govern the corporate risk management to be in accordance with The Company Policies, provide advice and suggestions and monitor to ensure of efficiency and productivity of risk management as specified in the Charter of the Audit Committee.
4. The Company's managements and executives shall manage corporate and subsidiaries risks in a holistic manner and shall govern risks management under their accountability or as per appointed by the Board of Directors. Also, the managements shall report the risk management performance to the Audit Committee for their consent and advice on regular basis or as appropriate.

5. Manager of every functions of the Company shall be responsible on manage risks at the corporate level, function level and at the operation level within their scope of responsibilities or as per appointed by Management or Executives as well as initiate and stimulate employees' awareness of criticality of risk management.
6. Internal Audit Department shall be responsible on providing advice, opinion, suggestion and guidelines of risk management to other corporate units. Also, shall be responsible on preparing the Corporate Risk Management to management and to report to the Audit Committee on regular basis or as appropriate.
7. All employees shall follow and adhere to the Company's Risk Management system and process of corporate, department and operation level as stipulated by the Company by which set as one accountability.

Regarding to operate under the Risk Management Policy, shall inclusive of setting framework, manual and recruitment to be sufficient to implement the most beneficially Risk Management Policy in the organization.

Review and Improvement of the Policy

The Policy and all Manuals/Guidelines of Risk Management shall be reviewed and improves on regular basis by reporting appropriateness and efficiency of applying in the organization to the Audit Committee in order to continuous improvement.

This Risk Management Policy has been considered and approved by the Board of Directors No.7/2016 on November 11th, 2016.

Details of risks and preventive measures are as follow;

1. Risk of fluctuations in raw material prices

The company's main raw materials are copper tubes, aluminum fins and zinc coated steel plates. Such raw materials are commodities and their prices varied by the world market prices. Thus, the company's operating results may be affected by these price fluctuations. However, the company maintains close relationship with suppliers so that the company receives timely news and price trends. Moreover, the company's management team has more than 20 years experience in coil manufacturing industry and, to a certain extent, analyze the situation and predict movements in prices of copper, aluminum and iron plates.

To reduce such risk from fluctuation in raw material prices, the company informs the customers of current commodity prices prior to sending quotations. The company maintains safety stock of 2 months. For large customers with annual fixed prices, the company set out conditions so that any big fluctuations will result in adjustment of prices to reflect actual costs. The time needed for such adjustment is between 1–2 months which is in line with the company's safety stock. For other customers, fluctuations in raw material prices will automatically result in product price changes.

2. Supply risk

The company relies on a few large suppliers. In 2016, the company ordered 67.36% of required copper tubes from 3 large suppliers. The largest of which accounted for 27.41% of total copper tubes orders.

Moreover, the company also relies on a few suppliers providing other raw materials such as aluminum fins and zinc coated steel plates. This is due to the fact that by ordering big volume to suppliers, the company benefits from higher negotiation power and volume discount thus reduces the production cost. These few suppliers have traded with the company for a long period of time and maintained close relationship. The supply risk is therefore reduced slightly.

In any case, the company is aware of supply risk and is trying to spread raw material orders to other suppliers while obtaining the same or similar trade conditions with those from large suppliers. At the present, the percentage of raw material orders to large suppliers has declined slightly.

3. Risks from raw material shortage

One of the company's main raw materials for manufacturing is copper which cannot be stored for a long period of time due to oxidation. Reprocessing of copper can be conducted but such copper will need to be imported which may result in inadequacy and higher prices.

To reduce such risk, the company has continued its research and development to find a copper substitute material and successfully developed all aluminum coils which can reduce costs for both the company and customers. The company is a member of ASHRAE (The American Society of Heating, Refrigerating and Air-Conditioning Engineers), an organization that is a center of heating, cooling and air-conditioning knowledge in the US, so that the company has access to data, news, and latest technology in order to maintain the company's competitiveness in manufacturing.

4. Risks from exchange rates

The company received 38.06% of its revenue from export market. Thus, the company is exposed to foreign exchange risk. However, the company also orders some of its raw materials from overseas. In the first half of 2016, export revenue accounted for 32.62% of total revenue and imported 46.47% of total materials from overseas. Since these revenue and cost are in US Dollars, the company enjoys natural hedging to a certain extent.

Moreover, the company's policy allows for 30 – 60 days credit terms from overseas customers. Therefore, exchange rate risks will be in short term basis. The company is fully aware of such risk so it continues to closely gather information and trends of exchange rates and at times exercise risk control actions by utilizing currency forwards.

5. Risks from free trade agreements and trade organizations

Free trade agreements encourage stronger competitions within the market which is in line with the overall industry situation for air-conditioning in terms of price and the demands for new products. This drives all players in the market to compete in price and quality. Moreover, Thailand has seen greater number of air-conditioners imports from China which has price advantage. At the present, the company focuses on customers who need high quality coils with different competitiveness than mass products from China which cannot fully satisfy customer's changing needs. With US, Canana certified and award-winning quality products and services, the company is able to maintain good relationships with customers and enhances the company's competitive advantage.

However the company has taken steps to prepare for more intense competitive threats from other players such as quality improvements, production efficiency, cost control and expansions to other export markets. In addition, the company also focuses on customized products that have little or no substitutes.

6. Risk from major customer dependency

In the last 3 years, none of the company's largest customer account for more than 30% of total sales which could conclude portion of sales to 5th major customers of the company for 2014-2016 as followed:

	2014	2015	2016
Sale proportion to the top 5 customers*	76.58	75.99	68.59

*Inclusive of international distributors

Most of these major customers have maintained good relationship with C.I.Group for a long time. The company has invested in research and development of new products during these times. The quality of our products has been proven by various quality certifications thus the company believes that it can retain existing customers and can further expand its customer base to new and existing markets.

7. Management risk

Due to the fact that the company's Managing Director, Mr. Aree Poomsanoh, is also a member of the Board of Executive Committee. However, there are 5 members in the Board of Executive Committee and the company's articles specify clear and strict management powers for each position. The risk of having a person with significant power is reduced. Moreover, the Board of Executive Committee and Managing Directors cannot authorize any transactions that himself or herself can be classified as a stakeholder. Moreover, the Board of Directors consists of an Audit Committee working together with Internal Audit department whose duty is to conduct auditing procedures for transactions and to ensure that the company is transparent and property controlled within area of authority for each member of Board of Executive Committee.

8. Liquidity Risk

The company might face liquidity risk when the cash or cash equivalent balance is inadequate in running the business. The company monitors closely at its cash or cash equivalent balance to make sure that the company and its subsidiaries will not be interrupted as a result of lack of liquidity. The company is trying to reduce such risk and pays attention to cashflows management to ensure the right balance between cash inflows and cash outflows to avoid liquidity problems.

9. Risks from subsidiaries

In the case that one or more of its subsidiaries is/are unable to get capital needed for running the business, the company, as a majority shareholder, is required to financially support its subsidiaries. Therefore, should the operation results from the subsidiaries varied from the forecast, the company might be affected from such investment in subsidiaries and might not get returns as originally planned.

However, the company's subsidiaries are able to maintain their business operations on their own and therefore did not affect the company's liquidity. The company expects that its subsidiaries will be running their businesses at full pace which will provide synergy to the company in the future.

10. Other risks

Since a widespread flood in 2011, the company has become aware of natural disasters and other risks that may cause damage to assets, machines, and other fixed assets which are essential for its operations and may cause business interruptions. The company has sought adequate insurance policies covering various risks to the business in order to reduce effects of those risks. Moreover, the company has 3 production capacities in 3 factories at different locations. In case of disruption in one of the factories, the others has excess capacities to cover a disrupted factory to ensure that the company is able to meet demands of its customers.

11. Technology Change Risk

One of the risks that industrial players will face is a change of technology in production process or the product itself. Some of those changes may allow the company to benefit from increasing productivity with increased machine productivity in some areas where time consumption may be reduced or less labour requirements. All of these may lead to cost reduction. On the other hand, such changes may harm the company if it is not able to adapt in a timely manner such as change in product or substitute products. However, heat exchanger industry is quite mature and the change has been minimal. Over the past 30 years, changes in technology that occurred was not too radical and the company was able to keep up with all the changes. To reduce such risk, the company became a member of ASRAE (the American Society of Heating, Refrigerating and Air-conditioning Engineers) which is a key organization with knowledge in Heat, Cool and Air Conditioning systems of the USA. so that the company has access to latest news and technology to ensure that the company maintains latest production capability. Moreover, the company focuses on research and development to ensure that it can adapt to any change and reduce technology change risk.

12. Environmental Effects risk

Due to the fact that the company is in industry sector, the company's production process requires oil, water and some chemicals that may affect the environment or its labour. To reduce environmental effect risk, the company provides suitable safety equipment to ensure safety of labour. The company also uses closed system when dealing with chemicals such as coloring spray to ensure that there will be no chemical waste released to the environment. The company has installed adequate water treatment system to recycle water and ensure that water released to public drainage will be free from chemicals. Moreover, the company has a safety committee and high safety standard for all its employees. Any compromised safety issues will be dealt with according to its effects.

FINANCIAL HIGHLIGHT

Financial Performance in conclusion of C.I. Group Public Company Limited

Million Baht

Details	Amount		
	31 Dec.2014	31 Dec. 2015	31 Dec. 2016
Total Assets	1,335	1,237	1,191
Total Liabilities	492	371	310
Shareholder's Equity	843	865	881
Total Revenues	982	1,073	938
Gross Profit (Loss)	108	150	144
Net Profit (Loss)	(55)	21	15
Earnings (Loss) per share	(0.09)	0.02	0.02

Financial Performance in conclusion of C.I. Group Public Company Limited and Subsidiaries

Million Baht

Details	Amount		
	31 Dec.2014	31 Dec. 2015	31 Dec. 2016
Total Assets	1,304	1,174	1,113
Total Liabilities	507	384	324
Shareholder's Equity	797	791	789
Total Revenues	1,155	1,095	958
Gross Profit (Loss)	111	150	145
Net Profit (Loss)	94	(7)	(2)
Earnings (Loss) per share	0.15	(0.01)	(0.002)

SHAREHOLDERS AND MANAGEMENT STRUCTURE

Shareholders Structure

Shareholders

The list of 10 major shareholders as of January 13th, 2017 is as follow:

Total Shareholders	2,755
% Shares in Scripless Holding	93.04

Rank	Major Shareholders	# Shares	% Shares
1.	Poomsanoh Group Mr.Aree Poomsanoh Miss.Alisa Poomsanoh	93,571,200 54,919,300	10.82 6.35
2.	Sangnoi Group Mr.Phairote Sangnoi Mrs.Alisa Sangnoi	39,711,500 24,688,400	4.59 2.85
3.	Wangkorkiat Group Mr.Taweesak Wangkorkiat Mr.Nattapat Wangkorkiat	30,500,000 4,600,000	3.53 0.53
4.	Miss.Panom Wongpradit	25,916,800	3.00
5.	Mr.Ungkul Thepsarskul	23,635,900	2.73
6.	Mr.Pachok Chanpitak	19,400,000	2.24
7.	Mrs.Araya Tontanasin	15,900,000	1.84
8.	Mr.Nattaphat Rangsang	15,000,000	1.73
9.	Mr.Nattachai Tangjarupongsakul	14,734,400	1.70
10.	Mr.Surajit Parnchan	13,397,300	1.55

Management Structure

Committee

There are 3 committee namely, the Board of Directors, the Executive Committee, and the Audit Committee as detail follows:

The Board of Directors

The Board of Director is comprised of 8 peoples as name follows:

Name-Surname	Position
1. Pol.Gen.Dato'Prung Boonpadung	Chairman of Board Directors/Chairman of Audit Committee
2. Mr.Aree Poomsanoh	Vice Chairman
3. Mr.Taweesak Wangkorkiat	Director
4. Mr.Theera Poomsanoh	Director
5. Mrs.Chankapaw Dissakul	Director
6. Mr.Songphol Annanon	Independent Director/Audit Committee
7. Mr.Nadith Rodphet	Independent Director/Audit Committee

Definitions

Executive Directors

Directors who holds executive positions and are responsible for managing the company

Non-executive Directors

Directors who do not hold executive positions and are not involved in management of the company. Non-executive directors might or might not be independent directors.

Independent Directors

Directors who are independent from major shareholders and are independent from any kinds of relationship that will prevent independent consideration. Independent directors must have following qualifications;

1. Independent directors must not be or has been directors involving in management of operation, employees, consultants or controlling member of the company, its subsidiary, joint venture, subsidiary of the same level, major shareholders or its controlling member unless he or she has ceased from such case for at least 2 years prior to his or her appointment.
2. Independent directors must not be related by birth or by law in a relationship as father, mother, spouse, brother, sister and child including spouse of child, management, major shareholders, controlling member or person(s) that will be appointed as management or controlling member of the company or its subsidiary.

3. Independent directors must not have any business relationship with the company, subsidiary, joint venture, major shareholders or controlling member in a way that might affect independent consideration. He or she must not be or never have been implied shareholders, or controlling member having business relationship with the company, its subsidiary, joint venture, major shareholders or its controlling member unless he or she has ceased from such case for at least 2 years prior to his or her appointment. "Business relationship" as stated earlier includes normal business transactions, renting or letting properties, assets or service transactions, giving or receiving financial support by borrowing or lending, guaranteeing, giving assets as collateral for debt or that of the same kind that creates a binding liability for more than 3% of total tangible assets or from 20 million Baht or more whichever is lower. Thus, such calculation comply with method of calculations for related party transaction according to the Stock Exchange Commission's rule for related party transactions. Such calculations is inclusive of those that happened within 1 year prior to business relationship of the person.
4. Independent directors must not be or have been the company's auditor(s), its subsidiary, joint venture, major shareholders or controlling member and must not be implied shareholders, controlling member or partners of auditor's office that has the auditor(s) of the company, its subsidiary, joint venture, major shareholders or controlling members unless he or she has ceased from such case for at least 2 years prior to his or her appointment.
5. Independent directors must not be or have been professional service provider of any kind including legal or financial advisor that received professional fee of 2 million Baht or more from the company, its subsidiary, joint venture, major shareholders or controlling members and must not be implied shareholders, controlling member or partner of such professional firm unless he or she has ceased from such case for at least 2 years prior to his or her appointment.
6. Independent directors must not be directors appointed as representative of company's directors, major shareholders or shareholders who are related to major shareholders.
7. Independent directors must not operate in a company of the same kind or is in direct competition as that of the company, its subsidiary or partner in partnership or as executive directors with involvement in management, employee, consultants or hold more than 1% of voting rights of other companies that operate in the same business or in direct competition with the company or its subsidiary.
8. Independent directors must not have any characteristics that may prevent him or her from giving independent opinions on the company's business operations.

Authorized Directors

Authorized Directors who can sign to comply with the company are Mr. Aree Poomsanoh or Mr. Theera Poomsanoh or Mrs.Chankapaw Dissakul or Mr.Taweesak Wangkorkiat co-sign totally two persons and affix the company seal.

Scope of Authority and Duty of the Board of Directors

1. To manage the company honestly in accordance with laws, objectives, obligations and resolutions of Shareholder Meeting and to take precautions in order to protect the company benefits.
2. To authorize an appointment a set of directors as Executive Committee to execute one or several tasks in order to implement the work assigned by the Board of Directors as well as to authorize an appointment the Chairman of Executive Committee together with other committee such as Audit Committee, Nomination and Remuneration Committee as deemed appropriate.
3. To set objective, procedure, policy, plan, and company budget and monitor the management of the Board of Executive Committee or the assigned person to follow with the policy set forth.
4. To consider and review the approved policy, direction, strategy, business plan, and annual budget, investment on big project proposed by the Board of Executive Committee.
5. To continuously follow up on the operation as plan and budget set forth.
6. To consider and approve other activities concerning the company and have it done to benefit the company.

Except for the following tasks which can be implemented only under the resolutions from Shareholder Meeting and under the stipulation that any director or person who might be involved with either conflicts of interests or any other beneficial conflicts with the company or subsidiary company shall not be granted the right to vote in that matter.

- a) Matters stipulated by Laws must be obtained the resolutions from Shareholder Meeting.
- b) Transactions that any directors are involved with either conflict of interest or any other beneficial conflicts particularly stated by Laws or Stock Exchange Specifications must be obtained the resolutions from Shareholder Meeting.

The execution of the following matters must be approved by the Committee Meeting and the Shareholder Meeting with the votes not less than 3 over 4 of total votes of the eligible shareholders present in the meeting.

- a) To sale or transfer all or important part of the company business.
- b) To purchase or acquire of other company or private company.
- c) To make, to amend or to abolish the contract to rent all or some important part of company business. The appointment of other person who will manage company business or the merging with other person in order to share profit and loss.
- d) To amend the Memorandum of Associations or Objectives.
- e) To increase or decrease capital, to issue debenture, to merge or to terminate the business.

Rotation of Retirement

At every Annual General Meeting of Shareholders, one-third of the directors liable to retirement by rotation or if their number is not three or a multiple of three, then, the number nearest to one-third, shall retire from office. The directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became directors on the same day, those who will have to retire is to be determined by lot, unless otherwise agreed to among themselves.

Election of the Directors

Since there is no particular committee to perform this task, the selection of persons to be appointed as company's directors shall be made in Shareholders Meeting. The selection shall be made as per the criteria and method as stated in the company regulations as follows:

1. Each shareholder has as many votes as he/she owns share.
2. Each shareholder may use all his votes to elect one or many persons as the company directors; however, no voter may divide his/her votes among several candidates or allot to one candidate fewer votes than what he/she has.
3. Candidates who receive highest votes shall be elected as directors on a consecutive basis until all required directors during that meeting is obtained. The Chairman of that meeting shall act as an arbiter in case that equal votes occurred and numbers of directors exceed the required number of directors.

Selection and Appointment of Directors and Executive Management

Directors' Selection

1. The Board of Directors or each Director could propose a nominee to be selected as the company's Director. The Board of Directors will introduce the person to the shareholders in order to select where as the company's Secretary would check the nominees' qualification prior to propose to the shareholders. The shareholders may consider selecting nominees who has appropriated engagement with the company or the main shareholders together with what the company agree to do for the shareholders.

2. Standard of Directors' Selection

The person who would be selected to be a Director of the company must qualified on

- ▶ Experiences
- ▶ Knowledge
- ▶ Honest and well understand in overall of the company business

However, in some case may need to select Directors who have significant relationship with shareholders or stakeholders due to Contract or Agreement with the shareholders regarding director seats in the company's board.

Executive Managements' Selection

In order to select and appoint executive management of the company must comply with regulation and practices of authorization of the company as follows:

1. Hire and appoint of the Chief Executive Officer and/or Chief Executive Officer of Businesses (CEO) must be approved by the Board of Directors.
2. Appointment of Chief Financial Officer, Chief Investment Officer and/or Chief Operation Officer is under authorization of the Board of Executive Committee.
3. Appointment of any management level lower than above is under authorization of the Chief Executive Officer and/or Executive Management belowned depend upon situation.

Director Development

The company's Director and Executive Management have paid continuously high attention on attend any courses that related to performance and capability on duty improvement. (as could see in their profiles) All of the Directors had already attended the training course with The Thailand Institute of Directors (IOD) which the company supports and manage to let Directors consider joining related courses with IOD or other institutes throughout the year together with joining site visit of institution, organization or related as appropriated in order to generate new effective thought that could be applied with the company's business.

Directors Orientation

The company has set an orientation for new Directors in order to create best understanding with the company's business and policies inclusive with related information such as investment structure, shareholders structure, business performance, information and systems are used within the company, related rule and regulations and laws.

The Board of Executive Committee

The Board of Executive Committee is comprised of 4 people as name follows:

Name-Surname		Position
1. Mr.Aree	Poomsanoh	Chairman of Executive Committee
2. Mr.Taweesak	Wangkorkiat	Executive Committee
3. Mr.Theera	Poomsanoh	Executive Committee
4. Mrs.Chankapaw	Dissakul	Executive Committee

Scope of Authority and Duty of the Board of Executive Committee

1. To manage the company honestly in accordance with laws, objectives, obligations, resolutions of Shareholder Meeting and resolutions of the Board of Directors Meeting and to take precaution to protect the company benefits.
2. To determine organization structure, authorization lines and to ensure its coverage of details in terms of selection, training, employment, reshuffle and dismissal of company personnel.
3. To plan and to determine the business plan, business strategies and annual budget and then to propose to the Board of Directors for approval. Also, to consider and to approve the allocation of annual budget, to amend, adjust, or increase annual expense budget in case of urgent needs and then to present to the Board of Directors accordingly.
4. To audit and monitor the company business operation, policy, and administrative guidance in a manner that is compatible to business situation.
5. To audit and to monitor in order to ensure that the company is operated in accordance with the approved business plans.
6. To consider company large-scaled investment project and have it presented to the Board of Directors for approval.
7. To authorize and to approve the following financial implementations.
 - a) The Board of Executive Committee is entitled to approve unlimited financial amount in case that such implementation is stated in the business plan or annual budget.
 - b) If not stated in documents mentioned in (1), the Board of Executive Committee is entitled to approve an amount not exceeding 150 million Baht. Such approval shall include the approval on the expense occurred from general operations. Investment on permanent property, loan, acquisition of credit including provision of guarantee, etc. and acknowledge the Board of Directors.
8. To implement other tasks as periodically instructed by the Board of Directors.

However, The Chairman of the Board of Executive Committee or the Board of Executive Committee are not entitled to approve any matters that might be a conflicts of interest to themselves or other party or matters that may cause any beneficial conflicts whatsoever with the company or subsidiary company.

The Audit Committee

The Audit Committee is comprised of 3 people as name follows:

Name-Surname	Position
1. Pol.Gen.Dato'Prung Boonpadung	Independent Director and the Chairman of Audit committee
2. Mr.Songphol Annanon	Independent Director and Audit Committee
3. Mr.Nadith Rodphet	Independent Director and Audit Committee

The audit committee number 1 has adequate expertise and experience to review creditability of the financial reports.

Audit Committee Secretary: Ms.Wanphen Khaosuwan.

Independent Director/Audit Committee Qualification

Audit committee consists of at least three independent committees who are on 2 year term of designation. The company has recruitment policy for audit committee who qualifications shall meet the followings;

1. Holding not exceeding 1% shares of paid-up capital amount of the company and its affiliates, joint-ventures, or related companies (inclusive of a number of shares hold by those concerned persons)
2. Neither participation in top management of the company and its affiliates, joint-ventures, related companies or major shareholders, nor being salary employee, staff or consultant of company and its affiliates, joint-ventures, related companies or major shareholders.
3. Neither partaking in the interest nor beings stakeholder directly and indirectly in relation to finance and administration of the company and its affiliates, joint-ventures, related companies or major shareholders, and must not participate in such interest and stakes within two years prior to being appointed as audit committee, unless the Board of Director, under deliberate discretion, assumes that such conduct shall not affect the performance and independent comment by the audit committee.
4. Not being a next of kin or relative of the executives or company's major shareholders
5. Not being appointed as fiduciary proxy for the directors, major shareholders, or shareholders who are associated with major shareholder.
6. Independently perform duty and express the opinion or report the Performance assigned by the Directors, and not being subjected to the executives or major shareholders or shareholder's relatives.
7. Not be or have not been auditor of the company, sub-company, co-company and major shareholder.
8. Not be or have not been any vocational service provider inclusive of consultant on law or financial which earn more than 2 MB per year.
9. Not engage in the same type of business and being a significant competitor for the company/ sub-company

Scope of Authority and Duty of the Board of Audit Committee

1. To ensure that the company disclose its accurately and adequately Financial Statements to public by co-operating with the Auditor and Director who is in charge with preparing a financial report quarterly and annually. The Audit Committee may suggest the Auditor to examine or investigate any matters are considered necessary and important during the auditing period.
2. To review the company's internal control system and internal audit system to ensure that they are suitable and efficient , to attend a non-management meeting with an auditor at least once a year , to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit ;
3. To review the Company's compliance with the law on securities and exchange , the Exchange's regulation, and the laws relating to the Company's business;
4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration by taking into consideration the creditability, personnel sufficiency, work volume of auditing firm as well as experience of the personnel to be appointed as company's auditor.
5. To review and ensure if the connected transactions or the transactions that may lead to conflicts of interests are in compliance with the laws and the Exchange's regulations, reasonable and created highest benefit to the Company;
6. To prepare, and to disclose an Audit Committee's Report in the Company's Annual Report which must be signed by the Audit Committee's Chairman. The Report must consist of :
 - ▶ an opinion on the accuracy, completeness and creditability of the Company's Financial Report,
 - ▶ an opinion on the adequacy of the Company's internal control system ,
 - ▶ an opinion on the suitability for an Auditor and reasons to believe that the company's Auditor is appropriate to be re-appointed for another term.
 - ▶ an opinion on the compliance with the law on Securities and Exchange, the Exchange's regulations, or the laws relating to the company's business,
 - ▶ an opinion on the transactions that may lead to conflict of interests,
 - ▶ the number of the Audit Committee Meetings and the attendance of such meetings by each committee member,
 - ▶ an opinion or overview comment was received by the Audit Committee from its performance of duties in accordance with the charter, and
 - ▶ other transactions which, according to the audit committee's opinion, should inform to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors.

7. To conduct other tasks as instructed by the Board of Directors where as agreed by the Audit Committee, i.e. to make revisions on financial policies and risk management, make revisions on compliance with business ethics, make co-revisions with company directors on important issues which need to be disclosed to public stated by laws, for instance, report and analysis of management team.

Scope of Authority and Duty of the Managing Director

1. To direct and oversee the administration and the management to be in accordance with policies, plans and budget approved by the Board of Directors or the Board of Executive Committee and report the company performance to the Board of Directors or the Board of Executive Committee consecutively.
2. To consider the suitability of an annual budget allocation prepared by the Board of Executive Committee prior to propose to the Board of Directors.
3. To authorize an approval on the overall purchase and the expenditure on general matters as stated in the Company Authority Table.
4. To consistently evaluate the company operation in order to prevent risks from various factors inside and outside the company.
5. To authorize the issuance of orders, regulations, announcements, memorandum so that the company is operated in compliance with the policy or for company's interest.
6. To provide an authority and/or to sub-authorize to other persons to carry out specific task. Such sub-authorization shall be under the scope of authorization as stated in the given power of attorney and/or shall be comply with the regulations, specifications or order stated by the Board of Directors and/or the company.
7. To implement other tasks as periodically instructed by the Board of Directors or the Board of Executive Committee.

However, the Managing Director is not entitled to approve any matters that might be of a conflict of interests or conflicts to himself or other party or may cause any beneficial conflicts what so ever with the company or subsidiary company.

The Company's Secretary

The Board of Director had appointed Mrs.Chankapaw Dissakul, education: Master Degree in Business Management from the Emporia State University, USA. Major in Financial and Marketing. She got certificate from attending the Company Secretary Program of IOD No. 47/2012, to be the Company's Secretary which has duties as follows.

Scope of Duty of Company Secretary

1. Advice Directors regarding laws, rules and regulations related.
2. Ensure the company follows the laws, rules and company's regulations related to good corporate governance.
3. Set up meetings as required by rules and regulations, prepare and keep Directors' Record, Invitation Letter for Board of Director Meeting, Minutes of Board Meeting and Annual Report together with Invitation for the Annual General Meeting of Shareholders and the Minute of AGM in fully secure and effective.
4. Disclose information and news to SEC and/or SET as required by law and regulations.
5. Contact and communicate with the shareholders, SET and SEC
6. Support and being an assistant to the new Directors in order to find and provide necessary information and courses that could be value added to director jobs
7. Other tasks as requested by the Board of Directors.

Executive Remuneration

Remuneration in Cash

Remuneration for the Board of Directors

In 2015 and 2016, the remuneration of directors can be summarized as follows:

Name of the Directors	Position	2015			2016		
		Meeting Allowance (Baht)	Gratuity (Baht)	No.of Attendance BOD;AC	Meeting Allowance (Baht)	Gratuity (Baht)	No.of Attendance BOD;AC
1. Pol.Gen, Dato'Prung Boonpadung	Chairman of the Board of Directors, Independent Director and Chairman of the Audit Committee	40,000	540,000	4/4;4/4	70,000	540,000	8/8;6/6
2. Mr. Aree Poomsanoh	Director, Vice Chairman of the Board of Directors	20,000	300,000	4/4	35,000	300,000	7/8
4. Mr.Ar 3. Mr. Taweesak Wangkorkiat	Director	20,000	300,000	4/4	40,000	300,000	8/8
4. Mr.Theera Poomsanoh	Director	20,000	300,000	4/4	30,000	300,000	6/8
5. Mrs.Chankapaw Dissakul	Director	20,000	300,000	4/4	40,000	300,000	8/8
6. Mr.Songphol Annanon	Independent Director & Audit Committee	30,000	450,000	3/4;3/4	45,000	450,000	5/8;4/6
7. Mr.Nadith Rodphet	Independent Director & Audit Committee	40,000	450,000	4/4;4/4	60,000	450,000	7/8;5/6
Total		190,000	2,640,000		320,000	2,640,000	

Executive Remuneration

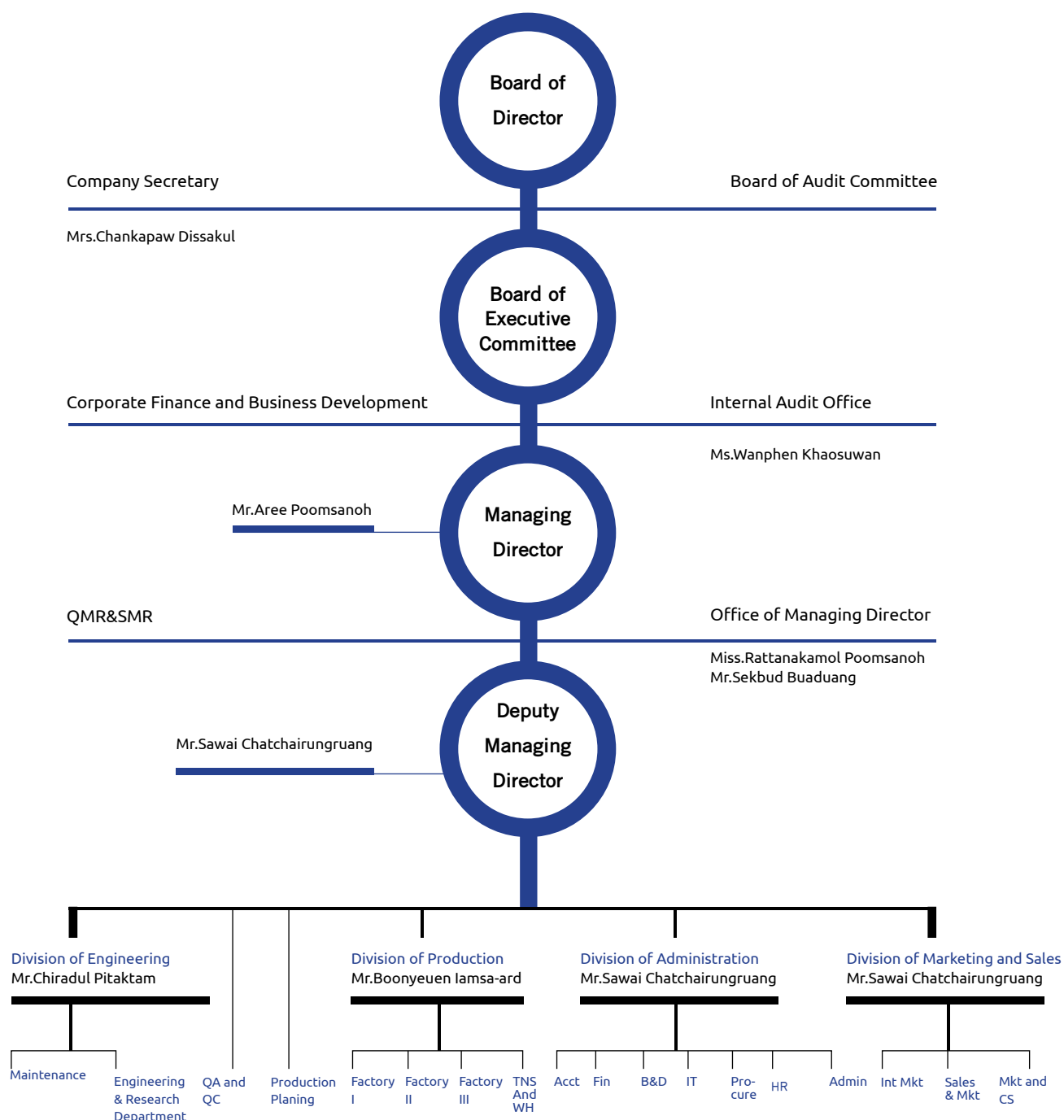
In 2014-2016 The executive remuneration is summarized as follows:

Type of Remuneration	2014	2015	2016
Salary	18,278,000	18,192,000	23,520,000
Incidental benefit	364,325	410,500	2,042,800
Other	488,352	534,172	673,800
Total	19,130,677	19,136,672	26,236,600
Number of Executive	8	8	9

Note: As of 31 December 2016, The Company has 5 Executive Managements and 4 Executive Committee. Other Remunerations consists of ESOP-1 and Provident Fund.

ORGANIZATION CHART

ORGANIZATION CHART C.I. GROUP PUBLIC COMPANY LIMITED





SOLUTIONs FOR TOMORROW

Develop and create brand awareness. Supply high quality product and services to domestic and export markets.

BOARD OF DIRECTORS AND EXECUTIVES

Board of Directors



Pol.Gen. Prung Boonpadung

Age 67 years old

Position : Chairman of the Board of Directors
Independent Director And Chairman of the Audit Committee

% of share holding : -none-

Highest Education : Master of Public Administration (MPA)
National Institute of Development Administration (NIDA)

Working Experience:

Chief of Royal Court Security Police

- Deputy Commissioner General Royal Thai Police
- Commissioner Special Branch Royal Thai Police
- Commissioner Provincial Police Region 9 Royal Thai Police
- Commissioner Provincial Police Region 5 Royal Thai Police

Board of University Council Suan Sunandha Rajabhat University
Chairman of the board of Promotion Committee Suan Sunandha Rajabhat University

Police Sub-committee Human Resources Department

President of the Sub-Committee of Ethic Parliament

Other current positions:

Chairman of the Board and Chairman of the Audit Committee
C.I.Group Public Company Limited

Advisor The Foundation of Thai-Chinese International School

Certified from Thai Institute of Directors (IOD):

- Director Accreditation Program (DAP) Class 90/2011
- Role of the Chairman Program (RCP) Class 27/2012
- Ethical Leadership Program (ELP) Class 2/2015
- Advanced Audit Committee Program (AACP) Class 21/2015
- Anti-corruption in Thailand : Sustaining the Momentum
- Director Forum 1/2015 : IT Governance
- Chairman Forum : Chairman's Role in Building Independence across the Board
- Driving Company Success with IT Governance (ITG) Class 1/2016
- Family Business Governance (FBG) Class 5/2016
- Successful Formulation & Execution of Strategy (SFE) Class 27/2016



Mr.Aree Poomsanoh

Age 61 years old

Position : Vice Chairman of the Board And Chairman of the Executive Committee

% of share holding : 10.82 %

Highest Education : B.B.A. (Administration), Sukhothai Thammathirat Open University

Working Experience :

Chairman of the Board C.I.Group Public Company Limited

Director Sirakorn Company Limited

Director AC Square Energy Company Limited

Director A.S.A. Property Company Limited

Director A.S.A. Real Estate Company Limited

Other current positions :

Vice Chairman of the Board and Chairman of the Executive Committee and Managing Director C.I. Group Public Company Limited
Chairman of the Board De Lamai Company Limited
Director A.S.A. Karnchang Company Limited
Director V&A High Tech Company Limited
Director C.I.G. (Thailand) Company Limited

Certified from Thai Institute of Directors (IOD) :

- Director Accreditation Program (DAP) Class 27/2004
- Role of the Chairman Program (RCP) Class 14/2006
- Role of the Compensation Committee (RCC) Class 8/2009
- Corporate Governance for Executives (CGE) Class 5/2015



Mr.Taweesak Wangkorkiat

Age 64 years old

Position : Directors and Member of the Executive Committee

% of share holding : 3.53 %

Highest Education :

B.S., Faculty of Industrial Technology, King Mongkut Institute of Technology, North Bangkok

Working Experience :

Director and Member of the Executive Committee
De Lamai Company Limited

Other current positions:

Director and Member of the Executive Committee
C.I.Group Public Company Limited

Certified from Thai Institute of Directors (IOD) :

- Director Accreditation Program (DAP) Class 27/2004



Mr.Theera Poomsanoh

Age 59 years old

Position : Director and Member of the Executive Committee

% of share holding: 1.39 %

Highest Education :

M.B.A. (Marketing), National Institute of Development Administration

Working Experience :

Managing Director C.I. Group Public Company Limited
Director AVV Company Limited
Director AC Square Energy Company Limited

Other current positions :

Director and Member of the Executive Committee C.I. Group Public Company Limited
Director and Member of the Executive Committee De Lamai Company Limited
Director MDICP Holdings Co., Ltd.
Director & Secretary Air-Conditioning & Refrigeration Group The Federation of Thai Industries
Director North East Consultant Ltd.
Director C.I.G (Thailand) Company Limited

Certified from Thai Institute of Directors (IOD):

- Director Accreditation Program (DAP) Class 27/2004



Mrs.Chankapaw Dissakul

Age 50 years old

Position : Director and Member of the Executive Committee

% of share holding : 0.08%

Highest Education : M.S. (Financial/Economics/Business Administration) Emporia State University, USA

Working Experience :

General Manager/ Marketing Manager/ Administrative Manager
C.I. Group Public Company Limited

Director and Executive Committee De Lamai Company Limited

Other current positions :

Director and Member of the Executive Committee C.I. Group
Public Company Limited

Company Secretary C.I. Group Public Company Limited

Certified from Thai Institute of Directors (IOD) :

- Director Accreditation Program (DAP) Class 60/2006
- Company Secretary Program Class 47/2012
- Ethical Leadership Program (ELP) Class 1/2015
- Director Forum 1/2015 : IT Governance
- Director Certificate Program (DCP) Class 223/2016



Mr. Songphol Annanon

Age 45 years old

Position : Independent Director And Audit Committee

% of share holding : -none-

Highest Education : MSA in International Business, Central Michigan University

Working Experience :

Partner Dr. Ukrit Mongkolnavin Law Office

Senior Lawyer Dej-Udom & Associates

Lawyer Chongchai Teangtham Law & Accounting Office

LawyerChairapee Law Office

Other current positions :

Audit Committee C.I.Group Public Company Limited

Director Annanon Law Office

Senior Lawyer Punyariddhi Law Office

Certified from Thai Institute of Directors (IOD) :

- Director Accreditation Program (DAP) class 90/2011



Mr.Nadith Rodphet

Age 46 years old

Position : Independent Director and Audit Committee

% of share holding : -None-

Highest Education : MBA, Thammasat University

Working Experience :

Country Finance Manager Avanade (Thailand) co.,ltd

Internal Audit Manager & Financial Controller Millennium Auto Group

Finance Director SME Trade Promotion Company Limited

Business Manager Metro Infinium (Thailand) Company Limited

Other current positions :

Audit Committee C.I. Group Public Company Limited

Financial Controller Netizen Company Limited

Certified from Thai Institute of Directors (IOD) :

- Director Accreditation Program (DAP) Class 90/2011

Executive Management



Mr.Aree Poomsanoh

Position

Managing Director and Chairman of the Executive

Highest Education

B.A. (Administration), Sukhothai Thammathirat
Open University



Mr.Sawai Chatchairungruang

Position

Deputy Managing Director and President of
Corporate Finance and Business Development

Highest Education

M.S (Accounting), Chulalongkorn University



Miss Rattanakamol Poomsanoh

Position

Assistant to Managing Director

Highest Education

B.Eng. (Computer), Assumption University



Mr.Sakebud Buaduang

Position

Assistant to Managing Director

Highest Education

Master in Microbiology, Faculty of Medicine
Chiang Mai University



Mr.Boonyeuen Iamsa-ard

Position

Division of Production Manager

Highest Education

High Vocational Certificate (Business Computer),
College of technology, Laem Thong



Mr.Chiradul Pitaktham

Position

Division of Engineering Manager

Highest Education

MBA (Finance), NIDA



Mrs.Saowakon Udomrat

Position

Accounting Department Manager

Highest Education

B.S. (Accounting), Sripatum University

CORPORATE GOVERNANCE

The Board of the C.I. Group Public Company Limited has emphasized the good governance practices to ensure the constant growth and development of the business. The company has embraced and complied with the Code of Best Practices in accordance with the Stock Exchange of Thailand. The company also encourages all members of the Board to be trained the Director Accreditation Program (DAP) held by the Thai Institute of Directors (IOD).

Under the Principle of the Good Corporate Governance, the company concentrate on effective internal control as an important method of management which could be a mirror of good corporate governance. Beyond that method, the company put an effort on 5 measurements which are:

1. Organizational Control and Environmental
2. Risk Management
3. Management Control Activities
4. Informational and Communication
5. Monitoring System

With objectives to ensure of the company's operation would reach the target of internal control under effectiveness of operation, usage of resources, asset monitoring and control, preventive or decreasing mistake and damages, leakage of all important issue of the company, waste, trustable of financial and others report and comply with law, rules, regulation, cabinet resolution and policy inclusive of the company's rules and regulation in order to create maximum benefit for shareholders and to ensure of rights of shareholders are protected.

The Board of Directors has intention to support and push the company to be effective, corporate governance and management organization by which aim to create high return to shareholders and all stakeholders, to do business with merit transparency and verifiable. Therefore, the company has set the significance of the Principle of Good Corporate Governance for the Board of Directors; Executive Management; Management and staffs to be used as method by embracing the following;

1. The Board of Directors will perform their duties with high attention and responsibility; independence and define clearly between roles of President of the Board of Directors and President of the Board of Executive Committee.
2. The Board of Directors have an important roles in set vision, strategies, policy and important plan which must consider on risks in order to implement an appropriate method of doing business together with must ensure that the company's financial system and accounting audit are reliable and accepted.
3. The Board of Directors shall be leader in ethic, a role model on CG's behavior of the company and shall monitor on conflict of interest management and related items.
4. Board of Directors may set up a committee to decide on important issues.
5. Board of Directors must evaluate themselves for ease of auditing.

6. Board of Directors will set up Ethics Code of Conduct for management and all employees.
7. Board of Directors must disclose financial and non-financial data in a timely and equally manner for all shareholders and stakeholders.
8. Board of Directors must ensure that all shareholders are treated equally and have access to necessary information and provide suitable means for them to contact the company.
9. Board of Directors must set up a fair and transparent system for management recruitments.
10. Operate business in accordance with applicable law, regulation, rule and requirement set out by Stock Exchange Committee (SEC), requirement of the Stock Exchange of Thailand, and comply with the resolution of the shareholder meeting.
11. Prevent the company from entering into the conflict of interest which may occur among the companies, establish confidences with the shareholder under the transparent and verifiable tradeoff approach.
12. The Board of Directors consist at least no less than three independent committees.
13. Provide the evaluation and risk control appropriately.
14. The Board of Directors should hold a meeting at least on quarterly basis regularly and special meeting is allowed to be held when necessary. The meeting agenda should be designed in advance pursuant to the company's regulation so that the Board members have enough time to examine the information prior to the meeting.
15. The Board of Directors must be consisted of many variety of qualifications including skills, experience and expertise in guiding the company. The Board of Directors must also consisted of at least one directors who are not involved or associated with the core business of the company.

The company, in good faith, assumes that Good Corporate Governance is useful administrative guideline and honestly values its principles and compliance in term of corporate responsibility equitably to those related parties. For examples, the company clearly defines the competency and responsibility for the Board of Directors, Audit Committee, and Executive Committee and Managing Director.

Leadership and Vision

The Board of Directors consists of a group of competent responsible persons who play important role in supervising, auditing, and evaluating the company performance, honestly responsible for pursuing the company in compliance with applicable law, regulations and shareholder meeting resolution, overseeing the administrative affair of management in pursuit to policy, goal, and designated budgets effectively and efficiently.

Conflicts of Interest

To avoid the interest conflict which may occur among the Board of Directors, executive, and employees, the company declares the following guidelines;

1. The Directors shall neither operate nor engage in nor partake as shareholder or partnership with any juristic person operating the similar business or competing with the company, unless informed in the shareholder meeting prior to appointment resolution.
2. Executive and employees shall neither use internal information for their own exploitation in buying and selling the company's stock, nor disclose the third party or any concerned persons the internal information that jeopardizes the shareholders.
3. Executives and employees shall not utilize their position or acquired information to operate activity or any business relevant to company business to compete.
4. In case that the company and its affiliates have some related transactions or acquired the crucial corporate assets sold, the Board and the Management shall conduct a meeting for such respective matter carefully, honestly and reasonably for the sake of the optimum interest of the company and overall shareholders. The Directors or executives who are stakeholders concerning such a case are required to leave the Board meeting and disclose the information through channels so that the stakeholders can be advised thoroughly and equitably.

Business Ethics

The company policy has exercised the disclosure of the performance of the Board and employees to customers, trade partners, society and related persons explicitly, and embraced the Best Practices honestly, justly and equitably. The company pursues the performance and concerned matters in accordance with the policy and ethics regularly, including to disciplinary punishment.

Balance of Power for Authority of Non-executive Directors

The company currently has overall 7 directors, composing of 4 executive committees and 3 independent committees who have real independence out of the Management and have neither business relationship nor any other kinds of relationship with the company. This is to ensure of the autonomy and neutrality of the Board in respect of governance.

Control Over Affiliates and/or Subsidiaries

When the company decided to invest in a subsidiary or affiliate, the company will control by ensuring of taking one board seat of directors as per portion of investment allowed.

Approval of related transactions

For related transactions, they must be necessary and sound for the best interest of the company. A future related transaction depends on the reasons and necessity. Paying and receiving remunerations must comply with market or fair value and an approval from the audit committee is required.

Related transaction policy

For future related transactions, Directors may not approve any transactions that he or she may have conflict of interest and must disclose such transaction to the Audit Committee to see if they are commercially sound and within the fair value to the Board of Directors.

Moreover, the company will follow rules and regulations set out by the Stock Exchange Commission (SEC) and will disclose all related transactions including acquisition and sale of important assets in subsidiary and joint ventures.

Surveillance of Internal Information Use

To protect the exploitation and misappropriation of undisclosed internal information, the company requires that the members of the Board, executives and their spouse or immature dependents shall not make use of the company's internal information undisclosed to the public for their own purpose of buying, selling, transferring, or being assigned of the corporate assets prior to date of public disclosure or one month before public disclosure of the financial statement. This is to permit the transparent administration and the benefit of all concerned parties.

Regarding to buying, selling, transferring, or being assigned of the company's securities, the Directors and executives shall report the change in the possession of assets to the Stock Exchange Committee (SEC), and Stock Exchange of Thailand, pursuant to the requirements provided by the Stock Exchange Committee (SEC). Also, a copy of such a report shall be filed to the company secretary as a documentary proof.

Governance in other areas

The company follows good corporate governance as stated by the Stock Exchange of Thailand apart from the aforementioned areas such as internal audit, social responsibility, risk management which will follow.

The company focuses on internal audit in management and operation level and set up rules and clear operating practices. Clear responsibility and scope of authority are clearly written to separate the operating personnel, evaluators and controllers from one another so that a balance can be maintained. Moreover, a financial system control is in place. Financial reports will be sent to related persons.

Shareholder's Right

The company treats all shareholders equally within widely accepted standards. Shareholders have the right to buy, sell and transfer securities they own freely. They have the right to receive dividends, attend shareholders meetings, propose agendas, nominate persons as Director Candidacy, express opinion in shareholders meetings and take part in decision making on important issues such as Director Appointment, approval of important transactions, alter company register and regulations. Shareholders have the right to vote according to the number of shares they own. Each share equals to one vote and no other shares have extra privilege than that of others.

As the owners, the shareholders are entitled to dictate the company's direction or decide on matters of significant impacts. Shareholder's Meetings therefore serve as their key forums for the expression of views, asking of questions, and voting, apart from election of directors to supervise operation on behalf of the shareholders. Shareholders are entitled to attend shareholders' meetings, take adequate deliberation time, and acknowledge meeting minutes.

Shareholders' Meetings

Program of Shareholder's Meeting

The company sets to have Annual General Meeting of Shareholders once a year within four months of the annual closing date of its accounting books. For urgent matters that affect or involve the shareholder's interests or involve conditions, regulations, and laws that require the shareholders' approval, it calls an extraordinary meeting of the shareholders.

In the year 2016, the AGM was held on April 29 at 13.30 hrs. at Lotus Room, Queen Sirikit National Convention Center 60 New Rachadapisek Road, Klongtoey, Bangkok 10110, Thailand. During 2016's, there was an EGM which was held on September 1st, 2016 at 10.30 hrs. at the Board Room No. 4, Queen Sirikit National Convention Center, 60 New Rachadapisek Road, Klongtoey, Bangkok 10110, Thailand.

Meeting Notice in Advance

For the 2016 AGM, the Board of Director's meeting No. 2/2016 on Monday 28th March, 2016 decided to call a shareholders' meeting on Friday 29th April, 2016, its decision, meeting date, meeting agenda was disclosed in details ahead of time by announcing on SET's website to alert the shareholders before sending meeting notices.

The company assigned Thailand Securities Depository Co., Ltd. (TSD), its securities registrar, to mail meeting notices together with details of the agenda and accompanying documents, supplementary and supporting information for decision making, opinions of the board, complete minutes of the past meeting, the Annual Report, meeting documents, proxy forms with complete instruction, to the shareholders more than 7 days ahead of the meeting date. Also, Three days ahead of the meeting, the invitation was announced through newspaper for three days, to allow the shareholders enough time to prepare for the meeting.

The AGM meeting notice and supporting documents were made available at CIG's website 30 days prior of the meeting date.

Organize of the Meeting

Before each meeting, the secretary of the meeting introduces the directors, management team members, the external auditor and the legal adviser who acts as a moderator. After explaining the company's rules on voting and vote counting for individual agenda items, the chairman must clearly address how to vote on each agenda item. Once information has been provided for each item, the chairman gives the floor to all attendants to express opinions or recommendations and ask questions, giving adequate time for debate. The chairman and the management are to address and answers all questions clearly and precisely, treating all questions with due respect. For the election of directors, individual votes are required.

The chairman ensures that the meeting proceeds according to the order of the agenda and does not add an item without notifying shareholders in advance. If the meeting should decide to change the order of the agenda, it would need at least two-thirds of the vote of the shareholders in attendance. Alternatively, the shareholders with at least one-third of all the sold-shares may ask the meeting to consider other matters not mentioned in the meeting notice. At the 2016 AGM, the order of the agenda was not changed and there was no request to consider any other matter.

The minute of the meeting must be completely and accurately recorded. Voting completes each applicable agenda item. As a rule, shareholders' meetings last 2 hours. The 2016 AGM began at 13.30 hrs., with registration beginning at 12.00 hrs. At the meeting's opening, the shareholders and proxy holders in total of 72 shareholders which holding 309,444,960 shares or 35.78% of the total shares sold, which exceeded one-third of all the sold shares of 864,768,632 shares.

Disclosure of Shareholders' Meeting Outcomes

For the year 2016's AGM, the company duly submitted the summary of resolutions made to SET and the SET Board within the afternoon of the date of the meeting (April 29th, 2016). It also duly submitted the report of the shareholders' meeting with minutes, voting records, and every question raised by shareholders to SET and the SET Board within 14 days after the meeting which also could be access via the company's website.

Equitable Treatment of Shareholders

The company treats all shareholders fairly despite different shareholding proportions and thus different voting proportions. The fundamental rights of the shareholders are conserved regardless of their gender, age, origin, nationality, religious belief, physical impairment or political inclinations. At the AGM, the company has set staffs to take care and services shareholders. For any activity of the company, it will also open opportunities to everybody without any condition.

Proposing Additional Meeting Agenda Items and Nominating Directors

To enable minor shareholders to earnestly take part in business operations and auditing, the company has defined the criteria and consideration process for entitling them to propose meeting agenda items and/or nominate directors in advance to deliberate agenda items that could be useful to the company, including the selection of qualified directors to perform their duties efficiently in the best interests of the shareholders and all stakeholders alike. In practice, the company gives a right to one shareholder or shareholders with a combined holding of at least 5% of sold shares and paid-up shares of the company not less than 12 months to propose agenda items or nominate qualified directors before the AGM during the last quartet of the last year.

For the AGM of year 2016, the company posted such criteria on its website and posted an announcement on the website of SET from 11 September to 30 December 2015, so that the shareholders could propose meeting agenda items and/or nominate directors in advance. However, it attracted no recommendation of such agenda items and no nomination of directors, and the Corporate Secretary has duly informed the Board meeting on the matter.

Facilitating Shareholders at the Meeting

For the 2016's AGM, the company facilitated all shareholders by manning officers to welcome and take care of them, and provided adequate convenience. The meeting venue was well chosen to facilitate all shareholders. Officers were set to verify documents. On the meeting days, registration opened 2 hours ahead of the meeting and extended until the period before the last meeting agenda. A barcode system quickened registration. Finally, the shareholders had access to a reception and felt free to have some snacks which the company had set for treating them.

Since most of the shareholders attending the meeting were Thai, each meeting was conducted in Thai. However, for the benefit of foreign shareholders, the company commissioned the translation of shareholders' meetings, supplementary documents and other relevant documents in English.

Appointing Proxy

To maintain the rights of shareholders who cannot attend the 2016 AGM in person, they can appoint proxies or delegate their votes to the assigned independent director of the company in attendance. To this end, the company has specified these independent directors' name in proxy form defined by the Ministry of Commerce for voting on behalf of shareholders without conditions. The company shall treat proxies as if they were shareholders. Thirty days ahead of each meeting, the company discloses the proxy form, which is attached along with details and procedures on its website. Shareholders may make further inquiries about this by phone or other channels such as the company's website or e-mail.

Stakeholder's Role

The company has valued the significance of privilege of all stakeholders in respect of maintaining the company's interest and the benefit, right and equitability of shareholders and stakeholders which include company's shareholder, employee, trade partners, customers, competitor, social and environmental setting as follow;

Shareholders

The company directors are dedicated to work with transparency and honesty for the best interest of shareholders and promote long term value creation for all shareholders. All information that might affect the share prices and/or important decision makings must be disclosed in a timely manner.

Employee

All employees are vital to the business. The company acknowledges the importance of all employees, providing equality, giving equal benefits, promoting teamwork and respect human rights. The company tries its best to provide good and safe working environment, giving attractive remuneration, proving good welfare and technology necessary to support their work. Moreover, the company tries to prevent any sexual harassment and provide all the rights to employees to comply with the labor laws.

The company believes that the company's growth depends on high quality personnel. Therefore, the company has a policy to develop and improve management system and promote human resource development so that they their potentials are maximized. The company is trying its best to become a high performance organization so that it maintains its competitiveness and adaptability to changes.

Guidelines

1. The company treats all employees with equality without origin, race, sex, age, skin color, religion, disability, wealth, status, education or other discriminations.
2. The company gives equal opportunity for all employees to work and provide suitable remuneration with positive motivation such as salary, bonus, and other benefits according to the company's regulations while providing long term and short term training.
3. All employees must dedicate themselves to their duties and responsibilities with good attitude, honesty and ethics. They must not directly or indirectly transfer their responsibilities or duties to other persons unless it is necessary to do so.
4. All employees must work according to their line of command. In most cases, they must receive orders or instructions from their direct manager. They should avoid criticizing their direct manager or other employees that might cause damages to such person or to the company. All employees should be open to opinions of subordinates, managers and colleagues without bias or prejudice.
5. All employees may use company resources, venue and other facilities in their work. They must not use company resources, venue or other facilities for their own use.
6. Employees must be polite, dress property and comply with local customs without creating bad image or impression to the company.
7. Employees may use the name and their title for charity use that the company is involved but they must not use the name and title for their own benefits.
8. Employees should cooperate with company's activities to promote team work or good causes.
9. Employees must not cause troubles, irritations, confrontation or disturbance, sexual harassment to other employees or other persons.
10. The company promotes employee's rights according to labor laws.

Business Partner

The company pays great attention to business partners which are important stakeholders. The company treats all business partners equally based on fair competition with respect and mutual cooperation. The company maintains business relationship and honors all contracts. Purchasing system is carefully monitored and transparent for auditing.

Guidelines

1. Company's purchasing department considers the needs, price and quality of products or services it tries to acquire. Purchasing procedures must comply with the company's rules and regulations with transparency. Information is equally distributed to all suppliers without bias or special treatments to promote fair competition. Procurements are based on international practice with careful consideration and suitable for each situation while complying with the laws and regulations applied to governmental sector.
2. The company promotes equality to all suppliers and among themselves. The company allows adequate time for suppliers to prepare paper works and quotations to the company.
3. Employees must not ask for any benefits or compensations in procurement process and must remain neutral. They must maintain business ethics and avoid conflict of interest with the suppliers.
4. Purchasing department and related employees must gather all evidence such as approval, quotation, negotiation papers or contracts for future reference.
5. The company must comply and honor all contracts. In case that the company is unable to fulfill the contract, related employees must notify the management in order to seek remedial actions.
6. All employees related to purchasing or procurement is responsible for good governance between the company and suppliers in a sustainable basis.

Creditor

The company will act as a good debtor, taking into account the interests of both parties and strictly comply with the conditions of creditors.

Guidelines

1. Strictly comply with contract terms with creditors in terms of payment and other terms which have been agreed with creditors.
2. Disclose financial information to creditors according to the contracts in a timely manner.
3. Notify creditors in case of non-compliance with the terms of the contract and try find solutions to such problems.

Customer

The Company focuses on the satisfaction of its customers who buy goods and services from the company with fair pricing, quality, commitment to product development and provide safe, fast and comprehensive quality to continuously meet customer needs.

The company utilizes quality management system, Security, safety, health and environment in the operation to focus on quality management process to deliver products and services to create customer satisfaction. The company put safety as the first priority by adopting standards such as ISO 9001:2008/ CSA/UL into practice.

The company applies customer management and marketing consistent with the vision and mission of the company to meet the needs and expectations of a wide range of clients.

The Company's process of listening to our customers includes 1) direct contact via channels such as common meetings, training, seminars, etc. 2) contact through media channels such as phone, fax, website and Social Network etc. 3) satisfaction survey covering all segments. Different data from each channel will be analyzed so that the company is aware of customer's needs for future design and development of products.

The Company implements complaint handling process in the event of customer dissatisfaction on the services or products via channels for complaints mentioned above. All customer complaints will receive an initial response within 7 days and a response on expected remedial actions will be given to the client. Progress of remedial actions will be communicated to the client from time to time. Upon completion of the corrective actions, the client will be informed in order to maintain customer confidence in the company.

Competitor

The company operates within the framework of the principles of fair competition and does not violate the rights of competitors. Competition by way of capitalism liberalization in business will be conducted fairly. No misrepresent, fraud or invalid claims will be used in such competition.

Guidelines

The company operates in a free market. Business operations will conform with fair competition without false claims to competitors.

Company supports the commercial competitors to the benefit of consumers. Cooperation between the Company and competitor must not be for the exclusive allocation of revenues and market share. Reducing the quality of products and services and manipulation of pricing of products and services will cause a negative effect on consumers as a whole. Personnel of the Company must be careful when dealing with competitors staff of all competitors and not to disclose confidential information to competitors.

Community and Society

The company is a part of society. Thus it is responsible for developing and gives back to the community and society as a whole. For the company's sustainable growth based on the development of social policy, the company is committed to the community and social activities focusing on the development of society, the environment and conserve natural resources, supporting religion including education of young people and support activities in the community.

Respect for International Human Rights Principles

The company requires all its directors, the management, and employees observe laws, customs, and culture which differ in each country that the company invests in and strictly respect international human rights principles under the Universal Declaration of Human Rights; it does not condone its violation.

Guidelines

1. Employees must understand and comply with all laws related to their duties and responsibilities.
2. Employees who are required to work in foreign countries should study local laws, customs and cultures of the countries they are visiting so that all products, samples and equipment, documents and operation procedures comply with local laws and customs.
3. The company must comply with international human rights guidelines and must educate its employees while avoiding activities that violate them.

Intellectual property or copyright and the use of information/communication technology and communications

The company encourages employees of the company to use Information Technology and communication to enhance the understanding outside parties for the benefit of the company. They must carefully use such technology and respect the rights of intellectual property owners.

Guidelines

1. The company encourages employees to use the internet to work related matters. Employees must not interfere with the system and others in the office. They must not use the computer system of the company to publish information that is not suitable to customs and traditions or violates the laws, such as damage to reputation and assets. The possession of pornography and forwarding abusive mails or personal advertisement are also prohibited.
2. Employees must use licensed programs. Should they work on external computers, they must verify the required licenses and inform the management. They must not install or use illegal programs in the company.
3. Employees must protect their own password and never tell anyone. They should not use suspicious websites which may be harmful to the company's computer system.
4. In case that the employees require external user to use the company's computer system, they should oversee all the usage and they must be responsible for any damages that might result from such use.
5. The company will check, search, track, investigate and control use of Information technology system of the company for security and safely purposes.

Employee Safety and Welfare

The employee's welfare and safety on workplace has been emphasized by the company. Not only having provided the employees with general health insurance and special welfare for those employees who work under the risk situation or risky area, the company also requires that employees who are assigned to perform duty in high risky area and supervisors at every level in the organization shall be trained on the workplace safety in accordance with the workplace safety law, Ministry of Labour. This is to enhance the employees and supervisors of different work units to realize and manage their subordinates safely to avoid the accident or illness caused by working.

Currently, the company has set up the Workplace Environment and Bio-Hygiene Safety Commission, which included professional safety officials, management safety officials, and supervisor safety officials. All commission shall be trained on the work safety according to the curriculum provided by the Ministry of Labour, and responsible for coordinating, promoting, and enhancing the work safety area to employees. In addition, Enterprise Place Welfare Commission has been established aiming to take care of the employees, coordinate the understanding between the company and employees. Also, the company has partaken as member of the "White Plant" project to express the intention of the corporate social responsibility to cope with the proliferation of illicit drug problems which are currently spreading over the business places according to policy promoted by the Ministry of Labour.

Receiving and Offering Customary Gifts, Assets or other Benefits

Giving and receiving gifts is essential for the company personnel to show they care or appreciate. However, it is unacceptable to offer and/or receive gifts, assets, or other benefits that may bring about obligation difficulties, affect decision making or eventually harm the company in any way. Bribery and corruption are strictly prohibited which will be complied with the related laws.

Guidelines

1. Non-extravagant gifts, assets or other benefits may be given and received so long as they are moral, legal and it is a customary local practice. When either the given or the recipient have any doubts or believe that such gifts, assets or other benefits may not be appropriate, the gift shall be returned. If it cannot be returned, it shall be delivered to the Office or President and Corporate Secretary to be kept in their custody as the company property.
2. Ethical and legal gifts or assets of appropriate value may be received from persons with whom personnel have associated with if it is the general practice and there are no ulterior reasons. The Company personnel must not illegally accept gifts.
3. The Company prohibits its personnel and their family members at all levels, under any circumstances, to solicit or receive gifts, assets or other benefits from contractors, sub-contractors, customers, trade partners or other related parties, which may lead to unfair judgments, impair decision making or create conflicts of interest.

4. The Company personnel are responsible for reporting and gifts, assets or other benefits they have received. The Company shall frequently communicate its policies related to giving and receiving gifts, assets or other benefits to its contractors, sub-contractors, customers, and trade partners.
5. The Company personnel shall not offer bribes or other similar benefits to other company personnel or outsiders, especially government officials. When offering gifts, assets or other benefits to government officers in Thailand and other countries, it must be ensured that such offerings or not against the local law and customs.

Disclosure of Information and Transparency

Financial and Non-Financial Reports

The company trusts that disclosure of information is a key index of transparency, an important factor to create confidence among investors and stakeholders. Thus, it is important to control and set standard in disclosure of information in both financial and non-financial to be precisely correct and accurately align with the required laws and regulation. The information must include all major concern, is adequate, trustable and on-time both in Thai and English. Channels of disclosure information are through the Set Community Portal' system of the SET and SET Community Portal and through the company's website. The company strictly respects rules and regulations as set forth by SET, SEC and other government organization and following up all the changes (if any) at all time to ensure if the company's policies and regulations are correct including the standard set which could ensure shareholders' trust in our transparency, accuracy and accountability. The company also creates appropriate mechanism to receive complaints and fair treatment both for those who file complaints and those who have been complained such as:

1. Disclose information both financial and non-financial correctly, accurately and on-time.
2. Prepare Report of Directors' Responsibility on Financial Report together with Auditor Report in the company's Annual Report.
3. Set policy to make directors and managements to report all interests that are involved with interest of the company and affiliates of themselves and related person by having criteria and method of reporting as follows:
 - Report by the time of positioning as Directors and Management.
 - Report every time if the significant information have changed.
 - Report every end of the year.
 - In case the Directors retired by rotation which are chosen to be in the same position continuously, they do not need to submit new form if there is no change in the information reported.
 - The Directors and Management must submit Interests Report Form to the Corporate Secretary and the Corporate Secretary must submit the report form to the Chairman of the BOD and AC within 7 days after receiving the reports.

4. Disclose information of the directors' performance and number of attendance to the meeting individually.
5. Clearly disclose operation structure and investment in affiliates and subsidiaries.
6. Disclose the Director's remuneration of each director from acting as the Company's Directors.
7. Disclose Compensation Policy for directors and executive managements in details.
8. Report on Corporate Governance Policy and results of perform as per the policies.
9. Disclose all significant investment projects and effects of investment through SET Community Portal of the SET and the company's website for investors, shareholders, mass media and related persons aware of the information thoroughly correctly and transparently.

Investor Relations

The company has assigned the Central Management by the executive directors and MD to disclose the company's information and responsible for getting contact with the analysts and related investors. The company has focused the accuracy and transparency of the information disclosure for the benefit of the investors through the company website <http://www.coilinter.com>. If any questions relevant to disclosure or further information, they are recommended to contact the Central Management at call 02-976-5290 or via email: secretary@coilinter.com

Complaint-Filling and Access to Information

All stakeholders have equal access to the company's public information, including reporting of news and leads, whether inside the company or outside the company through the company's website, by phone, letter or e-mail to the Corporate Secretary Office:

- Tel: 0-2976-5290
- Web site: www.coilinter.com
- E-mail: secretary@coilinter.com

The queries, comment and recommendations will be forwarded to relevant units to take action through complaints management system. Follow-up on the action is done through e-mail. When completed, responsible units will notify the contact(s) person.

The company offers opportunities for the public to complain on improper behavior of directors, the management, and staffs or their violation of the company's business ethics through Internal Audit (Corporate Audit) and/or the Corporate Secretary Office. The company treats all complaints on the basis of equality, transparency and fairness to all concerned. An appropriate timeframe to consider the complaints is set and the secrecy and protection of those who file the complaints will be observed through the following channels:

- The Corporate Secretary : secretary@coilinter.com
- The Corporate Audit (Internal Audit): internalaudit@coilinter.com

For the year 2016, no complaints on ethics were made.

Board Responsibility

Segregation of the Chairman and the President&CEO Position

To segregate policy-making duties from those of day-to-day management and to enable directors to oversee, look after, and assess performance effectively. The company has required that the Chairman and the President&CEO are always two distinct persons. This is because the Chairman needs to oversee the management's performance, guide, and assist, but not to take part in or interfere with day-to-day management, which is the duty of the President&CEO under the authority delegated by the Board.

In addition, the Chairman must exercise leadership and ensure that directors do not fall under the influence of the management, partly by chairing Board meetings and shareholders' meetings fairly and efficiently, while encouraging participants to exercise their voting rights and strictly comply with good CG principles.

Board Meeting

The company has policy that the Board of Directors shall convene the meeting at least every three months, and additional meeting is permitted when necessary. At any meeting, the agenda shall be predetermined precisely and the letter of meeting appointment shall be mailed seven days in advance so that the Directors shall have enough time to investigate the related matter and topics reasonably prior to commencement of meeting. The detailed discussion at the meeting shall be recorded in writing, and the Board-approved meeting report shall be retained and be verified by the Board and concerned persons.

Overall, the Board of Directors has held 10 meetings in the FY 2016 which are 8 BOD, 1 AGM and 1 EGM. The directors could propose idea and opinion open and freely. For which agenda that may relate or has any conflict of interest to the directors, the said directors will not vote or even not attend the meeting during the agenda.

Self-Assessment of the Board

The company has decided the self-assessment of the Committees to align with the company's CG principles which complied with the SET's. It was to be a vital tool for improving Board performance, provide reference data for the corporate governance rating, cover the assessment of all committees, as well as serving as information for the monitoring/assessment from external auditors. There are two types of self-assessment forms, Assessment of the Board and Assessment of individual Directors which must be filled independently (Self-Assessment). The Self-Assessment Form has criteria by calculating into percentage of each item's total point as follows:

Over	85% =	Excellent
Over	75% =	Very Good
Over	65% =	Good
Over	50% =	Fair
Below	50% =	Need improvement

The findings from the self-assessments were as follows:

Assessment of the Board consisted of four categories:

1. Construction and Qualifications of Directors
2. Directors' Meeting
3. Roles, Duties and Responsibilities of the Directors
4. other matters such as relationships with the Management, self-assessment and improvement of the Directors and the development of the Management.

Overall results were good for most directors, with an average score at 88.94%.

Assessment of Individual Directors (Self-Assessment) consisted of three categories:

1. Construction and Qualifications of Directors
2. Directors' Meeting
3. Roles, Duties and Responsibilities of the Directors.

Overall results of the three categories indicated excellent conformance by most directors, with an average score at 81.00%.

Assessment of the Audit Committee's Performance

Under the company's Audit Committee Charter 2013 on performance assessment, the Audit Committee Manual for State Enterprises under the Ministry of Finance, and SET's Good Governance handbook for internal auditors and the audit committee section 1.1: responsibility of the Audit Committee, the Audit Committee must assess its performance by undertaking self-assessment at least once a year. The individual self-assessment or the entire Committee's assessment is presented yearly to the Board, specify in problems leading to unfulfilled objectives. The Audit Committee's meeting No. 1/2016 on 29 February, 2016, passed a resolution to use the assessment form since it conform to the good governance stipulated by SET, with a waiver of cross-assessments because there were only three audit committee members. The Audit Committee's Meeting No. 1/2017 dated 28 February, 2017, passed a resolution to approve the assessment of the Audit Committee's performance 2016 with the following details:

Assessment of the entire committee consisted of the structure and composition/role and responsibilities/relationship with the Office of Corporate Audit and the external auditor/relationship with the management/reporting /quality consistency.

The assessment criteria were 3 = regularly implemented 2 = sometimes implemented
1 = not implemented

The result of the assessment of the entire Audit Committee was at the regularly implemented level.

Directors and Executive Remuneration

The competitive and reasonable remuneration has been designed to the Directors and executives by the company at the similar level to the industry compensation and no surplus compensation has been paid. The committee remuneration pay shall be based on the meeting allowance depending on numbers of attendances, which shall be approved at the company's shareholder meeting. On the other hand, the executive remuneration shall be based on individual executive's performance and company's performance. It's believed that such incentive remuneration could be so motivated that powerful personnel can be retained.

Director's Compensation

The 2016's Annual General Meeting of the shareholders on 29 April, 2016 had resolution to approve Director and Audit Committee's remuneration for the year 2016 not exceeded THB 8,000,000 per year, there were details of compensation as follows:

POSITION	DIRECTOR'S COMPENSATION	MEETING ALLOWANCE THB 5,000/PERSON/TIME
Chairman of the BOD	THB3 0,000 / Month	Meeting Allowance will be paid to Directors who attend meetings only (BOD and AC)
Chairman of the AC	THB 15,000 / Month	
Directors	THB 25,000 / Month	
Independent Directors	THB 25,000 / Month	
Audit Committee	THB 12,500 / Month	

Policy on Serving as Directors of Other Companies

In the year 2016, CIG had 2 affiliates, so the company put highly attention to adopt group management structure for synergy and alignment of policies. To achieve this, the company has appoints directors or management team members to serve as directors in these companies to supervise policies and business management which align with the company's for the benefit and value addition for all stakeholders. The objectives for such appointments are as follows:

1. To ensure that the management of a given company aligns with the policy of the CIG's group companies; to monitor its overall business performance to align with the company's policy and institute comparable standards.
2. To establish synergy for the business of the company's group and add value to all related parties.
3. To apply specific expertise in support of business, including financial know-how to improve accounting and financial processes to enable a given company to grow robustly. This includes assistance to companies outside the group. The resulting application of the knowledge and expertise gained from serving in such leading companies will enhance the benefit to the company and foster cordial relations and business alliances for the company in return.
4. This is part and parcel of the responsibility of directors and the management of the company.

The company currently has three directors in the Director's Pool. The company has set a policy to limit the number of listed companies in which each director or management can hold a directorship to a maximum of three. This policy aims to protect the Company's best interests and to ensure that directors have sufficient time in performing their duties. This policy is also set to decrease the risk of conflict of interests and to ensure conformance to applicable laws and related regulation.

Directors' Development

The Board and the management value regular participation in development training relevant to their performance, as seen in each of their profiles. Most directors have undergone training with Thai Institute of Directors (IOD). The company supports and encourages their training with IOD as well as other institutes in all relevant courses throughout the year. In addition, it stages study trips to other agencies and organizations to promote helpful initiatives for application to the company's business.

Related Transaction and Acquisition/Sales of Company's Assets

In case that the company and its affiliates have some transaction relevant to or acquiring or sales the company assets that may lead to any kind of interest conflict, the company has to conduct the measures to bring forth the transparency and equitability for the benefit of the shareholders, by embracing the following guidelines;

1. The transaction is regarded for the company interest as the transaction with the outsiders.
2. The transaction is passed on comments through entering the transaction under sound consideration of the audit committee in term of reasonability and price appropriation.
3. The transaction is consented by the Board of Directors transparently in conjunction with the stockholder's decision-making.
4. Information is disseminated to those concerned persons equitably.

Dividend Policy

The Company has a policy to pay an annual dividend not less than 50% of the Company's net profits after deducting all provisional reserves required by the Articles of Association and law. However, the dividend payments are subject to the Company's cash flow, investment plans of the Company and its subsidiaries, necessity, and other suitability as per the consideration of the Board of Directors.

RELATED-TRANSACTIONS

Detailed Related-transactions

As during 2014-2016, the company and its subsidiaries transactions with party that may cause the interest conflict, the company has to undertake the following transactions with necessity and reasonability;

Related Individual / Juristic Person who may cause conflict of interest	Relationship	Description	Related-transactions Amount (million Baht)			Necessity and reasonability of transactions
			2014	2015	2016	
1. De lamai Co.,Ltd / Hotel Business	C.I.Group Pcl., has held the ordinary shares 99.97% of the paid up capital of the De lamai Co.,Ltd. and Joint Directors ,	Long-term Loan	79.40	179.62	174.80	For using as working capital
		Interest receivable	1.98	1.98	5.19	
		Short-term Loan	-	-	2.00	For using as working capital
		Interest receivable			0.009	
2. Fakwantip Co.,Ltd	C.I.Group Pcl., has held the ordinary shares 99.98% of the paid up capital of the CIG (Thailand) Co.,Ltd, has invested in Fakwantip Co., Ltd as a joint venture in a portion of 29.67% of registered capital	Short-term Loan	-	-	10.00	For using as working capital
		Interest receivable	-	-	0.03	For using as working capital

Measures or Approval Procedures for Related-transaction

In the inter-transaction procedures, it's necessary to be reasonable to allow the optimum interest of the company. That contingent inter-transaction should be considered based on reasonability and necessity. Pay and wages should be made in accordance with the fair price in the market and should be approved by the audit committee. Having such the preceding event occurred, the audit committee shall determine based on the necessity and reasonability of the transaction, and inform their opinion at the Board Meeting

Future Related-Transaction Policy

For any contingent inter-transaction, the Directors shall not approve any transaction that he/she or related party may invoke any kinds of the interest conflict against the company interest and such transaction should be disclosed in the presence of the audit committee to determine whether or not it is classified as general business with fair price, and further submit the Directors for approval.

However, the company has embraced the practices in accordance with the applicable law relevant to the security and the stock exchange, regulation, proclamation, order or the rule of the Stock Exchange of Thailand, including disclosure procedures for the related transaction, acquisition or distribution of the crucial assets of the company or the affiliates.

REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Board of Directors is responsible for the Company's financial statements, the consolidated financial statement of the Company and its affiliated companies, and the financial information stated in the Company's Annual Report. These financial statements were prepared in accordance with generally accepted accounting standards in Thailand, which are based on appropriated accounting policies applied and practiced on a regular basis. The financial statements were carefully prepared based on the most accurate and up-to-date information available. All relevant information related to the policies and practices used to prepare these financial statements are sufficiently disclosed in the Notes to the Financial Statements in order to maintain the Company's high standards of transparency for the benefit of shareholders and investors.

The Board of Directors has initiated the adoption and maintenance of an effective system of risk management and internal control which provides reasonable assurance that the Company's accounting records are accurate, complete, and sufficient to protect the assets of the Company. This system is also designed to prevent serious misconduct or other irregularities in the operation of the Company.

The Audit Committee was appointed by the Board and comprises independent directors to oversee the quality of the Company's financial reports and internal control procedures. The Audit Committee's view regarding such matters is disclosed in this Annual Report under the Audit Committee's Report.

In the Board of Directors' opinion, the Company's internal control system is satisfactory and can assure the reliability of both the Company's financial statements and the consolidated financial statements of the Company and its affiliated companies as of 31 December 2016.

Pol.Gen.



(Prung Boonpadung)
Chairman of the Board of Directors



(Aree Poomsanoh)
Chairman of the Executive Committee

MANAGEMENT DISCUSSION AND ANALYSIS

Description and Analysis of Financial and Performance

Conclusion of Operational Performance for the Fiscal Year 2016

The following conclusion of the company's financial and performance is an analysis upon the Financial Statement of the Company, C.I.Group (Public) Company Limited and its affiliates (company) as states in Notes to Financial Statement item 1. General Information.

Operation Performance

(1) Overall Performance

Thailand's overall economy slightly declined for the year 2016 as a result of slow global economic recovery and domestic demand, both consumption and investment. Moreover, there were economic and political uncertainties. As a result, the overall electrical industry saw a downturn in demand across the board from slow recovery in domestic demand and exports. Home appliance and electronics industries play a key role in creating revenue for the country but many manufacturers have started migrating from Thailand to nearby countries from the increasing cost of labor. In the near future, industrial electrical and electronic industries are expected to rely on automatic manufacturing process to reduce labor cost. The industry's SMEs must adapt and develop the skills to work with new technologies. Thailand begins to face more risk factors such as lack of labor, high wage cost and restrictions on investment.

With current domestic and international situation, the company has not achieved all of its goals, and with that, the overall performance has declined compared to those of previous years. The company and its subsidiaries reported net loss of 1.96 million Baht and net loss of 7.27 million Baht for 2016 and 2015 respectively. In 2016, the company recorded sales of 884.60 million Baht. The gross profit margin increased 1.36% compared with that of last year and the cost of goods sold per sales decreased from 85.57% to 84.21%.

Overall, the decreased cost of goods sold is a result of production process efficiency improvement, causing lower raw material usage and decreasing production expenses. This combined with lower interest expense due to short term debt repayment.

(2) Financial Performance for Each Business

1. Income

The company recorded revenue of 957.66 million Baht, a decrease of 137.89 million Baht or 12.59% compared to revenue of 1,095.55 million Baht in 2015. Details for each business units are as follow;

Unit: million Baht

	2016	2015	Change	
			Amount	Percentage
Manufacturing Business	904.20	1,043.85	139.65)	(13.38)
Hotel Business	22.20	23.06	(0.86)	(3.73)
Trading Business	-	-	-	-

Revenue from the hotel business has decreased slightly from last year (2015) due to decreasing of customer from world economic which makes overall revenue reduced MB0.86 states in the 2016's Financial Statement when compare to the last year. By that the company did consider to resolve the lost problem by selling Leasehold and assets in total of MB200 (two hundred million baht) which is installment THB5,000,000 (Five Million Baht) in every last day of each quarter, three months, in total of 40 times (10 years). When the buyer fully paid, the company will transfer the leasehold and assets immediately. The Company will let the buyer totally manage this hotel business start from 1st January, 2016.

Revenue from sales and services

Unit : million Baht

	2016	2015	Change	Percent
Revenue from sales and services	926.40	1,066.91	(140.51)	(13.17)
Revenue from domestic sales	573.33	625.50	(52.17)	(8.34)
Revenue from export sales	353.07	441.41	(88.34)	(20.01)
Deduct Cost of sales and services	781.52	914.51	(132.99)	(14.54)
Gross Profit	144.88	152.40	(7.52)	(4.93)

2. Cost of sales and gross profit margin

Cost of sales in 2016 amounted to 781.52 million Baht, a decrease of 132.99 million Baht or 14.54% compared to cost of sales of 914.51 million Baht in 2015. The decrease cost of sales is a result of decreased sales. On the other hand, when compared in term of portion, the costs of sales was decreased from production efficiency improvement and cost reduction programs have resulted in decreased material costs and manufacturing expenses. Thus, gross profit margin in 2016 increased by 1.36% from that of 2015.

3. Sales, general and administrative expenses

Sales, general and administrative expenses in 2016 amounted to 164.73 million Baht, a decrease of 4.11 million Baht or 2.43% compared to 168.84 million Baht in 2015 due to export expenses which was in line with decreased export sales..

4. Interest expenses

The company recorded interest expenses of 7.10 million Baht in 2016, a decrease of 0.24 million Baht or 3.31% compared to 7.35 million Baht in 2015 due to short term loan repayment and defaulted loan.

Profitability

Description	2014	2015	2016
Profitability Ratio			
Gross Profit Margin (%)	11.38	14.28	15.64
Operating Profit (%)	11.36	0.46	0.47
Cash Profitability (%)	282.22	125.17	128.87
Net Profit (%)	8.12	(0.66)	(0.21)
ROE (%)	15.18	(0.92)	(0.25)
ROA (%)	7.22	(0.59)	(0.17)
ROFA (%)	32.07	13.77	12.89
Asset turnover (times)	0.89	0.88	0.84

Return on Asset (ROA) increased from (0.59%) in 2015 to (0.17%) in 2016 and Return on Equity (ROE) increased from (0.92%) in 2015 to (0.25%) in 2016. Net loss of the company fall from 7.27 million Baht in 2015 to net loss of 1.96 million Baht in 2016 due to the following factors;

Factors affecting the company's profitability in 2016**1. Changing commodity prices of raw materials**

Average raw material prices have decreased from that of 2016 while the company's pricing depends on commodity prices. With the business nature of the company, 2 months minimum stock is required and this inevitably creates a gap between actual price charged to customers and actual cost. The company strives to improve its raw material and inventory management and change pricing policy to cover existing risks.

2. Cost of sales

Overall cost of sales have decreased because the company had improved production efficiency and cost reduction programs have resulted in decreased material costs and manufacturing expenses which helps improve profitability.

3. Exchange rates

The company received import tax benefit for import of its main raw materials so the company orders its raw materials from overseas especially China. Therefore, the company is exposed to exchange rate risks. At the same time, the company also exports to overseas markets. Thus, if the company can maintain a good balance between export sales and raw material imports, the company will have less exposure to exchange rate risks.

Factors Effect to Future Operation Performance

1. Wage

Due to the government's policy on minimum wage which was a bit different in overall country has caused further labor shortage. As labors from upcountry find it unnecessary to work in Bangkok vicinity as they can work in their home towns getting the similar wage resulting in a higher labor cost pushes up manufacturing cost. The company however, has acted on this by employing migrant workers and focuses on new technologies such as new automatic machinery to reduce labor dependency.

2. Exchange rates

Should US Dollars become volatile, the company may receive higher or lower order volumes which will affect sales. The company may delay placing orders for raw materials because copper and aluminum are the product's main cost which will directly affect profitability of the company. However, the company is fully aware of the exchange rate risk and systematically manage such risk by using financial instruments such as Forwards and natural hedging by balancing raw material imports and export sales.

Audit Fee

Audit Fee for 2014-2016

	(Baht)		
	2014	2015	2016
Audit Fee	1,100,000	1,160,000	1,325,000
Non-Audit Fee	80,000	114,860	143,312

Remark : Non-Audit Fee such as fee for additional financial statement report, traveling expense, overtime and daily allowance.

AUDITOR'S REPORT

To the Shareholders of C.I. GROUP PUBLIC COMPANY LIMITED

Qualified Opinion

I have audited the accompanying consolidated financial statements of C.I.Group Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2016, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of C.I.Group Public Company Limited for the same period.

In my opinion, except for the effect which may happen as discussed the Basis of Qualified Opinion paragraph. The financial statements referred to above present fairly, in all material respects, the financial position of C.I.Group Public Company Limited and subsidiaries and of C.I.Group Public Company Limited as at December 31, 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis of Qualified Opinion

As mentioned in Note 8 to the financial statements, as at December 31, 2016, the Company has loan to other person, the principal amount Baht 26.88 million and accrued interest receivable amount Baht 12.03 million. Due to the borrower default, the Company filed lawsuits against the borrower. The court has the verdict that orders the borrower to repay the debt to the Company. In case of fail, the collateral should be forced sale, if the forced sale amount is inadequate, the debtor's personal assets shall be forced sale. At present, the Company has been following up the confiscation of the debtor which are condominium and many pieces of land. The handed over common shares of a company as collateral have been kept under the custody of the Company for confiscation after condominium units and many pieces of land of the debtor have been confiscated.

The above factors cause the Company is unable to determine a suitable net realizable value of the receivable. Thus, no allowance for doubtful accounts has been provided. Therefore, I am unable to audit the "Default payment of loan to other person" account.

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

Key Audit Matters

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

1. The completeness of allowance for diminution in inventories.

As at December 31, 2016, as described in Note 10 to the financial statements, the Company has provided allowance for diminution in inventories amount of Baht 17.10 million. According to Note 3.5, the Company has provided allowance for diminution in inventories by considering the current condition of inventories whether it is deteriorated or obsolete, which may result in the completeness of recording allowance for diminution in inventories.

I have audited the accuracy and completeness of inventories data to be set up the allowance for diminution in inventories and the accounting policy of allowance for diminution in inventories including the valuation of inventories which stated at cost or net realizable value, whichever is the lower. All audited to ensure the allowance for diminution in inventories are properly recorded and complete.

2. The completeness of the revenue recognition from export sales.

According to Note 3.1 sales of goods are recognized when the significant risks and rewards of ownership of the goods have passed to the buyers. The statements of comprehensive income for the year ended December 31, 2016, the Company has export sales amount of Baht 353.07 million accounted for 38.11% of total revenues. The terms of export sales have many conditions. Each of the conditions, the significant risks and rewards of ownership to buyer are different, which may result in the accuracy and completeness of the revenue recognition from export sales.

I have assessment and testing of revenue recognition system, account receivable and settlement, examined the related supporting documents of the revenues recording from export and cut-off. All audited to ensure the revenue recognition from export sales are properly recorded and complete.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report, but does not include the 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 financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for our audit opinion.

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

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

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

(Dr. Virach Aphimeteeamrong)

Certified Public Accountant Registration No. 1378

February 28, 2017

STATEMENTS OF FINANCIAL POSITION

C. I. GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES
AS AT DECEMBER 31, 2016

	Notes	BAHT			
		CONSOLIDATED		SEPARATE FINANCIAL	
				STATEMENTS	
		2016	2015	2016	2015
Current Assets					
Cash and cash equivalents	3.2 and 4	50,608,087	48,018,055	47,304,322	44,724,968
Short-term investments	3.3 and 5	660,000	900,000	660,000	900,000
Trade and other receivables	3.4 and 6	218,552,081	168,881,814	218,659,793	172,320,047
Short-term loans to related parties	7	10,000,000	-	13,011,500	2,000,000
Default payment of loan to other person	8	38,910,289	38,910,289	38,910,289	38,910,289
Short-term loans to other person and company	9	-	30,500,000	-	30,000,000
Inventories	3.5 and 10	128,035,125	181,137,737	126,526,418	180,987,549
Other current assets		2,462,683	1,911,770	2,211,967	1,717,339
Non-current assets classified as held for sale	3.6 and 11	1,329,839	-	1,329,839	-
Total Current Assets		450,558,104	470,259,665	448,614,128	471,560,192
Non-current Assets					
Investments in subsidiaries	3.7 and 12	-	-	52,985,000	52,985,000
Other long-term investments					
Investments in other company	13.1	30,000,000	30,000,000	-	-
Bank deposits with obligation	13.2	-	38,000,000	-	38,000,000
Total other long-term investments		30,000,000	68,000,000	-	38,000,000
Long-term loan to subsidiary	14	-	-	183,500,000	174,800,000
Investments property	3.8 and 15	61,101,753	61,156,355	61,101,753	61,156,355
Property, plant and equipment	3.9 and 16	526,760,942	530,752,659	391,508,588	386,165,917
Deferred leasehold land	17	19,294,213	20,604,016	-	-
Intangible assets	3.10 and 18	4,467,803	6,722,468	4,388,100	6,597,911
Deferred tax assets	3.13 and 28	13,383,574	12,919,146	42,693,142	42,228,714
Other non-current assets					
Withholding tax		15	388,425	-	375,435
Deposit		5,326,975	2,070,868	5,326,975	2,070,868
Others		1,628,734	1,544,088	807,454	698,584
Total other non-current assets		6,955,724	4,003,381	6,134,429	3,144,887
Total Non-current Assets		661,964,009	704,158,025	742,311,012	765,078,784
TOTAL ASSETS		1,112,522,113	1,174,417,690	1,190,925,140	1,236,638,976

Notes to the financial statements form an integral part of these statements.

STATEMENTS OF FINANCIAL POSITION

C. I. GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES
AS AT DECEMBER 31, 2016

LIABILITIES AND SHAREHOLDERS' EQUITY

	Notes	BAHT			
		CONSOLIDATED		SEPARATE FINANCIAL	
		2016	2015	2016	2015
Current Liabilities					
Bank overdrafts and short-term loans					
from financial institutions	19	115,871,946	205,381,010	115,871,946	205,381,010
Trade and other payables	20	157,300,250	129,129,695	152,188,883	126,015,570
Current portion					
Financial lease liabilities	3.11 and 21	1,413,891	2,896,979	1,413,891	2,896,979
Land lease liabilities		889,000	889,000	-	-
Accrued income tax		5,544,591	5,297,098	5,544,591	5,297,098
Other current liabilities		3,558,682	2,954,993	2,179,671	1,574,033
Total Current Liabilities		284,578,360	346,548,775	277,198,982	341,164,690
Non-current Liabilities					
Financial lease liabilities	3.11 and 21	2,712,024	4,125,915	2,712,024	4,125,915
Land lease liabilities		6,222,000	7,111,000	-	-
Provision for long-term employee benefits	3.12 and 22	30,206,398	25,938,222	30,140,932	25,886,103
Other non-current liabilities		108,000	54,000	3,000	-
Total Non-current Liabilities		39,248,422	37,229,137	32,855,956	30,012,018
TOTAL LIABILITIES		323,826,782	383,777,912	310,054,938	371,176,708

Notes to the financial statements form an integral part of these statements.

STATEMENTS OF FINANCIAL POSITION

C. I. GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES
AS AT DECEMBER 31, 2016

LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)

	Notes	BAHT			
		CONSOLIDATED		SEPARATE FINANCIAL	
		2016	2015	2016	2015
Shareholders' Equity					
Share capital	23 and 24				
Authorized share capital					
1,297,152,948 common stocks of Baht 0.50 par value		648,576,474		648,576,474	
1,167,437,650 common stocks of Baht 0.50 par value			583,718,825		583,718,825
Issued and paid-up share capital					
864,786,382 common stocks of Baht 0.50 par value		432,393,191		432,393,191	
864,768,632 common stocks of Baht 0.50 par value			432,384,316		432,384,316
Premium on common stocks		565,026,751	565,015,214	565,026,751	565,015,214
Premium on sale treasury stock		15,534,581	15,534,581	15,534,581	15,534,581
Retained earnings (deficits)					
Appropriated					
Legal reserve	25	12,707,000	12,707,000	12,707,000	12,707,000
Unappropriated		(236,961,539)	(235,002,143)	(144,791,321)	(160,178,843)
Total Equity of the Parent		788,699,984	790,638,968	880,870,202	865,462,268
Non-controlling interests		(4,653)	810	-	-
Total Shareholders' Equity		788,695,331	790,639,778	880,870,202	865,462,268
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,112,522,113	1,174,417,690	1,190,925,140	1,236,638,976

Notes to the financial statements form an integral part of these statements.

STATEMENTS OF COMPREHENSIVE INCOME

C. I. GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2016

		BAHT			
		CONSOLIDATED		SEPARATE FINANCIAL	
				STATEMENTS	
	Notes	2016	2015	2016	2015
REVENUES					
Revenues from sales		884,602,140	1,037,866,418	884,568,389	1,037,701,266
Revenues from services		41,795,283	29,041,493	19,592,770	5,982,278
Other incomes		31,263,906	28,642,160	33,713,469	29,690,585
Total Revenues		957,661,329	1,095,550,071	937,874,628	1,073,374,129
EXPENSES					
Cost of sales		744,907,127	888,114,025	744,899,076	888,224,654
Cost of services		36,608,367	26,396,568	15,620,510	4,211,998
Selling expenses		61,473,883	54,952,004	58,818,518	52,247,346
Administrative expenses		100,292,169	111,054,953	86,804,360	85,452,968
Directors' remuneration	26	2,960,000	2,830,000	2,960,000	2,830,000
Finance costs		7,102,714	7,346,345	7,102,714	7,346,345
Total Expenses	27	953,344,260	1,090,693,895	916,205,178	1,040,313,311
Profit before income tax expenses		4,317,069	4,856,176	21,669,450	33,060,818
Income tax expenses	28	6,281,928	12,128,238	6,281,928	11,845,541
Profit (loss) for the years		(1,964,859)	(7,272,062)	15,387,522	21,215,277

Notes to the financial statements form an integral part of these statements.

STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)

C. I. GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Notes	BAHT			
		CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
		2016	2015	2016	2015
Other comprehensive income (loss)					
Actuarial gain from employee benefit plan	22	-	1,527,804	-	1,438,080
Components of income tax		-	(287,616)	-	(287,616)
Actuarial gain from employee benefit plan-net of tax		-	1,240,188	-	1,150,464
Other comprehensive income for the years		-	1,240,188	-	1,150,464
Total comprehensive income (loss) for the years		(1,964,859)	(6,031,874)	15,387,522	22,365,741
Profit (Loss) Attributable to					
Equity holders of the parent		(1,959,396)	(7,238,922)	15,387,522	21,215,277
Non-controlling interests		(5,463)	(33,140)	-	-
		(1,964,859)	(7,272,062)	15,387,522	21,215,277
Total Comprehensive Income (Loss) Attributable to					
Equity holders of the parent		(1,959,396)	(5,998,763)	15,387,522	22,365,741
Non-controlling interests		(5,463)	(33,111)	-	-
		(1,964,859)	(6,031,874)	15,387,522	22,365,741
Earnings (Loss) per Share of the Parent					
Basic Earnings (Loss) per Share	3.14	(0.002)	(0.01)	0.02	0.02
The number of common stocks used in computation earnings (loss) per share (share)		864,772,852	864,768,632	864,772,852	864,768,632

Notes to the financial statements form an integral part of these statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

C. I. GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2016

CONSOLIDATED

	Note	BAHT							
		Shareholders' equity of the parent					Non- controlling interests		
		Issued and paid-up share capital	Premium on common stocks	Premium on sale treasury stock	Retained earnings (deficits)			Total equity of the parent	
					Legal reserve	Unappropriated			
<u>Year 2015</u>									
Beginning balances as at January 1, 2015		432,384,316	565,015,214	15,534,581	12,707,000	(229,003,380)	796,637,731	30,921	796,668,652
Increase in non-controlling interests from called for shares subscription								3,000	3,000
Total comprehensive income (loss) for the year 2015 :-									
Comprehensive income (loss) for the year						(7,238,922)	(7,238,922)	(33,140)	(7,272,062)
Actuarial gain from employee benefit plan-net of tax						1,240,159	1,240,159	29	1,240,188
Total comprehensive loss for the year 2015						(5,998,763)	(5,998,763)	(33,111)	(6,031,874)
Ending balances as at December 31, 2015		432,384,316	565,015,214	15,534,581	12,707,000	(235,002,143)	790,638,968	810	790,639,778
<u>Year 2016</u>									
Beginning balances as at January 1, 2016		432,384,316	565,015,214	15,534,581	12,707,000	(235,002,143)	790,638,968	810	790,639,778
Capital increase	23	8,875	11,537				20,412		20,412
Total comprehensive loss for the year 2016						(1,959,396)	(1,959,396)	(5,463)	(1,964,859)
Ending balances as at December 31, 2016		432,393,191	565,026,751	15,534,581	12,707,000	(236,961,539)	788,699,984	(4,653)	788,695,331

Notes to the financial statements form an integral part of these statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

C. I. GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2016

SEPARATE FINANCIAL STATEMENTS

BAHT						
	Note	Issued and paid-up share capital	Premium on common stocks	Premium on sale treasury stock	Retained earnings (deficits)	Total
					Legal reserve	Unappropriated
<u>Year 2015</u>						
Beginning balances as at January 1, 2015		432,384,316	565,015,214	15,534,581	12,707,000	(182,544,584)
Total comprehensive income for the year 2015 :-						843,096,527
Comprehensive income for the year						
Actuarial gain from employee benefit plan-net of tax						
Total comprehensive income for the year 2015						
Ending balances as at December 31, 2015		432,384,316	565,015,214	15,534,581	12,707,000	865,462,268
<u>Year 2016</u>						
Beginning balances as at January 1, 2016		432,384,316	565,015,214	15,534,581	12,707,000	865,462,268
Capital increase	23	8,875	11,537			20,412
Total comprehensive income for the year 2016						
Ending balances as at December 31, 2016		432,393,191	565,026,751	15,534,581	12,707,000	880,870,202

STATEMENTS OF CASH FLOWS (1/3)

C. I. GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES				
PROFIT BEFORE INCOME TAX	4,317,069	4,856,176	21,669,450	33,060,818
ADJUSTMENTS TO RECONCILE PROFIT BEFORE INCOME TAX				
TO NET CASH PROVIDED FROM (USED IN) OPERATION :				
Depreciation	70,162,571	80,246,135	60,223,560	61,376,004
Amortization of right to use land	1,309,803	1,426,668	-	-
Amortization of computer softwares	1,644,824	2,003,758	1,599,970	1,958,781
Amortization of withholding tax	28,486	63,112	478	-
Gain on equipment disposal	(212,588)	(756,678)	(212,588)	(756,678)
Loss on unused equipment	296,336	4,369,501	292,555	3,755,879
Loss on impairment for non-current assets classified as held for sale	400,185	-	400,185	-
Bad debts	1,911,690	24,514,162	1,911,690	22,270,282
Reverse doubtful debt	(996,838)	(22,479,003)	(1,363,679)	(21,097,084)
Doubtful debt receivable from disposal investment	-	299,802	-	-
Unrealized loss on exchange rates	938,240	386,039	936,830	386,039
Unrealized loss on marketable trading securities	240,000	600,000	240,000	600,000
Increase (decrease) on provision for diminution in inventory value	(1,209,193)	6,497,682	(1,209,193)	6,453,453
Long-term employee benefit expenses	4,848,176	5,205,832	4,834,829	5,095,553
Transfer equipment installation to maintenance expense	15,325	184,467	15,325	184,467
Transfer computer software under development to expense	634,858	-	634,858	-
Interest income	(3,773,346)	(2,298,437)	(7,124,317)	(5,490,638)
Interest expenses	7,102,714	7,346,345	7,102,714	7,346,345
PROFIT FROM OPERATIONS BEFORE CHANGES IN				
OPERATING ASSETS AND LIABILITIES ITEMS	87,658,312	112,465,561	89,952,667	115,143,221
(INCREASE) DECREASE IN OPERATING ASSETS ITEMS				
Trade and other receivables	(49,804,092)	55,870,583	(49,915,136)	57,019,284
Inventories	54,311,805	(16,763,672)	55,670,324	(16,814,227)
Other current assets	(550,913)	9,611,044	(494,628)	(14,059)
Other non-current assets	177,036	(549,943)	152,812	(595,301)
INCREASE (DECREASE) IN OPERATING LIABILITIES ITEMS				
Trade and other payables	27,230,845	(17,747,921)	25,342,853	(17,371,618)
Other current liabilities	603,689	1,028,736	605,638	1,014,662
Provision for long-term employee benefits	(580,000)	-	(580,000)	-
Other non-current liabilities	54,000	(64,500)	3,000	-
CASH PROVIDED FROM OPERATING ACTIVITIES	119,100,682	143,849,888	120,737,530	138,381,962

Notes to the financial statements form an integral part of these statements.

STATEMENTS OF CASH FLOWS (2/3)

C. I. GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Income tax refunded	374,957	1,692,865	374,957	1,692,865
Income tax expenses paid	(6,513,896)	(4,771,751)	(6,498,863)	(4,758,827)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	112,961,743	140,771,002	114,613,624	135,316,000
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease bank deposits with obligation	38,000,000	-	38,000,000	-
(Increase) decrease in short-term loans to related parties	(10,000,000)	-	(13,011,500)	8,000,000
(Increase) decrease short-term loans to other person and company	30,500,000	(30,000,000)	30,000,000	(30,000,000)
Decrease in long-term loans to subsidiary	-	-	458,473	4,800,000
Interest received	3,745,894	2,298,437	3,746,798	2,268,080
Increase in investments in subsidiary	-	-	-	(27,997,000)
Proceeds from disposal investment of associate of the subsidiary	-	2,074,769	-	-
Increase in investments in other company of the subsidiary	-	(21,000,000)	-	-
Increase in investments property	-	(1,010,950)	-	(1,010,950)
Purchase of property, plant and equipment	(65,777,383)	(67,904,119)	(65,278,229)	(66,908,730)
Purchase of computer softwares	(25,017)	(745,000)	(25,017)	(745,000)
Proceeds from disposal of equipment	218,270	788,972	218,270	788,972
Payment deposit on equipment	(5,262,187)	(1,694,687)	(5,262,187)	(1,694,687)
NET CASH USED IN INVESTING ACTIVITIES	(8,600,423)	(117,192,578)	(11,153,392)	(112,499,315)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest expenses paid	(7,139,866)	(7,340,421)	(7,139,866)	(7,340,421)
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(90,860,483)	50,659,046	(90,860,483)	50,659,046
Decrease in short-term loan from other company	-	(120,169,985)	-	(120,169,985)
Payment for long-term loans from financial institutions	-	(40,000,000)	-	(40,000,000)
Payment for financial lease	(2,896,979)	(5,854,854)	(2,896,979)	(5,854,854)
Payment for land lease liabilities	(889,000)	(2,000,000)	-	-
Proceeds from capital increase	20,412	-	20,412	-
Increase in non-controlling interests	-	3,000	-	-
NET CASH USED IN FINANCING ACTIVITIES	(101,765,916)	(124,703,214)	(100,876,916)	(122,706,214)
Effects of exchange rates in cash and cash equivalents	(5,372)	(44,163)	(3,962)	(44,163)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,590,032	(101,168,953)	2,579,354	(99,933,692)
CASH AND CASH EQUIVALENTS AS AT JANUARY 1,	48,018,055	149,187,008	44,724,968	144,658,660
CASH AND CASH EQUIVALENTS AS AT DECEMBER 31,	50,608,087	48,018,055	47,304,322	44,724,968

Notes to the financial statements form an integral part of these statements.

STATEMENTS OF CASH FLOWS (3/3)

C. I. GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015

ADDITIONAL DISCLOSURE ITEMS TO CASH FLOWS STATEMENTS

Non-cash flows items :

Assets payable for equipment	577,050	805,769	467,800	805,769
Financial leases liabilities for vehicles	-	2,079,357	-	2,079,357
Transferred deposit to equipment	1,809,186	16,313,984	1,809,186	16,313,984
Transferred deposit to other payable	-	112,950	-	112,950
Transferred withholding tax to other non-current assets	-	438,614	-	375,435
Transferred deferred interest to financial lease liabilities	-	1,120,334	-	1,120,334
Transferred deferred input tax to financial lease liabilities	-	834,311	-	834,311
Transferred other payable to other non-current liabilities	-	68,500	-	-
Transferred advances to short-term loans to other person	-	500,000	-	-
Transferred short-term loans to subsidiary to				
long-term loan to subsidiary	-	-	2,000,000	-
Transferred accrued interest from subsidiary to				
long-term loan to subsidiary	-	-	7,158,473	-
Transferred machinery and equipment to non-current assets				
classified as held for sale	1,730,024	-	1,730,024	-

Notes to the financial statements form an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

C. I. GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES
DECEMBER 31, 2016

1. GENERAL INFORMATION

1.1 Company status	A juristic person established under Thai law and listed on the Stock Exchange of Thailand.
1.2 Company location	
- Head Office	1/1 Moo 7 Bangkoowad Road, Tambol Bangkoowad, Amphor Muang, Pathumthani Province.
- Branch	12/2 Moo 7 Bangkoowad Road, Tambol Bangkoowad, Amphor Muang, Pathumthani Province.
- Branch	526/1 Moo 3 Theparak Road, Tambol Theparak, Amphor Muang, Samutprakarn Province.
- Branch	789/75 Moo 1 Tambol Nong Kham, Amphor Si Racha, Chonburi Province.
1.3 Type of business	(1) Manufacturing and distributing air conditioning products and parts. (2) Invested in subsidiaries which operate business according to Note 11 to the financial statements.

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

2.1 These consolidated and the separate financial statements are prepared in accordance with the Accounting Standards and Financial Reporting Standards issued by Federation of Accounting Professions under the Accounting Profession Act, B.E. 2547 (2004), the Accounting Act, B.E. 2543 (2000) and the Notification of the Office of the Securities and Exchange Commission.

2.2 The consolidated financial statements included the financial statements of C.I. Group Public Company Limited and its subsidiaries as follows :

COMPANIES	PERCENTAGE OF HOLDING	
	DECEMBER 31, 2016	DECEMBER 31, 2015
C.I.G. (Thailand) Co., Ltd.	99.98	99.98
De Lamai Co., Ltd.	99.97	99.97

- 2.3** Inter-company balances and significant transactions between the Company and the subsidiaries have been eliminated from the consolidation.
- 2.4** The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- 2.5** These financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.
- 2.6** The accounting standards that became effective in the current accounting year are as follows:

1. Conceptual Framework for Financial Reporting (revised 2015)

Thai Accounting Standards (TAS)

- | | |
|---------------------------|--|
| 2. TAS 1 (revised 2015) | Presentation of Financial Statements |
| 3. TAS 2 (revised 2015) | Inventories |
| 4. TAS 7 (revised 2015) | Statement of Cash Flows |
| 5. TAS 8 (revised 2015) | Accounting Policies, Changes in Accounting Estimates and Errors |
| 6. TAS 10 (revised 2015) | Events after the Reporting Period |
| 7. TAS 11 (revised 2015) | Construction Contracts |
| 8. TAS 12 (revised 2015) | Income Taxes |
| 9. TAS 16 (revised 2015) | Property, Plant and Equipment |
| 10. TAS 17 (revised 2015) | Leases |
| 11. TAS 18 (revised 2015) | Revenue |
| 12. TAS 19 (revised 2015) | Employee Benefits |
| 13. TAS 20 (revised 2015) | Accounting for Government Grants and Disclosure of Government Assistance |
| 14. TAS 21 (revised 2015) | The Effects of Changes in Foreign Exchange Rates |
| 15. TAS 23 (revised 2015) | Borrowing Cost |
| 16. TAS 24 (revised 2015) | Related Party Disclosures |
| 17. TAS 26 (revised 2015) | Accounting and Reporting by Retirement Benefit Plans |
| 18. TAS 27 (revised 2015) | Separate Financial Statements |

19. TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
20. TAS 29 (revised 2015)	Financial Reporting in Hyperinflationary Economies
21. TAS 33 (revised 2015)	Earnings per Share
22. TAS 34 (revised 2015)	Interim Financial Reporting
23. TAS 36 (revised 2015)	Impairment of Assets
24. TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
25. TAS 38 (revised 2015)	Intangible Assets
26. TAS 40 (revised 2015)	Investment Property
27. TAS 41	Agriculture

Thai Financial Reporting Standards (TFRS)

28. TFRS 2 (revised 2015)	Share-Base Payments
29. TFRS 3 (revised 2015)	Business Combinations
30. TFRS 4 (revised 2015)	Insurance Contracts
31. TFRS 5 (revised 2015)	Non-current Assets Held for Sales and Discontinued Operations
32. TFRS 6 (revised 2015)	Exploration for and Evaluation of Mineral Resources
33. TFRS 8 (revised 2015)	Operating Segments
34. TFRS 10 (revised 2015)	Consolidated Financial Statements
35. TFRS 11(revised 2015)	Joint Arrangements
36. TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
37. TFRS 13 (revised 2015)	Fair Value Measurement

Thai Accounting Standard Interpretations (TSIC)

38. TSIC 10 (revised 2015)	Government Assistance-No specific Relation to Operating Activities
39. TSIC 15 (revised 2015)	Operating Leases-Incentives
40. TSIC 25 (revised 2015)	Income Taxes-Changes in the Tax Status of an Entity or Its Shareholders
41. TSIC 27 (revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
42. TSIC 29 (revised 2015)	Disclosures - Service Concession Arrangements

43. TSIC 31 (revised 2015) Revenue-Barter Transactions Involving
Advertising Services

44. TSIC 32 (revised 2015) Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations (TFRIC)

45. TFRIC 1 (revised 2015) Changes in Existing Decommissioning, Restoration and
Similar Liabilities

46. TFRIC 4 (revised 2015) Determining Whether an Arrangement Contains a Lease

47. TFRIC 5 (revised 2015) Rights to Interests Arising from Decommissioning,
Restoration and Environmental Rehabilitation Funds

48. TFRIC 7 (revised 2015) Applying the Restatement Approach under TAS 29
(revised 2015) Financial Reporting in Hyperinflationary
Economies

49. TFRIC 10 (revised 2015) Interim Financial Reporting and Impairment

50. TFRIC 12 (revised 2015) Service Concession Arrangements

51. TFRIC 13 (revised 2015) Customer Loyalty Programmes

52. TFRIC14 (revised 2015) TAS 19 (revised 2015) - The Limit on a Defined Benefit
Asset, Minimum Funding Requirements and Their
Interaction

53. TFRIC 15 (revised 2015) Agreements for the Construction of Real Estate

54. TFRIC 17 (revised 2015) Distributions of Non-cash Assets to Owners

55. TFRIC 18 (revised 2015) Transfers of Assets from Customer

56. TFRIC 20 (revised 2015) Stripping Costs in the Production Phase
of a Surface Mine

57. TFRIC 21 Levies

These accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations do not have any significant impact on the financial statements.

2.7 The Federation of Accounting Professions has issued the new accounting standards but not yet effective.

Effective for fiscal years beginning on or after January 1, 2017

Thai Accounting Standards (TAS)

- | | |
|---------------------------|---|
| 1. TAS 1 (revised 2016) | Presentation of Financial Statements |
| 2. TAS 2 (revised 2016) | Inventories |
| 3. TAS 7 (revised 2016) | Statement of Cash Flows |
| 4. TAS 8 (revised 2016) | Accounting Policies, Changes in Accounting
Estimates and Errors |
| 5. TAS 10 (revised 2016) | Events After the Reporting Period |
| 6. TAS 11 (revised 2016) | Construction Contracts |
| 7. TAS 12 (revised 2016) | Income Taxes |
| 8. TAS 16 (revised 2016) | Property, Plant and Equipment |
| 9. TAS 17 (revised 2016) | Leases |
| 10. TAS 18 (revised 2016) | Revenue |
| 11. TAS 19 (revised 2016) | Employee Benefits |
| 12. TAS 20 (revised 2016) | Accounting for Government Grants and Disclosure of
Government Assistance |
| 13. TAS 21 (revised 2016) | The Effects of Changes in Foreign Exchange Rates |
| 14. TAS 23 (revised 2016) | Borrowing Costs |
| 15. TAS 24 (revised 2016) | Related Party Disclosures |
| 16. TAS 26 (revised 2016) | Accounting and Reporting by Retirement Benefit Plans |
| 17. TAS 27 (revised 2016) | Separate Financial Statements |
| 18. TAS 28 (revised 2016) | Investments in Associates and Joint Ventures |
| 19. TAS 29 (revised 2016) | Financial Reporting in Hyperinflationary Economies |
| 20. TAS 33 (revised 2016) | Earnings Per Share |
| 21. TAS 34 (revised 2016) | Interim Financial Reporting |
| 22. TAS 36 (revised 2016) | Impairment of Assets |
| 23. TAS 37 (revised 2016) | Provisions, Contingent Liabilities and Contingent Assets |

- | | |
|----------------------------|--|
| 24. TAS 38 (revised 2016) | Intangible Assets |
| 25. TAS 40 (revised 2016) | Investment Property |
| 26. TAS 41 (revised 2016) | Agriculture |
| 27. TAS 104 (revised 2016) | Accounting for Troubled Debt Restructurings |
| 28. TAS 105 (revised 2016) | Accounting for Investments in Debt and Equity Securities |
| 29. TAS 107 (revised 2016) | Financial Instruments Disclosure and Presentation |

Thai Financial Reporting Standards (TFRS)

- | | |
|----------------------------|---|
| 30. TFRS 2 (revised 2016) | Share-based Payment |
| 31. TFRS 3 (revised 2016) | Business Combinations |
| 32. TFRS 4 (revised 2016) | Insurance Contracts |
| 33. TFRS 5 (revised 2016) | Non-current Assets Held for Sale and
Discontinued Operations |
| 34. TFRS 6 (revised 2016) | Exploration for and Evaluation of Mineral Assets |
| 35. TFRS 8 (revised 2016) | Operating Segments |
| 36. TFRS 10 (revised 2016) | Consolidated Financial Statements |
| 37. TFRS 11 (revised 2016) | Joint Arrangements |
| 38. TFRS 12 (revised 2016) | Disclosure of Interests in Other Entities |
| 39. TFRS 13 (revised 2016) | Fair Value Measurement |

Thai Accounting Standard Interpretations (TSIC)

- | | |
|----------------------------|--|
| 40. TSIC 10 (revised 2016) | Government Assistance - No Specific Relation to
Operating Activities |
| 41. TSIC 15 (revised 2016) | Operating Leases - Incentives |
| 42. TSIC 25 (revised 2016) | Income Taxes - Changes in the Tax Status of an
Enterprise or Its Shareholders |
| 43. TSIC 27 (revised 2016) | Evaluating the Substance of Transactions in the Legal
Form of a Lease |
| 44. TSIC 29 (revised 2016) | Service Concession Arrangements : Disclosure |
| 45. TSIC 31 (revised 2016) | Revenue - Barter Transactions Involving
Advertising Services |
| 46. TSIC 32 (revised 2015) | Intangible Assets - Web Site Costs |

Thai Financial Reporting Standard Interpretations (TFRIC)

- | | |
|-----------------------------|--|
| 47. TFRIC 1 (revised 2016) | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| 48. TFRIC 4 (revised 2016) | Determining Whether an Arrangement Contains a Lease |
| 49. TFRIC 5 (revised 2016) | Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| 50. TFRIC 7 (revised 2016) | Applying the Restatement Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economies |
| 51. TFRIC 10 (revised 2016) | Interim Financial Reporting and Impairment |
| 52. TFRIC 12 (revised 2016) | Service Concession Arrangements |
| 53. TFRIC 13 (revised 2016) | Customer Loyalty Programmes |
| 54. TFRIC 14 (revised 2016) | TAS 19 (revised 2015) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction |
| 55. TFRIC 15 (revised 2016) | Agreements for the Construction of Real Estate |
| 56. TFRIC 17 (revised 2016) | Distributions of Non-cash Assets to Owners |
| 57. TFRIC 18 (revised 2016) | Transfers of Assets from Customers |
| 58. TFRIC 20 (revised 2016) | Stripping Costs in the Production Phase of a Surface Mine |
| 59. TFRIC 21 (revised 2016) | Levies |

The management of the group companies is evaluating the impact of such accounting standards on the financial statements in the year when they are adopted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenues and expenses recognition

The Company and subsidiaries recognized revenues from sales when the significant risks and rewards of ownership of the goods have passed to the buyers.

The Company and subsidiaries recognized revenues from services when those services are already rendered to customers.

The Company and subsidiaries recorded revenues and expenses on an accrual basis.

Subsidiary recognizes revenues from construction contract under percentage of completion method. The percentage of completion is measured based on comparison of actual construction costs incurred up to the end of the period and total anticipated construction costs to be incurred to completion.

Revenues from additional work and other contracted work for which the working period does not exceed one year are recognized on the basis of work done and billed to the customer.

3.2 Cash and cash equivalents

Cash and cash equivalents are cash on hand and fixed deposit at the financial institutions due not more than 3 months from the date of acquisition with no obligation.

3.3 Short-term investments

Marketable securities for trading are stated at fair value. The difference between fair value and cost is shown as provision for adjustment of investments. The Company recognized revaluation of securities as unrealized gain (loss) on trading securities in the statements of comprehensive income. Cost of the disposed trading securities during the year is based on the average cost of each security on the disposal time.

3.4 Allowance for doubtful accounts

Allowance for doubtful accounts is made for estimated loss which may be incurred where collection is doubtful.

3.5 Inventories

Inventories are stated at cost or net realizable value, whichever is the lower. Cost is determined by the first-in, first-out method.

Construction contracts in progress consist of the cost of materials and labour, cost of sub-contract, other services and expenses of project.

The Company and subsidiaries set up provision for diminution in value of obsolete, deteriorated and non-salable inventories.

3.6 Non-current assets classified as held for sale

Non-current assets classified as held for sale are stated at book value or net fair value, whichever is the lower. The Company set up the provision for diminution in non-current assets classified as held for sale assets by estimating from the realizable sale value.

3.7 Investments

Investments in subsidiaries mean those companies in which the parent company in the group companies, directly or indirectly, has power more than one half of the total voting rights or power to govern the financial and operating policies of subsidiaries. Investments in subsidiaries are stated by cost method for the separate financial statements.

3.8 Investments property

Investments property includes property, building and structure stated at acquisition cost. Depreciation of building and structure is calculated by the straight-line method based on the estimated useful life of assets within 10-20 years.

3.9 Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is calculated by the straight-line method over the estimated useful life of the following assets:

PARTICULARS	YEARS OF USEFUL LIFE
Building and building improvements	10 - 20
Machineries and spare parts	5 - 10
Furniture, fixtures and office equipment	3 - 10
Vehicles	5
Other	5

Assets under financial leases are recorded by the fair value at the inception of the lease. Depreciation is calculated by the straight - line method based on the estimated useful life of assets.

3.10 Intangible assets

Computer softwares amortized to expense by the straight-line method for 5 years.

Deferred expenses amortized to expense by the straight-line method for 10 years.

3.11 Leases

Financial leases

Financial leases are leases which transfer to the Company most of substantial risks and rewards of ownership other than legal title. At the inception of the leases, the fair value of assets is recorded together with the obligation, excluding interest element, to pay future rentals.

Interest or financial expenses are recognized in the statements of comprehensive income in proportion to the principal balance.

Operating leases

Leases where most of the substantial risks and rewards of ownership of assets still remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the statements of comprehensive income according to the lease term.

3.12 Employee benefits

Short-term employee benefits

The Company and subsidiaries recognized salaries, wages, bonuses and contributions to the social security fund as expenses when incurred.

Long-term employee benefits

Defined contribution plan

The Company and subsidiaries provide a provident fund, which is a defined contribution plan, the assets of which are held in a separate trust fund and managed by the external fund manager. The provident fund is contributed by payments from employees and the Company and subsidiaries. Contributions to the provident fund are recorded to expense in the statements of comprehensive income in the incurred period.

Defined benefit plan

The provision for employee retirement benefits is recognized as an expense of operations over the employee's service period. It is calculated by estimating the amount of future benefit earned by employees in return for service provided to the Company and subsidiaries in the current and future periods, with such benefit being discounted to determine the present value. The reference point for setting the discount rate is the yield rate of government bonds as at the reporting date. The calculation is performed by a qualified actuary using the Projected Unit Credit Method.

3.13 Deferred tax assets/liabilities

Deferred tax assets/liabilities are recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the statements of financial position date. They will be realised in future period when the income is realized, or the expenses provided for are actually incurred and considered deductible for income tax purposes.

Deferred tax assets are recognized for deductible temporary differences or addtible tax are deferred tax liabilities if it is highly probable that the Company will generate sufficient taxable profits from its future operations to utilise these assets.

At each statement of financial position date, the Company reviews and reduces the carrying amount of deferred tax assets/liabilities to the extent that it is no longer probable that sufficient taxable profit be available to allow all or part of the deferred tax asset or deferred tax liabilities to be utilised.

Income tax expenses

Income tax expenses from profit/loss for the year consist of current income tax and deferred tax. Income tax expenses recognized in income statement unless part of transaction recorded in shareholders' equity recorded directly to equity.

3.14 Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the annual net profit (loss) for the year by the number of weighted average common stocks held by outsiders during the years.

3.15 Foreign currency transactions

Foreign currency transactions are recorded in Baht at the rate ruling on the date of transactions. Outstanding foreign currency assets and liabilities at the end of the years are converted to Baht at the rate of exchange in effect on that date. Gains or losses on exchange are credited or charged to current operations of each year.

3.16 Use of accounting estimates and judgment

In preparation of financial statements in accordance with generally accepted accounting standards requires management to use judgment on various estimates and assumptions that will affect the reported amounts of revenues, expenses, assets and liabilities including disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company and subsidiaries make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions of significant accounting relate primarily to provision for investments adjustment, allowance for doubtful accounts, provision for diminution in inventories, provision for impairment of non-current assets classified as held for sale, allowance for depreciation of plant and equipment, amortization of intangible assets and provision for long-term employee benefits. All other estimates mentioned above are further disclosed in the corresponding notes to the financial statements.

4. CASH AND CASH EQUIVALENTS

BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Cash	421,456	553,944	312,201	365,437
Bank deposit	50,186,631	47,464,111	46,992,121	44,359,531
Total cash and cash equivalents	50,608,087	48,018,055	47,304,322	44,724,968

5. SHORT-TERM INVESTMENTS

BAHT

PARTICULARS	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	2016	2015
Marketable trading securities		
Aggregate cost	1,960,000	1,960,000
Provision for investments adjustment	(1,300,000)	(1,060,000)
Total short-term investments	660,000	900,000

6. TRADE AND OTHER RECEIVABLES

BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Notes receivable	3,464,101	5,904,182	3,464,101	5,904,182
Trade accounts receivable				
Classified by aging of receivables as follows:				
Current	148,699,354	131,273,979	147,326,674	130,457,987
Overdue within 3 months	58,101,450	28,287,339	58,063,050	27,746,355
Over 3 to 6 months	2,212,967	259,926	2,190,467	204,980
Over 6 to 12 months	557,128	253,058	557,128	213,226
Over 12 months	17,972,476	19,349,755	17,972,476	19,336,155
Total trade accounts receivable	231,007,476	185,328,239	229,573,896	183,862,885
<u>Less</u> Allowance for doubtful accounts	(18,339,317)	(19,336,155)	(17,972,476)	(19,336,155)
Trade accounts receivable-net	212,668,159	165,992,084	211,601,420	164,526,730
Other receivables	5,883,922	2,889,730	7,058,373	7,793,317
Total trade and other receivables	218,552,081	168,881,814	218,659,793	172,320,047

7. SHORT-TERM LOANS TO RELATED PARTIES

BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENT		Interest rate (%)	
	2016	2015	2016	2015		
C.I.G. (Thailand) Co., Ltd						
Beginning principal balance	-	-	-	10,000,000		
<u>Add</u> : Additional loans extended during the year	-	-	250,000	-		
<u>Less</u> : Settlement during the year	-	-	-	(10,000,000)		
Ending principal balances	-	-	250,000	-	-	-
De Lamai Co., Ltd.						
Beginning principal balance	-	-	2,000,000	-		
<u>Add</u> : Additional loans extended during the year	-	-	2,761,500	2,260,000		
<u>Less</u> : Settlement during the year	-	-	-	(260,000)		
Transferred to long-term loan to subsidiary	-	-	(2,000,000)	-		
Ending principal balances	-	-	2,761,500	2,000,000	1.50	15.00
Fahkwantip Co., Ltd.						
Beginning principal balance	-	-	-	-		
<u>Add</u> : Additional loans extended during the year	10,000,000	-	10,000,000	-		
<u>Less</u> : Settlement during the year	-	-	-	-		
Ending principal balances	10,000,000	-	10,000,000	-	12.00	-
Total short-term loans to related parties	10,000,000	-	13,011,500	2,000,000		

8. DEFAULT PAYMENT OF LOAN TO OTHER PERSON

BAHT

PARTICULARS	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	2016	2015
Beginning balances		
Principal	26,882,892	26,882,892
Interest	12,027,397	12,027,397
Total	38,910,289	38,910,289
<u>Less</u> Settlement during the year	-	-
Ending balances	38,910,289	38,910,289

The Company has loan to other person amounting to Baht 92.03 million (principal amounting to Baht 80 million and accrued interest receivable amounting to Baht 12.03 million) which the borrower has mortgaged land and construction in Phuket province as collateral. The appraised value of the collateral is Baht 110 million (as appraisal report dated March 25, 2010). In addition, the borrower has handed over 450,000 common shares of a company that operates a hotel business in Phuket province as additional collateral. Due to the borrower default payment, the Company filed lawsuits against the borrower in court. The court has the verdict that orders the borrower to repay the debt to the Company. In case of fail, the collateral should be forced sale, if the forced sale amount is inadequate; the debtor's personal assets shall be forced sale after on. Since March 2010, the Company has filed to execute the enforcement of the assets confiscation. On November 14, 2013, the Company entered into the bidding of land and construction, and the officer had approved the Company to be bidder at the price of Baht 60 million. In August 2014, the Company registered the receipt of the land and construction and recorded in the "Investments Property" account. For the balance of the loan amount of Baht 38.91 million, the Company has been following up the confiscation of other personal assets of the debtor which are condominium units and many pieces of land.

The handed-over common shares of a company as collateral have been kept under the custody of the Company's lawyer for confiscation after other personal assets, condominium units and many pieces of land, of the debtor have been confiscated.

In May 2016, the Central Bankruptcy Court has ordered receivership the debtor and on July 15, 2016, the Company has filed the requisition for repayment from the debtor's assets amount Baht 87.34 million.

The above factors cause the Company unable to determine a suitable net realizable value of the receivable. Thus, no allowance for doubtful accounts has been provided. However, the Company has ceased to record the interest received from the loan of Baht 80 million as from January 1, 2010, and will recognize the amount exceeding the accrued interest receivable as income in the period that the Company receives the payment.

9. SHORT-TERM LOANS TO OTHER PERSON AND COMPANY

BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS		Interest rate (%)	
	2016	2015	2016	2015	2016	2015
PERSON						
Beginning principal balances	500,000	-	-	-		
<u>Add</u> : Additional loans extended during the year	-	500,000	-	-		
<u>Less</u> : Settlement during the year	(500,000)	-	-	-		
Ending principal balances	-	500,000	-	-	-	-
SUPREME C.N.B CORPORATION CO., LTD						
Beginning principal balances	30,000,000	-	30,000,000	-		
<u>Add</u> : Additional loans extended during the year	-	30,000,000	-	30,000,000		
<u>Less</u> : Settlement during the year	(30,000,000)	-	(30,000,000)	-		
Ending principal balances	-	30,000,000	-	30,000,000	MLR+1 - 15	15
Total short-term loans to other person and company	-	30,500,000	-	30,000,000		

Supreme C.N.B. Corporation Co., Ltd. has mortgaged its land with structure as collateral for loans.

10. INVENTORIES

BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Raw materials	105,196,168	146,322,224	105,196,168	146,322,224
Goods in process	8,326,801	10,643,297	8,326,801	10,643,297
Finished goods	19,854,242	26,399,811	19,750,117	26,251,924
Goods in transit	4,789,753	11,285,184	4,789,753	11,285,184
Supplies	5,596,762	4,844,921	5,567,857	4,798,391
Construction contracts in progress	1,419,906	-	-	-
Total	145,183,632	199,495,437	143,630,696	199,301,020
<u>Less</u> Provision for diminution in inventories	(17,148,507)	(18,357,700)	(17,104,278)	(18,313,471)
Inventories-net	128,035,125	181,137,737	126,526,418	180,987,549

11. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

BAHT

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	2015	Transfer	2016
Non-current assets classified as held for sale	-	1,730,024	1,730,024
<u>Less</u> Provision for impairment	-	(400,185)	(400,185)
Non-current assets classified as held for sale-net	-		1,329,839

12. INVESTMENTS IN SUBSIDIARIES

BAHT

SUBSIDIARIES	Percentage of Holding		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
C.I.G. (Thailand) Co., Ltd.	99.98	99.98	52,985,000	52,985,000
De Lamai Co., Ltd.	99.97	99.97	146,547,841	146,547,841
Total			199,532,841	199,532,841
<u>Less</u> Provision for diminution in investments			(146,547,841)	(146,547,841)
Total Investments in Subsidiaries			52,985,000	52,985,000

SUBSIDIARIES	Type of Business	Paid-up Capital		Dividend	
		2016	2015	2016	2015
C.I.G. (Thailand) Co., Ltd.	Manufacture and distributing air conditioning products	53,000,000	53,000,000	-	-
De Lamai Co., Ltd.	Hotel	100,000,000	100,000,000	-	-

On December 23, 2016, De Lamai Co., Ltd. has signed contract to sell the leasehold and assets. The purchase and sale of lease structure and asset in the building and the buyer will operate both hotels from January 1, 2017, totaling Baht 200,000,000 (two hundred million Baht), payment by quarterly at Baht 5,000,000, a total of 40 periods (10 years) on the last day of the quarter. When the buyer has made all payment to the seller, the seller agrees to transfer leasehold and asset to the buyer.

On May 19, 2015, the Extraordinary General Shareholders' Meeting No. 2/2558 of C.I.G. (Thailand) Company Limited was held and approved to increase its share capital from 500,000 shares to 600,000 shares (at Baht 100 par value). The Company has additionally invested amount of 100,000 shares (at Baht 100 par value), and paid for subscription at Baht 30 each, worth amount Baht 3,000,000. The subsidiary has registered the resolution of changing its authorized share capital with the Ministry of Commerce on July 14, 2015.

On February 3, 2015, the Extraordinary General Shareholders' Meeting No. 1/2558 of C.I.G. (Thailand) Company Limited was held and approved to increase authorized share capital from Baht 25,000,000 (amount of 500,000 shares of Baht 50 par value) to amount Baht 50,000,000 (amount of 500,000 shares of Baht 100 par value). The subsidiary has registered the resolution of changing its par value and the authorized share capital with the Ministry of Commerce on February 6, 2015.

13. OTHER LONG-TERM INVESTMENTS

13.1 INVESTMENTS IN OTHER COMPANY

As at December 31, 2016 and 2015, the subsidiary has investment in Fakwantip Co., Ltd. totaling Baht 30 million.

On November 17, 2016, the rehabilitation plan manager of Fakwantip Co., Ltd. has submitted a request to the Central Bankruptcy Court to consider the proposal for changing the plan for the commercial operation date not exceeding on January 02, 2017, and repayment to the creditors. The rehabilitation plan manager will send a report and explanation to the court.

On February 15, 2017, the Central Bankruptcy Court has considered the proposal for changing the plan and the case hearing will be made on March 15, 2017.

On November 24, 2015, the Central Bankruptcy Court considered that the restructuring plan is only the postponement of the commercial operation date, the postponement of interest payment, the extension of the capital restructuring period and the extension for calling share subscription and did not reduce the creditor's loan. The court agrees with the restructuring plan according to the resolution of the official creditor's meeting.

The financial statements of Fahkwantip Co., Ltd. are awaiting the update of the rehabilitation plan.

13.2 FIXED DEPOSITS WITH OBLIGATION

The Company has pledged its deposit at bank as collateral for the repayment of loans and collateral for the issuance of bank guarantee of the Company.

14. LONG-TERM LOAN TO SUBSIDIARY

BAHT

PARTICULARS	SEPARATE FINANCIAL STATEMENTS	
	2016	2015
De Lamai Co., Ltd.		
Beginning principal balances	174,800,000	179,600,000
<u>Less</u> : Settlement during the years	(900,000)	(4,800,000)
	173,900,000	174,800,000
Transferred short-term loan	2,000,000	-
Transferred accrued interest	7,158,473	-
Loan according to acknowledgment of the borrower	183,058,473	-
<u>Add</u> : Additional loans extended during the year	941,527	-
The new loan agreement	184,000,000	-
<u>Less</u> : Settlement during the year	(500,000)	-
Ending principal balances	183,500,000	174,800,000

On July 2016, the subsidiary has signed new loan agreements amount of Baht 184 million because it was unable to made repayment under the original loan agreement with amount of Baht 183.06 million, consisting of a principal amount of Baht 175.90 million, accrued interest receivable amount of Baht 7.16 million as part of the principal (calculated until June 30, 2016) and an additional loan of Baht 0.94 million for working capital. The repayments under the terms of the contract by period of three months from August 31, 2016 to June 30, 2031, bearing interest rate at 1.50 per annum.

15. INVESTMENTS PROPERTY

BAHT

PARTICULARS	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS		
	Land	Building and structure	Total
<u>Cost</u>			
As at January 1, 2015	15,524,856	44,689,407	60,214,263
Increase	-	1,010,950	1,010,950
As at December 31, 2015	15,524,856	45,700,357	61,225,213
Increase	-	-	-
As at December 31, 2016	15,524,856	45,700,357	61,225,213
<u>Accumulated depreciation</u>			
As at January 1, 2015	-	47,640	47,640
Increase	-	21,218	21,218
As at December 31, 2015	-	68,858	68,858
Increase	-	54,602	54,602
As at December 31, 2016	-	123,460	123,460
<u>Book Value</u>			
As at December 31, 2015	15,524,856	45,631,499	61,156,355
As at December 31, 2016	15,524,856	45,576,897	61,101,753
<u>Fair value</u>			
Year 2015	34,869,872	92,830,128	127,700,000
Year 2016	34,869,872	92,830,128	127,700,000

In 2015, the Company has appraised its land, building and structure by the independent appraiser in finding the fair value of investments property at Phuket of Baht 120,500,000 (book value for year 2016 amount of Baht 60,943,610) and investments property at Bangkok of Baht 7,200,000 (book value for year 2016 amount of Baht 158,143).

16. PROPERTY, PLANT AND EQUIPMENT

BAHT

CONSOLIDATED	Land and land improvement	Building structure and improvement	Machinery and equipment	Furniture fixtures and office equipment	Facilities	Vehicles	Fixed assets under installation	Assets under financial leases	Total
Cost									
As at January 1, 2015	83,831,654	526,113,913	676,939,214	38,428,444	1,465,349	13,754,807	13,776,950	19,608,645	1,373,918,976
Purchases	10,654,206	1,462,631	36,562,873	1,983,032	11,326	-	33,553,881	2,875,280	87,103,229
Sold and amortization	-	(1,486,169)	(79,902,719)	(11,969,199)	(276,004)	(5,056,789)	-	-	(98,690,880)
Transfer to/from	-	174,002	39,860,221	-	-	-	(40,218,690)	-	(184,467)
As at December 31, 2015	94,485,860	526,264,377	673,459,589	28,442,277	1,200,671	8,698,018	7,112,141	22,483,925	1,362,146,858
Purchases	36,173,773	677,496	5,600,220	2,012,799	135,309	-	23,564,022	-	68,163,619
Sold and amortization	-	-	(12,151,390)	(2,819,599)	(148,149)	-	(15,325)	-	(15,134,463)
Transfer to/from	-	-	13,463,797	5,790	-	11,943,925	(13,469,587)	(11,943,925)	-
Transfer to non-current assets classified as held for sale	-	-	(12,688,780)	-	-	-	-	-	(12,688,780)
As at December 31, 2016	130,659,633	526,941,873	667,683,436	27,641,267	1,187,831	20,641,943	17,191,251	10,540,000	1,402,487,234
Accumulated depreciation									
As at January 1, 2015	-	195,062,999	503,830,919	34,487,565	1,422,100	11,301,159	-	2,284,395	748,389,137
Depreciation for the year 2015	-	27,076,299	46,803,236	1,717,503	17,985	781,444	-	4,028,450	80,224,917
Sold and amortization	-	(819,205)	(76,270,330)	(11,873,955)	(268,810)	(5,056,785)	-	-	(94,289,085)
As at December 31, 2015	-	221,320,093	474,163,825	24,331,113	1,171,275	7,025,818	-	6,312,845	734,324,969
Depreciation for the year 2016	33,226	17,977,342	45,181,344	1,905,810	22,893	2,550,335	-	2,437,019	70,107,969
Sold and amortization	-	-	(11,869,356)	(2,799,624)	(148,140)	-	-	-	(14,817,120)
Transfer to/from	-	-	-	-	-	4,776,580	-	(4,776,580)	-
Transfer to non-current assets classified as held for sale	-	-	(10,958,756)	-	-	-	-	-	(10,958,756)
As at December 31, 2016	33,226	239,297,435	496,517,057	23,437,299	1,046,028	14,352,733	-	3,973,284	778,657,062
Allowance for impairment									
As at December 31, 2015	-	(97,069,230)	-	-	-	-	-	-	(97,069,230)
As at December 31, 2016	-	(97,069,230)	-	-	-	-	-	-	(97,069,230)
Book Value									
As at December 31, 2015	94,485,860	207,875,054	199,295,764	4,111,164	29,396	1,672,200	7,112,141	16,171,080	530,752,659
As at December 31, 2016	130,626,407	190,575,208	171,166,379	4,203,968	141,803	6,289,210	17,191,251	6,566,716	526,760,942

SEPARATE FINANCIAL STATEMENTS	Land and land improvement	Building structure and improvement	Machinery and equipment	Furniture fixtures and office equipment	Vehicles	Fixed assets under installation	Assets under financial leases	Total
Cost								
As at January 1, 2015	83,383,170	164,004,181	670,526,773	30,109,783	11,669,032	13,776,950	19,608,645	993,078,534
Purchases	10,654,206	705,617	36,354,258	1,964,598	-	33,553,881	2,875,280	86,107,840
Sold and amortization	-	(360,896)	(77,690,302)	(8,992,843)	(5,056,789)	-	-	(92,100,830)
Transfer to/from	-	174,002	39,860,221	-	-	(40,218,690)	-	(184,467)
As at December 31, 2015	94,037,376	164,522,904	669,050,950	23,081,538	6,612,243	7,112,141	22,483,925	986,901,077
Purchases	36,173,773	660,187	5,385,539	1,771,694	-	23,564,022	-	67,555,215
Sold and amortization	-	-	(11,116,265)	(2,789,376)	-	(15,325)	-	(13,920,966)
Transfer to/from	-	-	13,463,797	5,790	11,943,925	(13,469,587)	(11,943,925)	-
Transfer to non-current assets classified as held for sale	-	-	(12,688,780)	-	-	-	-	(12,688,780)
As at December 31, 2016	130,211,149	165,183,091	664,095,241	22,069,646	18,556,168	17,191,251	10,540,000	1,027,846,546
Accumulated depreciation								
As at January 1, 2015	-	92,472,974	497,468,066	26,252,210	9,215,386	-	2,284,395	627,693,031
Depreciation for the year 2015	-	8,320,142	46,564,696	1,660,055	781,443	-	4,028,450	61,354,786
Sold and amortization	-	(267,858)	(74,066,763)	(8,921,252)	(5,056,784)	-	-	(88,312,657)
As at December 31, 2015	-	100,525,258	469,965,999	18,991,013	4,940,045	-	6,312,845	600,735,160
Depreciation for the year 2016	-	8,184,060	45,109,423	1,888,121	2,550,335	-	2,437,019	60,168,958
Sold and amortization	-	-	(10,834,386)	(2,773,018)	-	-	-	(13,607,404)
Transfer to/from	-	-	-	-	4,776,580	-	(4,776,580)	-
Transfer to non-current assets classified as held for sale	-	-	(10,958,756)	-	-	-	-	(10,958,756)
As at December 31, 2016	-	108,709,318	493,282,280	18,106,116	12,266,960	-	3,973,284	636,337,958
Book Value								
As at December 31, 2015	94,037,376	63,997,646	199,084,951	4,090,525	1,672,198	7,112,141	16,171,080	386,165,917
As at December 31, 2016	130,211,149	56,473,773	170,812,961	3,963,530	6,289,208	17,191,251	6,566,716	391,508,588

The Company has mortgaged its land with structure and machinery with commercial bank as collateral for loans obtained from the financial institutions (Note 19) with various commitments as specified in the loan contract, for example: the transfer of beneficiary to the lender, etc.

17. DEFERRED LEASEHOLD LAND

PARTICULARS	CONSOLIDATED	
	2016	2015
Leasehold land - cost	32,270,526	32,270,526
<u>Less</u> Accumulated amortization	(12,976,313)	(11,666,510)
Leasehold land - net	19,294,213	20,604,016
Amortization for the years	1,309,803	1,426,668

Leasehold of land recorded in the subsidiary amounting Baht 22 million is amortized according to the duration of the leased contract for 26 years (June 2005 to June 2031). Leasehold contract of Baht 10.27 million is amortized according the lease duration of the leased contract for 20 years (January 2010 to December 2029).

18. INTANGIBLE ASSETS

BAHT

CONSOLIDATED	Computer softwares	Computer softwares under development	Deferred expenses	Total
<u>Cost</u>				
As at January 1, 2015	27,808,032	7,142,060	451,000	35,401,092
Purchases	745,000	-	-	745,000
Sold and amortization	(8,454,666)	-	-	(8,454,666)
Transfer to/from	6,507,202	(6,507,202)	-	-
As at December 31, 2015	26,605,568	634,858	451,000	27,691,426
Purchases	25,017	-	-	25,017
Sold and amortization	-	(634,858)	-	(634,858)
As at December 31, 2016	26,630,585	-	451,000	27,081,585
<u>Accumulated amortization</u>				
As at January 1, 2015	27,138,396	-	281,470	27,419,866
Amortization for the year 2015	1,958,781	-	44,977	2,003,758
Sold and amortization	(8,454,666)	-	-	(8,454,666)
As at December 31, 2015	20,642,511	-	326,447	20,968,958
Amortization for the year 2016	1,599,970	-	44,854	1,644,824
As at December 31, 2016	22,242,481	-	371,301	22,613,782
<u>Book Value</u>				
As at December 31, 2015	5,963,057	634,858	124,553	6,722,468
As at December 31, 2016	4,388,104	-	79,699	4,467,803

BAHT

SEPARATE FINANCIAL STATEMENTS	Computer softwares	Computer softwares under development	Total
<u>Cost</u>			
As at January 1, 2015	26,914,167	7,142,060	34,056,227
Purchases	745,000	-	745,000
Sold and amortization	(8,454,666)	-	(8,454,666)
Transfer to/from	6,507,202	(6,507,202)	-
As at December 31, 2015	25,711,703	634,858	26,346,561
Purchases	25,017	-	25,017
Sold and amortization	-	(634,858)	(634,858)
As at December 31, 2016	25,736,720	-	25,736,720
<u>Accumulated amortization</u>			
As at January 1, 2015	26,244,535	-	26,244,535
Amortization for the year 2015	1,958,781	-	1,958,781
Sold and amortization	(8,454,666)	-	(8,454,666)
As at December 31, 2015	19,748,650	-	19,748,650
Amortization for the year 2016	1,599,970	-	1,599,970
As at December 31, 2016	21,348,620	-	21,348,620
<u>Book Value</u>			
As at December 31, 2015	5,963,053	634,858	6,597,911
As at December 31, 2016	4,388,100	-	4,388,100

19. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

BAHT

PARTICULARS	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	2016	2015
Bank overdrafts	1,167,549	613,471
Short-term loans from financial institutions	114,704,397	204,767,539
Total	115,871,946	205,381,010

20. TRADE AND OTHER PAYABLES

BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Trade accounts payable	127,240,499	101,169,192	125,310,366	100,401,689
Accrued expenses	16,515,384	20,848,714	13,600,162	18,611,530
Advance received from customers	7,028,169	178,743	6,791,307	134,461
Other payables	6,516,198	6,933,046	6,487,048	6,867,890
Total	157,300,250	129,129,695	152,188,883	126,015,570

21. FINANCIAL LEASE LIABILITIES

BAHT

PARTICULARS	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	2016	2015
Within 1 year	1,413,891	2,896,979
Over 1 year not over 5 years	2,712,024	4,125,915
Total minimum amount to pay	4,125,915	7,022,894
<u>Less</u> Portion due within one year	(1,413,891)	(2,896,979)
Financial lease liabilities-net	2,712,024	4,125,915

The portion of long-term financial lease liabilities due within one year has been shown under current liabilities.

Vehicle Leasing Agreement

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS					
Agreement dates	Period		Amount in Agreement (Million Baht)	Rental per Month (Baht)	Notes
	Started	Ended			
January 2014	February 2014	January 2017	0.38	10,418	- Hire purchase
January 2014	February 2014	January 2017	0.38	10,418	- Hire purchase
January 2014	February 2014	January 2017	0.38	10,418	- Hire purchase
October 2014	October 2014	September 2019	2.58	42,986	- Hire purchase
October 2014	October 2014	September 2019	2.61	43,555	- Hire purchase
April 2015	April 2015	March 2019	0.66	13,652	- Hire purchase
August 2015	September 2015	August 2019	0.61	12,801	- Hire purchase
December 2015	February 2016	January 2020	0.95	19,727	- Hire purchase

22. PROVISION FOR LONG-TERM EMPLOYEE BENEFITS

BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Defined benefit obligation				
Balances as at January 1,	25,938,222	22,260,194	25,886,103	22,228,630
Actuarial gain (recognized in other comprehensive income)	-	(1,527,804)	-	(1,438,080)
Benefit paid during the year	(580,000)	-	(580,000)	-
Current service cost	3,769,156	3,966,034	3,721,580	3,863,982
Interest cost	1,115,621	1,239,798	1,113,249	1,231,571
Cancelled long-term employee benefits	(36,601)	-	-	-
Balances as at December 31,	30,206,398	25,938,222	30,140,932	25,886,103

The principle assumptions used in determining the employee benefit liabilities are shown as follows:

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Discount rate	3.76 % per annum	3.59 - 4.78 % per annum	3.76 % per annum	3.76 % per annum
Future salary increase rate	5.00 - 6.00 % per annum	5.00 % per annum	5.00 % per annum	5.00 % per annum
Average staff turnover rate	0 - 44.39 % per annum	0 - 47.26 % per annum	0 - 44.39 % per annum	0 - 44.39 % per annum

23. SHARE CAPITAL

On April 29, 2016, the Ordinary General Shareholders' Meeting for 2016 was held and approved the resolutions as follows;

- Approved to decrease of the Company's authorized share capital of Baht 43,238,430 according to the General Mandate of Private Placement by the General Shareholders' Meeting No. 1/2015, from Baht 583,718,825 to Baht 540,480,395 and to approve amendment to Clause 4 of the Company's Memorandum of Association in accordance with the decrease of authorized share capital.

The Company has registered the capital decrease with the Ministry of Commerce on May 10, 2016.

- Approved to increase of the Company's authorized share capital of 216,192,158 shares with a par value of Baht 0.50 per share, equal to Baht 108,096,079 to accommodate the exercise of CIG-W6 and to approve amendment to Clause 4 of the Company's Memorandum of Association in accordance with the increase of authorized share capital.

The Company has registered the capital increase with the Ministry of Commerce on May 11, 2016.

- Approved issuance and allocation of the increased ordinary shares of not exceeding 216,192,158 shares with a par value of Baht 0.50 per share in accordance with the increase registered capital of the Company to accommodate the exercise of CIG-W6. It is assigned to the Board of Directors of the Company and/or the Authorized Directors and/or the person assigned by the Board of Directors of the Company and/or the Authorized Directors to have his power to consider and to determine remaining capital for unexercised warrants as seen appropriate.

On October 6, 2016, the Company has registered the increase of the paid-up share capital with the Ministry of Commerce amount of Baht 432,393,191 (864,786,382 shares of Baht 0.50 par value) from the exercise of CIG-W5 at 17,750 units, paid-up share capital increase of Baht 8,875 and premium on common stocks increase of Baht 11,537.

On April 20, 2015, the Ordinary General Shareholders' Meeting for 2015 was held and approved the resolutions as follows;

- Cancellation of General Mandate of Private Placement in the amount of 60,104,082 shares, at Baht 0.50 par value, equal to authorized share capital amount of Baht 30,052,041, according to the resolutions approved by the General Shareholders' Meeting No. 1/2014.
- The reduction of authorized share capital of the Company from Baht 483,393,859.50 (966,787,719 shares of Baht 0.50 par value) to Baht 432,384,316 (864,768,632 shares of Baht 0.50 par value).

The Company has registered the capital reduction with the Ministry of Commerce on April 29, 2015.

- To increase the authorized share capital amount 216,192,158 shares at Baht 0.50 par value, with the capital increase amount of Baht 108,096,079 to accommodate the exercise of the warrant No. 5 (CIG-W5).
- To increase the authorized share capital under General Mandate by increase capital amount 86,476,860 shares or 10% of distributed shares at Baht 0.50 par value equaling to authorized share capital increase amount of Baht 43,238,430.

The Company has registered the capital increase with the Ministry of Commerce on April 30, 2015.

24. WARRANTS

CIG-W6 WARRANTS

On April 29, 2016, the Ordinary General Shareholders' Meeting for 2016 was held and approved issuance and offering of warrants No. 6 (CIG-W6) to existing shareholders of the Company in the amount of not exceeding 216,192,158 units at zero Baht.

- In case of CIG-W5 holders not exercise CIG-W5 in March - April 2016 at the ratio of 4 existing ordinary shares per 1 unit of CIG-W6 (delete any fraction of shares).
- In case of CIG-W5 holders exercise in March - April 2016 at the ratio of 5 existing ordinary shares per 1 unit of CIG-W6 (delete any fraction of shares).

The number of shares issued for the exercise of CIG-W5 and CIG-W6 combined will not exceed 50 percent of the paid up capital. The Board of Directors or authorized persons has the right to consider and adjust any conditions and details of CIG-W6. One unit of CIG-W6 can be exercised to buy an ordinary share at Baht 1.50 per share. The record date for eligible shareholders who have the right to receive CIG-W6 will be on May 11, 2016. The first exercise date is June 30, 2016 and the last exercise date is May 31, 2018.

As at December 31, 2016, no exercise has been made.

CIG-W5 WARRANTS

On April 20, 2015, the Ordinary General Shareholders' Meeting for 2015 was held and approved to issue and offer warrants to purchase ordinary shares of the Company to existing shareholders of the Company in the amount of not over 216,192,158 units at the ratio of 4 existing shares : 1 unit to buy share at Baht 1.15 per share. The record date for eligible shareholders who have the right to receive warrants No. 5 (CIG-W5) is on April 28, 2015, and the book closing date for collecting the name of shareholders on April 29, 2015.

The Company has been approved to issue warrants to purchase the Company's ordinary shares on May 7, 2015 for 216,185,556 units at no selling price. The distribution of the warrants to the existing shareholders at the ratio of 4 existing shares to 1 unit of warrant with the duration of 1 year and 4 months and 25 days. The first exercise date is May 31, 2015 and the last exercise date is September 30, 2016.

As at September 30, 2016, warrant 17,750 units have been exercised. The remaining of warrant to purchase ordinary shares 216,167,806 units were expired. The Company will decrease its shares capitals that are not sold out.

The Company has registered the increase of the paid-up share capital with the Ministry of Commerce from Baht 432,384,316 to Baht 432,393,191 on October 6, 2016.

25. LEGAL RESERVE

In compliance with the Public Company Act, B.E. 2535 (1992), the Company has to set aside for legal reserve at least 5% of annual net profit less deficits (if any) until meet 10% of authorized share capital. Such legal reserve is not allowed to pay for dividend.

In 2016 and 2015, the Company has provided legal reserve amount of Baht 12.71 million of both years.

26. DIRECTORS' REMUNERATION

On April 29, 2016, the Ordinary General Shareholders' Meeting for 2016 was held and approved to pay the directors' remuneration for 2016 at the maximum of Baht 8 million.

On April 20, 2015, the Ordinary General Shareholders' Meeting for 2015 was held and approved to pay the directors' remuneration for 2015 at the maximum of Baht 8 million.

27. EXPENSES BY NATURE

BAHT

FOR THE YEARS ENDED DECEMBER 31,	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Decrease in change of finished goods and work in progress	8,862,065	395,745	8,818,303	338,413
Raw materials and consumables used	493,402,430	645,615,171	492,586,066	645,125,632
Purchase of goods for sale	43,450,656	9,660,313	41,553,997	8,514,044
Director and management benefit expenses	20,326,600	14,594,172	20,326,600	14,594,172
Employee benefit expenses	180,139,219	174,397,645	170,107,730	164,740,143
Depreciation and amortization expenses	73,117,198	83,676,561	61,823,530	63,334,785
Finance costs	7,102,714	7,346,345	7,102,714	7,346,345
Other expenses	126,943,378	155,007,943	113,886,238	136,319,777
Total	953,344,260	1,090,693,895	916,205,178	1,040,313,311

28. INCOME TAX

Corporate income taxes of the Company and subsidiaries for the years ended December 31, 2016 and 2015 were calculated from the accounting profit (loss), adjusted with other revenues and some expenses which are exempted from income tax or being disallowable expenses in tax computation purposes.

The Company and subsidiaries' income taxes were calculated at the rate of 20 percent.

Income taxes expenses recognized in the comprehensive income statements consist:

BAHT

FOR THE YEARS ENDED DECEMBER 31,	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
The corporate income tax for the years	6,746,356	10,055,926	6,746,356	10,055,926
Deferred taxes from temporary differences and reverse of temporary differences	(464,428)	2,072,312	(464,428)	1,789,615
Income tax expenses	6,281,928	12,128,238	6,281,928	11,845,541

As at December 31, 2016 and 2015, the deferred tax assets arose from the following temporary differences:

BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Accumulated temporary differences in the statements of income				
Provision for adjustment in marketable trading securities	1,300,000	1,060,000	1,300,000	1,060,000
Allowance for doubtful debt	17,972,476	19,336,155	17,972,476	19,336,155
Provision for diminution in inventories	17,104,278	18,313,471	17,104,278	18,313,471
Provision for impairment for non-current assets classified as held for sale	400,185	-	400,185	-
Provision for diminution in investments in subsidiary	-	-	146,547,841	146,547,841
Provision for long-term employee benefits	30,140,932	27,324,183	30,140,932	27,324,183
Total	66,917,871	66,033,809	213,465,712	212,581,650
Temporary differences in other comprehensive income				
- recognized in retained earnings				
Provision for long-term employee benefits	-	(1,438,080)	-	(1,438,080)
Total	66,917,871	64,595,729	213,465,712	211,143,570
Deferred tax assets calculated from tax rate of 20%	13,383,574	12,919,146	42,693,142	42,228,714

29. FOREIGN CURRENCY TRANSACTIONS

The Company and subsidiaries have outstanding assets and liabilities denominated in foreign currencies which are not covered by any hedging as follows:

UNIT : THOUSAND

PARTICULARS	CONSOLIDATED				SEPARATE FINANCIAL STATEMENTS			
	2016		2015		2016		2015	
	Foreign currencies	Converted to Baht	Foreign currencies	Converted to Baht	Foreign currencies	Converted to Baht	Foreign currencies	Converted to Baht
<u>Assets</u>								
USD	2,678.48	95,511.32	2,070.95	74,395.19	2,678.48	95,511.32	2,070.95	74,395.19
AUD	32.34	826.19	33.55	868.93	32.34	826.19	33.55	868.93
CNY	3.96	20.10	4.14	22.64	0.41	2.09	0.60	3.25
EUR	0.20	7.46	0.39	15.34	0.20	7.46	0.39	15.34
GBP	0.007	0.30	0.007	0.36	0.007	0.30	0.007	0.36
HKD	1.69	7.73	1.69	7.79	0.38	1.73	0.38	1.74
KRW	2.00	0.06	2.00	0.06	2.00	0.06	2.00	0.06
MYR	0.84	6.66	0.84	7.00	0.84	6.66	0.84	7.00
SGD	1.19	29.16	0.64	16.16	1.19	29.16	0.64	16.16
INR	1.19	0.59	1.19	0.60	1.19	0.59	1.19	0.60
IDR	13.00	0.03	13.00	0.03	13.00	0.03	13.00	0.03
AED	0.31	3.01	0.31	3.03	0.31	3.01	0.31	3.03
VND	63.00	0.10	63.00	0.10	63.00	0.10	63.00	0.10
Total		96,412.71		75,337.23		96,388.70		75,311.79
<u>Liabilities</u>								
USD	3,537.86	127,371.75	4,897.92	177,568.05	3,537.86	127,371.75	4,897.92	177,568.05
EUR	99.16	3,781.68	87.62	3,487.39	99.16	3,781.68	87.62	3,487.39
Total		131,153.43		181,055.44		131,153.43		181,055.44

30. PROVIDENT FUND

The Company and its subsidiary have set up a provident fund for the employees under the Provident Fund Act, B.E. 2530 (1987), in order to be their welfare as well as security whenever resignation or retirement as defined by the Company's regulation, with partly contribute by its employees and another part by the Company at the rate 3% on their salaries. The Company has also appointed TISCO Asset Management Company Limited to manage such fund.

The Company and subsidiary's contributions for the employees provident fund and recorded as expenses in the statements of comprehensive income for the years ended December 31, 2016 and 2015 are as follows :

BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
C.I. Group Pcl.	2,806,336	2,654,727	2,806,336	2,654,727
C.I.G. (Thailand) Co., Ltd.	26,791	25,525		
Total	2,833,127	2,680,252		

31. COMMITMENT AND CONTINGENT LIABILITIES

31.1 The Company has commitment and contingent liabilities as follows:

MILLION

PARTICULARS	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	2016	2015
Letters of guarantee issued by commercial banks		
- BAHT	1.67	1.67
Letters of credit		
- USD	0.67	-

31.2 As at December 31, 2016 and 2015, the Company has capital expenditure commitment for the purchase of machinery and equipment contract amount of Baht 5.63 million and Baht 3.36 million, respectively.

31.3 The Company has signed a lease contract of land for warehouse at 12/2 Moo 7 Bangkoowad Road, Amphor Muang, Pathumthani, by having lease period of 12 years. The Company has to pay rental amount of Baht 0.48 million per annum.

31.4 The Company has signed contract of business development specialist served as a consultant in business development by having contract period of 5 years. The Company has to pay monthly consultant fee amount of Baht 0.30 million.

31.5 A subsidiary company has signed a lease contract of land with building of 4 floors for hotel operation at 99/99 Moo 3 Tambon Bo Phut, Amphoe KohSamui, SuratThani, by having lease period of 20 years, commencing from January 2010 to December 2029. The Company has to pay monthly rental amount of Baht 0.20 million, (net of withholding taxes) and adjusted monthly rental rate increase 10% of every 3 years.

32. FINANCIAL INFORMATION BY SEGMENT

THOUSAND BAHT

CONSOLIDATED	FOR THE YEAR ENDED DECEMBER 31, 2016				
	sales		Services	Hotel services	Total
	Air-conditioning products and parts	Other			
Local revenues	513,703	17,827	19,593	22,203	573,326
Export revenues	353,072	-	-	-	353,072
Total	866,775	17,827	19,593	22,203	926,398
Cost of sales and services	(734,061)	(10,846)	(15,621)	(20,988)	(781,516)
Gross profit by segment	132,714	6,981	3,972	1,215	144,882
Non-allocation expenses					(164,726)
Loss from operations					(19,844)
Other incomes					31,264
Finance costs					(7,103)
Income tax expenses					(6,282)
Loss for the year					(1,965)
Property, plant and equipment - net	391,511		135,250		526,761

THOUSAND BAHT

CONSOLIDATED	FOR THE YEAR ENDED DECEMBER 31, 2015			
	Air-conditioning products and parts		Hotel services	Total
	sales	services		
Local revenues	596,458	5,982	23,059	625,499
Export revenues	441,408	-	-	441,408
Total	1,037,866	5,982	23,059	1,066,907
Cost of sales and services	(888,114)	(4,209)	(22,187)	(914,510)
Gross profit by segment	149,752	1,773	872	152,397
Non-allocation expenses				(168,837)
Loss from operations				(16,440)
Other incomes				28,642
Finance costs				(7,346)
Income tax expenses				(12,128)
Loss for the year				(7,272)
Property, plant and equipment - net	386,171		144,582	530,753

33. TRANSACTIONS WITH RELATED PARTIES

The Company has certain accounting transactions with related parties under the following relationship:

RELATED PARTIES	RELATIONSHIP
C.I.G. (Thailand) Co., Ltd.	Subsidiary of the Company
De Lamai Co., Ltd.	Subsidiary of the Company
Fahkwantip Co., Ltd	Investments in other company of the subsidiary

The significant transactions with related parties are as follow:

33.1 Sales and expenses with related parties for the years ended December 31,

BAHT

RELATED TRANSACTIONS IN STATEMENTS OF COMPREHENSIVE INCOME	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Sale				
C.I.G. (Thailand) Co., Ltd.	-	-	-	153,380
Interest income				
De Lamai Co., Ltd.	-	-	3,360,324	3,223,392
Fahkwantip Co., Ltd	393,370	-	393,370	-
Other incomes				
De Lamai Co., Ltd.	-	-	5,000	-
Cost of services				
C.I.G. (Thailand) Co., Ltd.	-	-	-	16,278
Purchase of spare parts				
C.I.G. (Thailand) Co., Ltd.	-	-	121,900	1,234,030

33.2 Balances of receivable and payable from sales, purchase and service rendered to related parties.

BAHT

RELATED TRANSACTIONS IN STATEMENTS OF FINANCIAL POSITION	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Trade accounts receivables				
C.I.G. (Thailand) Co., Ltd.	-	-	-	88,981
Accrued incomes				
De Lamai Co., Ltd.	-	-	2,000	-
Accrued interest receivable				
De Lamai Co., Ltd.	-	-	1,390,450	5,198,876
Fahkwantip Co., Ltd	27,452	-	27,452	-
Short-term loans to related parties				
C.I.G. (Thailand) Co., Ltd.	-	-	250,000	-
De Lamai Co., Ltd.	-	-	2,761,500	2,000,000
Fahkwantip Co., Ltd	10,000,000	-	10,000,000	-

RELATED TRANSACTIONS IN STATEMENTS OF FINANCIAL POSITION	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Long-term loans to subsidiary				
De Lamai Co., Ltd.	-	-	183,500,000	174,800,000
Trade accounts payable				
C.I.G. (Thailand) Co., Ltd.	-	-	-	73,830
Other non-current liabilities				
De Lamai Co., Ltd.	-	-	3,000	-

34. DISCLOSURE OF FINANCIAL INSTRUMENTS

The Company and subsidiaries have information relating to financial instruments both in and off statements of financial position as follows :

34.1 Accounting policies

Accounting policies are disclosed in Note 3 to the financial statements.

34.2 Risk from breach of contracts

- Due to the contracting party does not follow the requirement in the contract which caused damage to the Company and subsidiaries.
- The credit risk with respect to the concentration of trade accounts receivable consists of:
- Revenues of the Company and its subsidiaries resulting from sale to few major customers with very high proportion.
- Revenues of the Company and subsidiaries resulting from sale and services to the small business customers has no concentration of credit risk, because they have a large number of customers.
- For the financial assets shown in the statements of financial position, the book value of such assets is net from various provisions to be estimated fair value. Such provisions are assumed to be the highest value of risk incurred from breach of contracts.

34.3 Risk relating to interest rate of financial assets and liabilities

Risk from the fluctuation in interest rate may have negative effect to the Company and subsidiaries for the current and the following years. The Company expects that it can manage the contingent risk, due to the Company has set a plan and follow up the situation closely.

34.4 Risk from currency exchange rate

The Company and subsidiaries have risk from the fluctuation of foreign exchange rates, due to some debtors and creditors arisen from the trading in foreign currencies. The Company and subsidiaries will provide the forward exchange contract, in case of Baht currency is highly fluctuated and it is appropriate for the situation.

34.5 Fair value of financial instruments

The following methods and assumptions are used to estimate the fair value of the financial instruments.

- Financial assets shown at book value which are equal to the estimated fair value.
- Financial liabilities shown at book value which are equal to the estimated fair value. Loans carrying interest rates close to the market rate.

35. FINANCIAL STATEMENTS APPROVAL

These financial statements are duly approved by the Company's directors on February 28, 2017.

COMPANY PROFILE

Company Name	C.I. Group Public company Limited
Initial	CIG
Business Type	Produce parts, coils, for all heat exchanger products such as air-condition, refrigeration, heat pump, air handling unit and etc, for both export and local market
Registration Number	0107547000133
Registered Capital	648,576,474 Bahts (As of December 31, 2016) Paid up capital 432,393,191.00 Bahts Par value 0.50 Baht per share
Head Office	1/1 Moo 7 Bangkoowad Rd., Bangkoowad, Muang Pathumthani 12000 Tel : 0-2976-5290-8 Fax : 0-2976-5023
Branch Office	789/75 Moo 1 Pinthong Industrial Estate Nong-Kham, Sriracha, Chonburi Tel : 0-3829-6920-4 Fax : 0-3829-6919
Branch Office	526/1-3 Moo 3 Soi. Than Phu Ying, Thepharak Rd., Thepharak, Muang Samutprakan 10270 Tel : 0-2758-3034-6 Fax : 0-2758-3085
Home Page	http://www.coilinter.com
REFERRED PERSONS	
Share Registrar	Thailand Securities Depository Company Limited 93 The Stock Exchange of Thailand Building, Rachadapisek Road, Din Daeng, Bangkok 10400 Tel : 0-2009-9000 Fax : 0-2009-9991
Auditor	Mr.Virach Aphimeteetamrong, Mr.Chaiyakorn Aunpitipongsa, Mr.Apiruk Ati-anuwat, Mr.Preecha Suan, license no. 1378, 3196, 5202 and 6718 respectively, or other CPAs, who is in list of Auditors approved by the office of SEC, of the Dr. Virach & Associates office Co., Ltd. Dr. Virach & Associates office Co., Ltd. 518/3 Maneeya Center North Building, 7th Floor Ploenchit Road, Lumpinee District, Patumwan, Bangkok 10330 Tel. : 0-2252-2860, 0-2255-2518, 0-2254-1210, 0-2250-0634, 0-2254-8386-7 Fax : 0-2253-8730

SUBSIDIARY COMPANIES

Company Name	De Lamai Co., Ltd.
Business Type	Hotel
Registration Number	0845547005846
Registered Capital	100,000,000.00 Bahts (as of December 31, 2016) Paid up capital 100,000,000.00 Bahts
Head Office	171/4-9 Moo 4 Maret Koh Samui, Suratthani Tel : 0-7791-3250 Fax : 0-7791-3255
Website	http://www.samayabura.com
Company Name	CIG (Thailand) Co., Ltd.
Business Type	Produce and sell air-condition and all other refrigeration parts
Registration Number	0135554002471
Registered Capital	60,000,000.00 Bahts (as of December 31, 2016) Paid up capital 53,000,000.00 Bahts
Head Office	1/1 Moo 7 Bangkoowad Rd., Bangkoowad, Muang Pathumthani 12000 Tel : 0-2976-5290 (Auto 10 lines) Fax :0-2976-5023, 0-2598-2332



C.I.Group Public Company Limited

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