

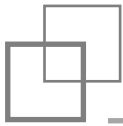
ANNUAL REPORT

2016

WINNER GROUP ENTERPRISE PLC

รายงานประจำปี 2559





## Message from the Board of Directors

---

Dear Shareholders,

2016 became a year of economic and political uncertainty and a more intertwined due to the EU referendum results British turnouts to leave EU (Brexit), the election to the 45<sup>th</sup> President of the United States of America, Italian Prime Minister announced to resign after losing constitutional reform vote. These 3 significant phenomena were taking shape from Globalism to Populism as a backlash global free trade system and shaking political stability in Eurozone countries. While the growth of global trading remained sluggish in 2016 and went to slowest pace at 1.9 percent last seen in 1968 due to China's economy slowdown reasons at 6.7 percent, the US economy's grew 1.6 percent and Eurozone economy was same growth as it ever was at 1.5 percent. In addition, the Emerging Market (EM) economies grew to be even lower, at around 4.1 percent as the same sustained slowdown economy in relation to China and US. Meanwhile, in several countries, had been increased outflows of dynamic capital mobility to the US because the US Federal reserved hikes interest rate by 25 basis point during the mid of December then US dollar surged to 14-year high.



Economic outlook of Thailand performed around 3.1 percent due to less stimulating of both government infrastructure projects and no more export expansion, while commodity price was at lower, oil price was rising and private consumption stood unmoving. Driven by tourism, but Thai economy was unable to strong enough expand same as previous year.

Thailand economic growth became much more slow down and prolonged in the period of slow business expansion, Winner Group Enterprise Public Company Limited ("the Company") was able to sustain growth rate at 20 percent owing to variable increase from tourism, hotels and restaurants business while the Company continued to find new products (sourcing) to serve customers' needs and expectations made positive profit and unceasingly went on development operating procedure, improvement advanced information technology system and reviewed of Enterprise Risk Management manual to be practical use for future risk. This helps the shareholders to ensure that the Company had commitment to concrete corporate operating effectiveness both development and improvement aspects for ongoing business sustainability.

Lastly, we, on behalf of the Board of Directors, Management and Staff, would like to express our sincere thanks to shareholders, distributors, customers, business partners and all relevant stakeholders for always being trustworthy, confident and supportive us throughout the year.

(Mr. Prakarn Tawisuwan)

Chairman of the Board of Directors



# Annual Report 2016

Winner Group Enterprise Public Company Limited

---

<b>01</b>	Message from the Board of Directors	<b>51</b>	Good Corporate Governance
<b>03</b>	Financial Highlights	<b>67</b>	Corporate Social Responsibility (CSR)
<b>04</b>	The Board of Directors and Executives	<b>74</b>	Internal Control and Risk Management
<b>12</b>	Business Overview	<b>76</b>	Related Party Transaction
<b>15</b>	Nature of Business	<b>80</b>	Management Discussion and Analysis (MD&A)
<b>25</b>	Risk Factors	<b>90</b>	Report of the Board of Directors' Responsibility for the Financial Statements
<b>32</b>	General Information	<b>91</b>	Report of the Audit Committee
<b>33</b>	Securities and Shareholders Information	<b>94</b>	Independent Auditor's Report
<b>35</b>	Dividend Policy	<b>98</b>	Financial Statements
<b>36</b>	Management Structure		





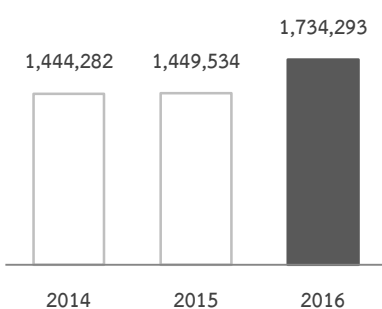
# Financial Highlights

## Financial Highlights

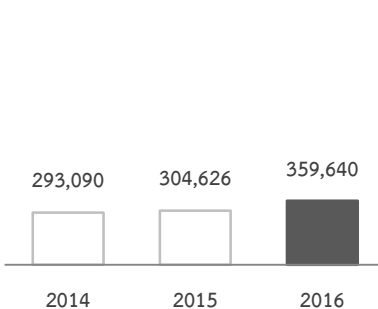


(Unit: Thousand Baht)

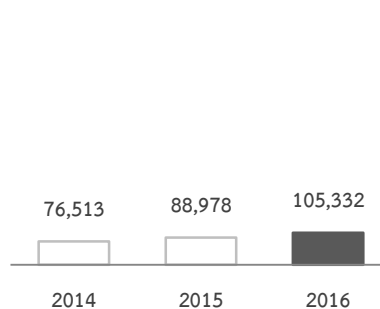
### Total Revenue



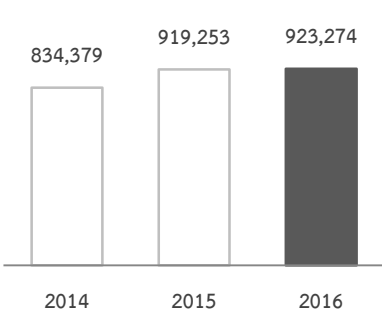
### Gross Profit



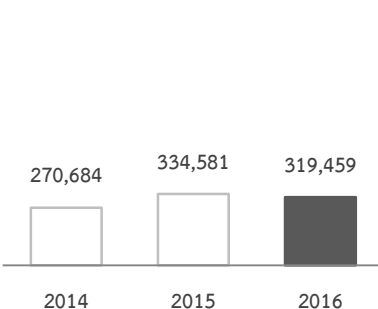
### Net Profit



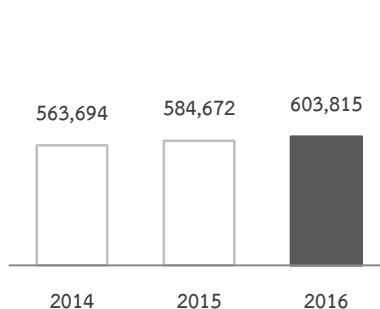
### Total Assets



### Total Liabilities



### Shareholders' Equity



## Key Financial Ratio



(Unit: Times)

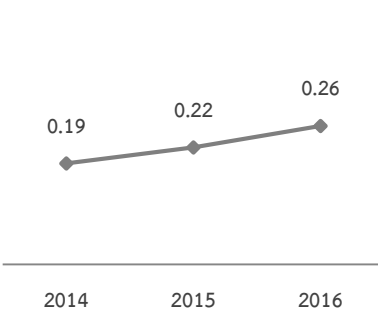
(Unit: Baht per share)

(Unit: Baht per share)

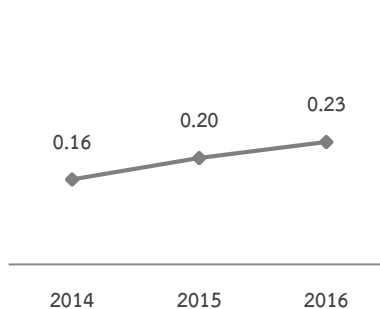
### Debt to Equity Ratio



### Earning per Share



### Dividend







## The Board of Directors and Executives



### Mr. Prakarn Tawisuwan

Age (years): 70

Chairman of the Board of Directors /

Independent Director /

Chairman of the Audit Committee

#### Education

- XMBA Thammasat University
- Bachelor of Economic, Thammasat University
- Director Certification Program (DCP) 75/2006, Thai Institute of Directors

No. of shares held (as at August 26, 2016) -None-

Relationship with Directors and Management -None-

#### Work Experiences (last 5 years)

##### Listed Companies

2013 - Present Chairman of Board of Directors / Independent Director / Chairman of Audit Committee  
Winner Group Enterprise Plc.

##### Non-Listed Companies

2015 - Present Director - M.R. Rosalins Gagananga Foundation Under the Royal Patronage of HRH  
Princess Maha Chakri Sirindhorn

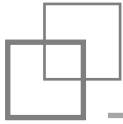
2013 - 2014 Advisor - CIMB-Principal Asset Management Co., Ltd.

2012 - 2013 Acting President - CIMB-Principal Asset Management Co., Ltd.

2011 - 2012 Advisor - CIMB-Principal Asset Management Co., Ltd.

2010 - 2011 Sub-committee Reform Consideration Sub-Committee - Bangkok Mass Transit Authority





## The Board of Directors and Executives

### Mr. Jane Wongisariyakul

Age (years): 64

Director / Chairman of Executive Committee /

Chairman of Risk Management Committee /

Managing Director

(Authorized Director)



#### Education

- XMBA Thammasat University
- Bachelor of Science in Food Technology, Chulalongkorn University
- Bachelor of Business Commerce, Beijing Language and Culture University, China
- Director Accreditation Program (DAP) 31/2005, Thai Institute of Directors
- Certificate of Public Economics Management for Executives (Batch 8), The College of Politics and Governance, King Prajadhipok's Institute
- Role of Nomination and Governance Committee (RNG) 5/2013, Thai Institute of Directors
- Capital Market Academy Executive Program (Class 23), Capital Market Academy, SET

**No. of shares held** (as at August 26, 2016) 34.58%

**Relationship with Directors and Management** Spouse of Mrs. Vannaporn Wongisariyakul /  
Father of Ms. Kanollas Wongisariyakul

#### Work Experiences (last 5 years)

##### Listed Companies

2013 - Present Director / Chairman of Executive Committee / Chairman of Risk Management Committee/ Managing Director - Winner Group Enterprise Plc.

2006 - Present Independent Director / Audit Committee Member / Nomination and Remuneration Committee Member - Eason Paint Plc.

##### Non-Listed Companies

2011 - Present Director - Jamchuri Testing Laboratory Co., Ltd.

2012 - Present Director - Jamjuree Innovations Co., Ltd.

2008 - Present Director - Jamjuree Innovations Products Co., Ltd.

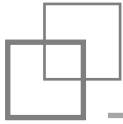
2010 - Present Vice Chairman - Faculty of Science Foundation, Chulalongkorn University

2004 - 2014 Director - Spa Ovation (Thailand) Co., Ltd.

2010 - 2013 Vice Chairman of Executive Committee - the Professor Dr. Tab Nilanidhi Foundation

2010 - 2013 President - Chulalongkorn University Science Alumni





## The Board of Directors and Executives



### Mrs. Vannaporn Wongisariyakul

Age (years): 61

Director / Member of Executive Committee /

Member of Risk Management Committee /

Deputy Managing Director

*(Authorized Director)*

#### Education

- Master of Science in Food Technology, Chulalongkorn University
- Bachelor of Science in Food Technology, Chulalongkorn University
- Director Accreditation Program (DAP) 91/2011, Thai Institute of Directors

**No. of shares held** (as at August 26, 2016) 8.78%

**Relationship with Directors and Management** Spouse of Mr. Jane Wongisariyakul /  
Mother of Ms. Kanollas Wongisariyakul /  
Sister of Mr. Krissada Sirirojana

#### Work Experiences (last 5 years)

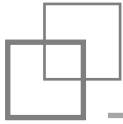
##### Listed Companies

2013 - Present Director / Executive Committee Member / Risk Management Committee Member /  
Deputy Managing Director - Winner Group Enterprise Plc.

##### Non-Listed Companies

1987 - 2013 Director - Winner Group Enterprise Ltd.





## The Board of Directors and Executives

### Miss Kanokpan Kreangkraikrissada

Age (years): 47

Director / Member of Executive Committee /

Member of Risk Management Committee /

Deputy Managing Director

*(Authorized Director)*



#### Education

- Master of Business Administration (MBA), Chulalongkorn University
- Bachelor of Science in Food Science, Kasetsart University
- Directors Accreditation Program (DAP) 91/2011, Thai Institute of Directors
- Certificate of Mini MBA, Thammasat University

**No. of shares held** (as at August 26, 2016) 2.95%

**Relationship with Directors and Management** Wife of Mr. Krissada Sirirojana

#### Work Experiences (last 5 years)

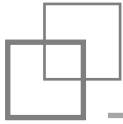
##### Listed Companies

2013 - President Director / Executive Committee Member / Risk Management Committee Member /  
Deputy Managing Director - Winner Group Enterprise Plc.

##### Non-Listed Companies

2001 - 2013 Director - Winner Group Enterprise Company Ltd.





## The Board of Directors and Executives



### Miss Kanollas Wongisariyakul

Age (years): 34

Director / Member of Executive Committee /

Member of Risk Management Committee /

Deputy Managing Director

*(Authorized Director)*

#### Education

- Bachelor of Business Administration (Finance), Thammasat University
- Directors Accreditation Program (DAP) 91/2011, Thai Institute of Directors
- How to Develop a Risk Management Plan (HRP) 8/2015, Thai Institute of Directors
- Successful Formulation & Execution of Strategy (SFE) 27/2016, Thai Institute of Directors
- The Executive Program for Young Professionals (EYP) Batch #2, Fiscal Policy Research Institute Foundation
- Chief Financial Officer Certificate Program Batch #20, Federation of Accounting Professions under the Royal Patronage of his Majesty the King

**No. of shares held** (as at August 26, 2016) 3.90%

**Relationship with Directors and Management** Daughter of Mr. Jane and Mrs. Vannaporn Wongisariyakul

#### Work Experiences (last 5 years)

##### Listed Companies

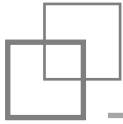
2015 - Present Director / Executive Committee Member / Risk Management Committee Member /  
Deputy Managing Director - Winner Group Enterprise Plc.

2013 - 2015 Assistant Managing Director - Winner Group Enterprise Plc.

##### Non-Listed Companies

2011 - 2013 Assistant Managing Director - Winner Group Enterprise Ltd.





## The Board of Directors and Executives

### Mr. Surapat Rojchanavisart

Age (years): 64

Director / Member of Nomination and  
Remuneration Committee



#### Education

- Master of Business Administration, Tarleton State University, Texas, USA
- Bachelor of Science in General Science, Chulalongkorn University
- Directors Accreditation Program (DAP) 100/2013, Thai Institute of Directors
- Role of the Compensation Committee (RCC) 21/2016, Thai Institute of Directors
- Role of the Nomination & Governance Committee Program (RNG) 8/2016, Thai Institute of Directors

**No. of shares held** (as at August 26, 2016) 3.53%

**Relationship with Directors and Management** -None-

#### Work Experiences (last 5 years)

##### Listed Companies

2016 - Present	Director / Member of Nomination and Remuneration Committee Winner Group Enterprise Plc.
2013 - 2016	Director Winner Group Enterprise Plc.

##### Non-Listed Companies

2012 - Present	Executive Committee - Chai's Clansman Association of Thailand
2010 - Present	Director - Pro Master Pack Co., Ltd.
1985 - 2013	Director - Winner Group Enterprise Ltd.





## The Board of Directors and Executives



### Dr. Warunee Varanyanond

Age (years): 67

Independent Director /

Member of the Audit Committee /

Member of Nomination and Remuneration Committee

#### Education

- Doctor of Science, PhD. (Food Technology), Kagawa University, Japan
- Master of Science in Food Technology, Chulalongkorn University
- Bachelor of Science in Food Technology, Chulalongkorn University
- Directors Accreditation Program (DAP) 100/2013, Thai Institute of Directors

**No. of shares held** (as at August 26, 2016) *-None-*

**Relationship with Directors and Management** *-None-*

#### Work Experiences (last 5 years)

##### Listed Companies

2013 - Present Independent Director / Audit Committee Member / Nomination and Remuneration Committee Member - Winner Group Enterprise Plc.

##### Non-Listed Companies

2015 - Present Advisor - Food Science and Technology Association of Thailand (FoSTAT)

2014 - Present Qualified Person - Biodiversity-Based Economy Development Office (Public Organization)

2010 - Present Advisor & Qualified Person - Institute of Food Research and Product Development (IFRPD) Kasetsart University

2009 - Present Qualified Person - The National Innovation Agency (NIA)

2009 - Present Qualified Person - Thai Agricultural Research Development Agency (Public Organization)

2009 - Present Executive Committee - Office of Certification Body of Thailand Institute of Scientific and Technological Research (TISTR)

2007 - Present Qualified Person of Agriculture and Biology - National Research Council of Thailand

2012 - 2015 Director - Faculty of Science Foundation, Chulalongkorn University

2002 - 2015 Executive Committee - Food Science and Technology Association of Thailand (FoSTAT)





## The Board of Directors and Executives

### Miss Thipawan Uthaisang

Age (years) : 59

Independent Director /

Member of the Audit Committee /

Chairman of Nomination and Remuneration Committee



#### Education

- Master of Business Administration, Thammasat University
- Bachelor of Accounting, Thammasat University
- Bachelor of Laws, Sukhothai Thammathirat Open University
- Director Certification Program (DCP) 29/2003, Thai Institute of Directors
- Advanced Certificate in Politics and Governance in Democratic Systems for Executives (Batch 9), The College of Politics and Governance, King Prajadhipok's Institute
- Capital Market Academy Executive Program (Class 8), Capital Market Academy, SET
- Thailand National Defence College (NDC), Class 2010

**No. of shares held** (as at August 26, 2016) *-None-*

**Relationship with Directors and Management** *-None*

#### Work Experiences (last 5 years)

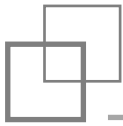
##### Listed Companies

- |                  |  |
|------------------|--|
| 2013 - Present   | Independent Director / Member of the Audit Committee/ Chairman of Nomination and Remuneration Committee - Winner Group Enterprise Plc. |
| 2013 - President | Independent Director / Chairman of Audit Committee - Prodigy PCL.  |
| 2009 - Present   | Independent Director / Audit Committee Member - Ladprao General Hospital PCL.  |
| 2005 - Present   | Independent Director / Audit Committee Member - Eason Paint Plc.   |

##### Non-Listed Companies

- |                |   |
|----------------|---|
| 2015 - Present | Independent Director / Chairman of Audit Committee - AIRA & AIFUL PCL.        |
| 2009 - Present | Independent Director / Audit Committee Member - Pailin Booknet PCL.           |
| 2001 - Present | Executive Director / Managing Director - Papermate (Thailand) Company Limited |





# Business Overview

---

## Vision and Business Objectives

### Vision

To become the leading company with expertise in integrated food business in all distribution channels

### Mission

We are committed to deliver quality products and provide reliable service, to meet the customers' needs and satisfaction with the dedication to develop company's human resources capability to have expertise in food industry and maintain good relationship with suppliers.

### The Company sets business objectives for the near future of 2-3 years as follows.

1. The Company plans to develop and supply new products to meet a wide range of requirement of customers in food industry and food service operators (Food Service/HoReCa) and supply innovative products to meet consumer's needs to diversify product ranges distributed by the Company.
2. The Company will develop more customized products to meet customers' needs, OEM premix products and packaging filling services. Also, we aim to export our own products such as icing sugar and baking powder to neighboring countries. To increase the plant's production to near maximum capacity and reduce operating costs per unit to be more competitive.
3. The Company plans to develop consumer food products under our own brand to enter new markets.
4. The Company will expand customer base to include more customers in all segments of the food industry by expanding customer base from primarily food industry manufacturers to food service customers (Food Service/HoReCa) and end consumer. The Company aims to expand customer groups from Bangkok and Greater Bangkok to major cities in each region especially touristic provinces.
5. The Company plans to expand its food business to other businesses such as pharmaceutical, cosmetics, personal care, animal feed, etc. to expand growth and business diversity.

## History and Development

### History

Winner Group Enterprise Public Company Limited ("the Company or Winner") was founded in 1983 by a group of experts in food science and technology led by Mr. Jane Wongisariyakul. At present, Winner engages in the business of importing, manufacturing and distributing of raw materials, food ingredients and food chemical used in food processing from all over the world such as potato starch, modified starch, wheat starch, egg power, thickener and gelling agent, stabilizer, cocoa, preservative, artificial sweetening agent and other kinds of food chemical.



In 2004, the Company expanded its business by acquiring the factory for production lines of food additive and premix such as icing sugar, and sugar used in food industry, baking powder, thickening agent, seasoning etc. and on October 3, 2013, the Company registered IPO in the Stock Market Alternative Investment (MAI).

With the expertise and skills in supplying of raw materials, food chemical related in food industry and strong sales teams that understand our customers' business, the Company could supply suitable products met our customer needs. The Company expanded our product range, distribution channels and customer base to new groups of customers who are likely to grow continuously in various types of food industry.

Additionally, the Company expanded into consumer products under the world leading brand such as Pop Secret microwave popcorn, Nature Valley Cereal bar, Betty Crocker bakery and cake mix, Streamline fruit jam, Harvey Fresh juice distributed in modern trade and traditional trade channel and expanded our customer base to food service business such as hotels restaurants, catering and other retail traders.

### Key Milestones in 2016

1. In 2016, the Company selected new products from various sources for import and distribution in the total of 65 SKUs as follows.

Industry Products	
Avebe	- Modified starch
Barry Callebaut	- Dark chocolate compound - Instant cocoa powder
Eggway	- Egg yolk powder
JB Cocoa	- Cocoa butter

Consumer Products	
Winner	- Tempura flour, Pancake mix and Pure corn starch (Lilly brand) - Creamy custard powder
Osterberg and Orana	- Syrup : Caramel, Hazelnut, Pomegranate, Mint, Blue curacao and Strawberry flavor - Fruit crush : Mixed berry and Passion fruit - Fruit topping & Fruit filling : Raspberry
SunnyGem	- Almond from USA
Tahu	- New Zealand mussels
Yantai	- Frozen diced carrots - Frozen diced potatoes
Serpis	- Green olives stuffed with anchovy, Green olive stuffed with tabasco - Pitted black cacereña olives, Pitted black olives with tabasco - Pickled gherkins, Pickled cocktail onion, Pickled surfine capers
VFOODS	- Corn snacks : Tom-yum-kung, Barbeque and Honey butter flavor - Coconut wafers
Moon Sune	- Korean noodle : Chicken, Kimchi and Seafood flavor



2. The Company renovated a new look of Délicé shop, Thai CC tower branch in June 2016 as a Bakery & Café to be the frontline of selling import products and facilitating retail customers/partners for shop visit.
3. The Company expanded distribution channel in August 2016 by distributed Nature Valley granola bars (Oats'n Honey and Oats'n Dark Chocolate flavors) thru 7-Eleven more than 9,000 branches to access customers and markets
4. On October 26, 2016, the Stock Exchange of Thailand and Thai Institute of Directors announced "the examination result on Corporate Governance Report of Thai Listed in 2016". The Company classified into "very goods" (score range of 80-89 scores) which was higher than the average scores of all Thai Listed in 2016.





## Nature of Business

The Company's core business is an importer, manufacturer and distributor of food ingredients and food additives used in food processing industry, including raw materials, ingredients and additives from sources around the world, as well as food ingredients and additives manufactured by the Company. The Company also imports and distributes consumer food products under the world's leading brands such as microwave popcorn, granular bars, seasoned laver, pasta, olive oil, fruit jams, juices, etc.

## Revenue Structure

The Company's revenue structure was divided into product group in 2014 - 2016 as follows.

Type of Revenue	2014		2015		2016	
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
<b>1. Sales Revenue</b>						
1.1 Industry Products	636.0	44.1	589.3	40.7	744.6	42.9
1.2 Consumer Products	794.8	55.0	841.2	58.0	975.8	56.3
<b>2. Other Income<sup>1/</sup></b>	13.5	0.9	19.0	1.3	13.9	0.8
<b>Total</b>	<b>1,444.3</b>	<b>100</b>	<b>1,449.5</b>	<b>100</b>	<b>1,734.3</b>	<b>100</b>

Note: <sup>1/</sup> Other incomes consist of commission, interest income, marketing supports, gain on sales of unit trust, etc.





## Products

The products are divided into two groups which are industry products and consumer food products. The proportion of revenue from industry products was 42.9 percent in 2016 and the revenue from consumer food products was 56.3 percent, details are as follows:

### 1. Industry Products (Raw Materials, Ingredients and Additives for Food Industry)

Industry products can be divided into

- (1) Food ingredient e.g. Potato starch, wheat flour, cocoa powder, egg powder, sugar and seasoning
- (2) Food additive e.g. Thickeners, stabilizers and preservatives

These 2 groups are imported from worldwide manufacturers with high quality standard and from our own plant under a modernized production process and GMP standard to meet a wide range of requirement of the customers in food industry, which need their own specific formula. Our Company products are used as raw materials, ingredients and intermediate substances in food processing by various types of food manufacturers and bakeries.



Product Samples



Brands Distributed by the Company



## 2. Consumer Products

Consumer food products consist of 4 main groups which are:

- (1) Snacks
- (2) Semi-processed raw materials and frozen products
- (3) Gourmet foods and bakeries
- (4) Beverages and drinks

Such products are imported from various countries including USA, Spain, Italy, Germany, France, Australia, Singapore, China, Japan and South Korea as follows.



Product Samples



Brands Distributed by the Company

## Marketing and Competition

### Marketing Strategies

As the executives of the Company have experiences and expertise in sourcing of raw materials, ingredients and additives to producers and manufacturers in food industry in Thailand for a long period of time, the Company has been widely accepted by customers as one of the leading importer, manufacturer and distributor of food ingredients and food additives used in food industry, and also consumer products with quality and standard. We offer a wide and integrated range of products.

The Company has been certified ISO 9001:2008 quality, while the production system has been certified with Good Manufacturing Procedures (GMP). The Company has the policy of maintaining long and good



relationship with customers and partners; developing competitive strategies to retain existing customers and increasing market share of the Company as follows:

**1) Selecting and offering products with world-class quality constantly**

The Company is an experienced specialist in supplying raw materials, food ingredients and additives used in food processing for over 30 years. So the Company has the information of all manufacturers and sources of raw materials with quality and production standards worldwide. The Company will select a manufacturer that has their own technology, acceptable production standards, and specializes in research and development. Because the Company needs to get information from research and development department of manufacturers in order to be able to advise customers on product selection for production efficiently. Meanwhile, from getting advantage of the expertise in food products, the Company has the policy to focus on customer services to meet and satisfy our customers by providing quality products that meet their price requirements or selecting other supplier to substitute raw materials or selecting other ingredients to create a product that meets customer specification. We also offer technical assistance to develop products of customers by offering technology and innovation used in food processing, including importing new products continuously to help improve quality, lower costs and increase the variety of goods.

**2) Meeting customer requirements of export industry**

The Company focuses on distributing quality standard products; we then meet the needs of customers who are in food production industry for export. They need to produce products with quality and standards of each destination country, such as exports to Europe, USA and Japan, etc. The industrial customers are required to have a certificate of quality for raw materials used in production as a reference for export their products, such as certificate of origin, certificate of analysis (COA), certificate of quality control system, and manufacturing standards e.g. ISO GMP HACCP HALAL KOSHER and Material Safety Data Sheet (MSDS), etc.

**3) Developing premix for customers**

Being a part of product and service development to customers, the Company produces raw materials of Customized Blend or Premix to serve customers' requirements, especially industrial customer group as reducing manufacturing process and product costing reason.

**4) Offering OEM (Original Equipment Manufacturer) and packaging services**

The Company has expanded its production capacity by purchasing additional machines and packaging tools to support the production of different types of premixes such as coffee powder coffee, tea powder, seasoning powder and flours, as well as repacking products to retail sizes. The Company has plans to offer OEM services to customers and re-packaging products that we import or produce. The packaging services of such goods are to expand distribution channels and products to a broader group of customers.

**5) Building and maintain long-term relationships with customers**

The Company aims at building long-term relationships with customers by providing technical consulting services and taking care of customers closely. The Sales division of the Company has expertise in food science and technology and responsible for dealing with customers to find their needs and supply



products that suit them. The Company also provides technical advices on product usage to the customers and collaborates with them to develop new products. In addition, the Company also finds alternative products for the customers in order to improve product quality and reduce costs.

#### **6) Expanding distribution channels to Food Services and consumers**

The Company plans to expand the Company's product distribution channels to directly reach our target customers such as Food Services by focusing on restaurants, bakery shops (for both stand-alone restaurants and chain restaurants) and catering. Moreover, the Company also focuses on expanding distribution channels to bakery sections in modern retail outlets including supermarkets and hypermarkets, etc. which enables the Company to increase distribution channels along with the expansion of modern retail outlets of which have branches across country. For consumer food products, the Company has plan to expand to new distribution channels in which the Company has never distributed any products such as convenience stores and mini-marts, etc. so the Company can access to consumers easily and extensively.

#### **7) Branding food products to be well-known to consumers**

The Company held marketing activities including publicity through various media, special events of consumer food products, etc. In addition, the Company also uses online media to create brand awareness, especially for snacks and beverages so that consumers know more about products and brands that the Company distributed.

### **Our Customers**

Products that the Company distributes are in wide range such as raw materials, ingredients and additives for food processing and consumer products so we can fulfill the customer's needs from food industry, food services providers to retail customers as follows:

- **Industry**

Industry consists of food producers, food processing manufacturers and bakery, in private and government sectors. This group uses the Company's products for their production then sell their final products to consumers e.g. instant noodles manufacturer, egg noodles manufacturers, rice noodles manufacturers, vermicelli manufacturers, juices and beverages manufacturers, canned food manufacturers, frozen food manufacturers, sauces and seasonings manufacturers, milk producers and dairy products manufacturers and large and medium bakery manufacturers.

- **Food service**

Food service consists of customers who buy products of the Company to use for themselves and the products are used for consumer's food production. This group of customers comprises of hotels, catering companies, stand-alone restaurants and chained restaurants and bakery shops.

- **Consumer**

Consumer refers to customers that require buying products directly from the Company for their own consumption through retail channels such as modern trade and traditional trade or directly gets any services from Délicé, a coffee and bakery shop owned by the Company.



## Distribution Channels

The Company distributes the products through distribution channels that consistent with the characteristics of customers i.e. industry, food service / HoReCa such as hotels, restaurants, chained bakery and restaurants, and retail to consumers through modern trade and traditional trade and coffee shops owned by the Company.

### 1) Food Industry Manufacturers

The Company distributes directly to more than 500 bakeries and food processing manufacturers in Bangkok and across country. The Company also sells products to dealers that sell the Company's products to small-sized factories. The Company does not officially appoint any individuals to be the Company's distributor. When selling to bakeries and food processing manufacturers, they will use the products for their own production. Then the finished products will be sold to end-consumers and/or exported to foreign countries. For this distribution channels, the Company has sales teams with expertise in food science technology to provide technical advice on the products and together with our customers to select and develop products to meet the customers' needs.

### 2) Food Service

The Company is a direct supplier to food service providers e.g. hotels, restaurants, catering, chained bakeries and restaurants, stand-alone bakeries and restaurants nationwide, and bakery department in modern retail outlets. These food service providers will use the Company's products to make ready-to-eat food and bakery then sell to consumers afterwards.

### 3) Modern Trade and Traditional Trade

The Company sells the products in modern trade e.g. Tops Supermarket, Siam Paragon, Emporium, the Mall, Makro, Tesco Lotus, Big C, Foodland, Villas, Family Mart, 7-Eleven etc. and traditional trade e.g. wholesalers, bakery specialized wholesalers, etc. for over 3,000 outlets. The modern trade and traditional trade channel is expanding in Thailand. As a result, the Company's products are accessible to consumers more thoroughly; especially through modern trade which targeting at customers in Bangkok and Greater Bangkok, touristic provinces and other provinces with high purchasing power.

The ownership of products distributed through modern trade and traditional trade will be transferred to modern retailers and traditional retailers instantly after the Company delivers such products. If there are any damages after delivery, the Company has no obligation in the value of such products. However, the Company might consider product return for some cases, such as product ages less than 3 months, to ensure the confidence of customers in the quality of our products; to maintain brands' image; and the Company's reputation as an importer and distributor of such goods.

## Market situation and competition

Driven by major inflow consumptions from the increase of government spending and private investments, Thailand economic in 2016 was in the period of recovery and business expansion based on better consumers' confidence. It was however in Q4/2016 economic condition is gradually expanded due to some factors relevant



with domestic consumption and tourism. In conclusion, overview of economic in 2016 motivated by the year-end Government boosting economic scheme as following details.

Tourism trend in 2016 was more expansion while number of Chinese tourists was decreased because of short-term government measurement to Zero-dollar tour but the year-end was returned by the number of Chinese tourists continuously. In addition, political situation to calm down and boost up tourism scheme by the government was visa exemption to allow tourist countries and increase number of tourists rapidly.

While food industry trend was same direction as tourism and resulted better look positive due to food is one of 4 basic needs and customers' needs still same direction, especially export production.

In 2017 outlook of food business will be positive trend and growth which may result from I) decrease in 2017 personal income tax to increase more consumption II) better political stability to increase country tourism atmosphere III) monetary policy to support country business recovery IV) government expenditures to increase investment in business sectors and continuously support in infrastructure investment.

Separated into 2 parts, industry competition in food business are by products as follows.

### **1) Industry Product**

Industrial factories are main customers of Industry Product i.e. instant noodle, noodle, vermicelli, fruit juice, canned food, frozen food, bakeries and vice versa. The Company imported various premium products to serve customers' needs in Industry Product widely. Presently, our competitors are able to source product substitution around 3-5 items per products but the Company can sustain its market share and customer expansion to the prospective customers consistently. Competitive strategy on product quality with international manufacturing standardization is tailored-made world acceptance, customers' deliverables and building long-term customer relationship.

### **2) Consumer Products**

More than 12,000 nationwide places of our imported products represented world premium quality by 2 main distribution channels such as modern trade and original retails including directly distributed our products thru 1,200 food providers nationwide while other competitors focused on distribution in modern trade. The Company therefore has capability to compete over its competitors by increasing distribution channels and releasing its products through another food providers.

Competition in modern trade, the Company arranged marketing activities at the point of sales in form of marketing promotions such as price discounts, marketing events, product demonstration and complimentary premium products which the above-mentioned activities would be suitably selected depending on each brand, including PR in media channel to create brand awareness and motivate its sales consistently.

Competition in food provider, due to the volume of customers with various product requirements and type of minimum orders, our salespersons provides the consistency of monitoring and taking swift action to serve customers' requirements. As the strategy in sourcing product variance, immediate action and development of pre-mix, the Company has ability to serve customers' needs and requirements and minimize customers' manufacturing cost. In Addition, the Company has established Technical Service



Department which consisted of knowledgeable specialists and expertise in product usage via in the form of product demonstration and product seminar to create customers' perception and assist customers for product decision.

## Source of Supply

Winner Group Enterprise Public Company Limited operates as an importer and manufacturer of raw materials, ingredients, additives and consumer food products to distribute in Thailand. Most products are imported from abroad. The total imported value represented 93 percent of the total purchase value in 2016 and the local order represented 7 percent of the total purchase value in 2016.

The Company ordered finished goods and raw material from suppliers and distributors details as follows:

Purchase Value	2014		2015		2016	
	Million Baht	Percent	Million Baht	Million Baht	Percent	Million Baht
Import	936.4	90.8	983.3	92.1	1,160	93.0
Local	94.4	9.2	84.9	7.9	87.6	7.0
Total	1,030.8	100.0	1,068.2	100.0	1,247.6	100.0

In 2016, the Company purchased from 10 major suppliers representing for approximately 73 percent of total purchase value. The Company ordered products from 2 major suppliers representing more than 10 percent of the total orders. We have been purchasing from these two suppliers for a long period of time and bond good business relationship throughout the years of business.

### 1) Import of products for sale

The products that the Company sold approximately 91.9 percent of the revenue in 2016 are imported products. The selection of raw materials, ingredients and additives from each supplier is determined by the customers' requirements both in quality and prices. Because each manufacturer has different sources of raw materials, the products from each of them have different features even though they are same kind of products. At all events for every purchase order, the Company will need to have a certificate from the manufacturer specifying product details and features clearly, as the customers who are food processing manufacturers, especially exporters need to know the country of origin, quality, standards and detailed specification of raw materials prior to manufacture. And the documents will also be used as a reference for export.

### 2) Production under the Company's product line for sale

The production plant used for manufacturing located at Bangpa-In Industrial Estate, on land area of 5 Rai, 3 Ngan and 76 Square Wah with the approximate utilization area of 4,700 square meters. The products from own production lines are food ingredient, food additives and premixes, including icing sugar, coating



sugar, industrial sugar, baking powder, stabilizer, etc. These products are for both standardized and made to order.

In addition, the Company also has production lines for repackaging products into different sizes to meet the customer's requirements. The products which are repackaged by the Company include raw materials, ingredients and additives used in food processing manufacturers and bakeries such as cocoa powder and spices, etc. The re-packaging is in various sizes for both directly distributing by the Company and OEM.

The main raw materials that the Company uses as ingredients in manufacturing of food additives and premixes include refined sugar, tapioca starch, corn starch, etc. The Company purchases raw materials for food additives and premixes from the domestic dealers and manufacturers.

#### Production Capacity and Utilization Rate

In 2016, maximum capacity was 9,492 ton/year, increased from year 2015 by 2,944 ton/year due to improve the efficiency of production line and to increase work hours equaled to 7 hours per day (previously work hours equaled to 6.5 hours per day). Meanwhile, the actual utilization in year 2016 was 4,473 ton/year, which increased from year 2015 by 849 ton/year when comparing with the previous years as follows.

		2012	2013	2014	2015	2016
Maximum Capacity <sup>1/</sup>	Ton/year	4,305	5,673 <sup>2/</sup>	6,110	6,548	9,492
Actual Utilization	Ton/year	3,472	3,334	3,505	3,624	4,473
Utilization Rate	Percent	80.7	58.8	57.4	55.3	47.1

Note: <sup>1/</sup> Maximum capacity in 2016 is calculated by the number of normal working hours of 7 hours per day-previously calculated by the number of normal working hours 6.5 hours per day (the hours spent in actual production) which already subtract the time spent in machine preparation and cleaning for each production) and the number of working days is 262 days a year.

<sup>2/</sup> The Company improved bottleneck process in the production building which helped improvement de-bottleneck process and resulted the maximum capacity increased to 5,673 tons per year in 2013

#### Quality Systems and Environmental Management

The Company has the measurements to control and monitor quality of the ingredients used in production strictly, we have a quality assurance unit to check the quality of raw materials. The quality monitoring measurements are used from the beginning process to the end, including the quality check of raw materials when stored in warehouses and in preparation for production; the ingredients quality check before production; and the products quality check after production prior to distribution. All strict measurements of quality control and monitoring ensure the Company's products to reach clean and safety standards.

The Company has continuously engaged in activities for development of quality and safety standards to ensure that the Company has acceptable quality and safety standards. During the past 5 years the Company has been certified by the following institutions:



Standards		2012	2013	2014	2015	2016
	Quality Management System (ISO 9001:2008) by International Organization for Standardization-ISO certification by SGS United Kingdom Ltd. ("SGS")	✓	✓	✓	✓	✓
	Good Manufacturing Practice (GMP) by BSI GROUP (THAILAND) CO., LTD - Notification of the Ministry of Public Health (No. 193) Re: Production processes, production equipment, and food storage, dated September 19, 2000 (B.E. 2543)	✓	✓	✓	✓	✓
	Halal Assurance & Liability Quality System Certificate (HAL-Q) by The Halal Science Center, Chulalongkorn University		✓	✓	✓	
	HALAL Certificate by the Central Islamic Committee of Thailand, for the product type: icing sugar, ground sugar, glazing sugar, donut sugar, baking powder, baketex, winsoft, wingum, pancake mix and tempura flour			✓	✓	✓

The Company has been supporting the environmental protection by providing wastewater treatment to comply with the Bangpa-In Industrial Estate's regulations. In the past 5 years, the measurement results were according to the criteria of the estates, details as follow:

#### Wastewater Analysis Report

No.	Report Date	Sampling Location	Parameter	Methodology	Tested by	Result	Unit	Standard*	Comparative Result
1	23 Nov 2012	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	176	mg/l	500	Passed
2	18 Jun 2013	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	70	mg/l	500	Passed
3	14 Jul 2013	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	153	mg/l	500	Passed
4	14 Oct 2013	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	46	mg/l	500	Passed
5	21 Nov 2013	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	4	mg/l	500	Passed
6	20 Feb 2014	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	4	mg/l	500	Passed
7	22 Apr 2014	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	10	mg/l	500	Passed
8	18 Aug 2014	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	5	mg/l	500	Passed
9	22 Dec 2014	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	2	mg/l	500	Passed
10	17 Feb 2015	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	42	mg/l	500	Passed
11	15 Jun 2015	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	19	mg/l	500	Passed
12	26 Oct 2015	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	0	mg/l	500	Passed
13	3 Feb 2016	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	3	mg/l	500	Passed
14	5 Apr 2016	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	5	mg/l	500	Passed
15	1 Jun 2016	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	13	mg/l	500	Passed
16	3 Aug 2016	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	0	mg/l	500	Passed
17	5 Oct 2016	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	2	mg/l	500	Passed
18	7 Dec 2016	Plant pond	BOD	5 Day BOD Test	Analytical Laboratory Services Co., Ltd.	2	mg/l	500	Passed

\* Standards for the Examination of Wastewater in industrial factories from industrial estate notification no.78/2554 re: general regulations on water drainage into central wastewater treatment in industrial estate.





# Risk Factors

---

## 1. Business Risk

### ► Risk of having business in competitive industries

As an importer and distributor of raw materials, ingredients, food chemicals and consumer food products, the Company has a large number of competitors, both imported products distributors and domestic manufacturers. Some products don't have differentiation in their features so they are easy to be replaced. As a result, the business is highly competitive in terms of price, especially raw materials, ingredients and food chemicals for manufacturers. The intensity of competitiveness may affect the Company's operational performance.

Although new competitors continually enter the business, the Company anticipates that the risk level is not high as the brands the Company distributes are renowned with high quality and acceptable among customers. The Company also meets various needs of food manufacturers, such as the Company has certificate for product quality, certificate of origin. Moreover, the Company also offers technical consulting on product applications. Our executives have more than 30 years of experiences and our sales team has specific expertise in food technology. So the Company understands the needs of food processing industry, also specialize in sourcing and providing supply alternatives to meet customer demands.

### ► Risk of price and quantity instability of processed agricultural products that the Company distributed

Processed agricultural products may be subject to price fluctuations according to trading (of agricultural products) in the global market. The amount of product each year may depend on climates of the areas. When the volume of agricultural production is limited, it results in higher or changes in commodity prices or may result in the amount of products the Company gets allocated from manufacturers which may affect the Company's operations.

The Company sells products that processed from agricultural products such as starches and flours which processed from wheats, potatoes and corns, Cocoa products, margarine & shortening, fruits and vegetables, frozen seafood, egg powder and almonds, which represents 34.2 percent from sales revenue in 2016. Potato starch is the best seller of processed agricultural products with 5.0 percent of sales revenue in year 2016. The second best seller of processed agricultural products is wheat flour which representing 4.9 percent from sales revenue in 2016.

However, the Company imports processed agricultural products from foreign manufacturers which have risk-protection measurement of commodity price fluctuations. By having agreements on agricultural products such as wheat futures contracts, the manufacturer will offer wheat flour to the Company a quarter in advance and offers fixed rates to the Company at least 3 months. For price adjustment, the manufacturer will notify the Company at least 1 purchase period in advance (Grace period), so that the Company will have grace period to adjust the price and inform the customers. The Company may keep the same price for a grace



period before adjusting the price to match real market price in order to maintain good relationships with the customers, while sourcing and purchasing processed agricultural products including wheat flour and potato starch, by matching customer's purchase order based on the proposal from manufacturers, typically made trading business distributor like the Company gets fluctuation impacts when the global commodity market price represents in lower change.

Moreover, the management has more than 30 years of experience in trading of processed agricultural products. And with the risk mitigation by Industrial Sales Division who constantly monitors global trends and market situation of commodity prices such as wheat, potatoes, beans, corn and cocoa beans from customers and manufacturers, the Company is well aware of both price and volume trends. When there are changes in prices, manufacturers will keep the Company informed of price changed, then the Sales Division will compare if the price is consistent with the price of domestic market before negotiate or jointly define strategy with the manufacturer in order to keep pace with the changing market. In case that the price is on an upward trend, the Company will implement a plan to order in accordance with demand of customers, draft contract for future orders to determine the price and orders quantity for both manufacturers and major customers, and adapt strategies to fit with the market situation in order to be able to compete with competitors and maintain target gross margin of the product group. If the Company has been allocated such goods in limited quantities, the Company may supply substitute products to replace/fulfill the needs of the clients, reducing the impact on the performance of the Company.

The Company is also well aware of the price and quantity uncertainty of processed agricultural products that the Company distributes. Thereupon, the Company has policy to spread the risks (of such uncertainty) by increasing sales of consumer food products to distribute through other sales channels. In 2016, the Company has 43.3 percent market share of raw materials, ingredients and industrial food chemicals, and has 56.7 percent share of consumer food products.

► **Risk of imported product cost uncertainty**

In 2016, the Company imported products represented 93.0 percent of the purchase value. The Company mainly uses shipping as transportation and the shipping fee has been included in the cost of the product. Changes in freight rates of transportation will be in line with oil prices in the world market. If oil price rises, the freight rates will be rising as well. Meanwhile, if oil price declines, it may lower freight rates. Changes in freight rates can affect the Company's cost of sales and may affect profitability of the Company.

In 2016 the freight fee of the Company was 1.1 percent of cost of goods sold. The Company has managed freight cost by comparing price of different freight forwarders so the Company can negotiate for the best rates. For freight rate of main product with high volume and high import frequency, the Company will negotiate with the carrier or agent to quote at least 3 months valid rates to reduce the volatility of costs.

► **Risk of not getting distributor agreement renewal or foreign manufacturers appoints other companies to be a distributor in Thailand.**

The Company has been appointed as a distributor of raw materials, ingredients, food chemicals such as potato starch, additives and consumer food products such as snacks, and gourmet food, etc. The contract



types are either exclusive distributor in Thailand or authorized distributor of each product group for the period of 1-5 years. After the expiration of the contract, the agreement will be automatically renewed unless either party provides termination notice in written form. In case the contracts has not been extended or foreign manufacturers may appoint other distributors in Thailand to replace the Company, the Company may not be able to supply such products or the competitive levels could be higher, which may affect the Company's performance.

In 2016, the Company's revenue generated from sales of the products that the Company has been appointed as a distributor in Thailand represents 57.2 percent of all sales. The management believes in strong relationship the Company have with partners who appointed the Company to be the sole distributor for over 10 years. Throughout the years of good relationship, the Company complied with terms and conditions agreed in the contracts and generate sales growth of the products we are appointed as the distributor. So the Company has continuously gained the trust from the partners to get contract renewals as the exclusive distributor. The management is confident that the risk of the distributor agreement not being renewed is low.

The Company may have risk of the counterparties who are manufacturers take over distributing and marketing role in Thailand without appointing the Company as a distributor. However, the implementation processes require the investment for building a network of sales and distribution channels. Also, distributing raw materials, ingredients and food chemical products requires skill to approach customers in highly competitive industries because the food industrial and food service customers are located around the country. Even for the consumer food products, it requires expertise in marketing and distributing the products to consumer nationwide.

In case of contract termination, the party who grants the right shall send a written agreement to notify the Company 3-6 months in advance. The management believes that with experience and expertise in sourcing raw materials, food ingredients and industrial chemicals product, along with the ability to supply food products to consumers from worldwide manufacturers, the Company can find substitute products to replace the former manufacturers, if the Company cannot get a contract renewed. The Company believed that finding new products can be done before the time the Company has to deliver goods to customers. However, the Company has never been terminated any distributor's agreement.

In 2016, the Company purchased goods from approximate 69 foreign manufacturers. The order from one major foreign manufacturer was 23.3 percent of purchased value. Of which, the Company got the rights to be a sole distributor in Thailand for over 10 years. The statistical data in 2016 shows there is no order from any single manufacturer worth more than 30 percent of the overall orders; therefore, the Company believes that the amount of the order is not significantly being confined to only one foreign manufacturer.

► **Risks of customers directly purchase products from foreign manufacturers.**

The Company's nature of business is to distribute imported products. The main income of being distributor is from distribution fees and other related incomes such as commission. When customers with high volume orders would like to have more control over their cost and foreign exchange, the customers will buy products directly from foreign manufacturers. The Company will provide support, coordinate the documentation



process, and follow up shipment including tracking ship transportation, tracking shipping routes to Thailand and fix problems caused by imported goods until the goods are delivered to the customer. However, the Company is entitled as an exclusive distributor from the foreign manufacturers of such goods. When customers purchase directly from the manufacturer overseas, the manufacturer will pay a commission to the Company as a distributor of the product. In the future, if most customers of the Company buy products directly from the manufacturer overseas it may affect the profitability of the Company, because the income from the commission is lower than the income from reselling.

If the customers directly import from foreign manufacturers, the customer will have more obligations as a food importer. They will need to follow the FDA registration processes with the Food and Drug Administration (FDA), and customs clearance process which are complicated and time consuming. Besides, the process of obtaining FDA registration and customs clearance services are specific and require personnel with experience and skills, which is different from the core business of the customers. The food manufacturer may not have designated division or they may have a division without sufficient expertise to perform such contacts with government agencies. Moreover, the duration of the registration to the Food and Drug Administration will take certain amount of time before importing products each time, which may result in longer lead time comparing with ordering from the Company.

In addition, direct importing from overseas producers is not a core business of food services customers and retailers as the procedures are complicated and may not worth when comparing to the profit they get from distributing imported products. So the Company is very confident that the majority of the Company's customers will keep ordering the import goods from the Company.

► **Risk of expired products**

All of the Company's products are associated with food which has limited shelf life. Normally, all products are mainly aged between 1-3 years; the quality of the product is directly correlated with the age of the product. The Company has the risk that the product will expire before it can be sold. Therefore, the Company must carry provision for allowance of obsolete and outdated, which will affect the results of the Company's performance. Moreover, the distribution of expired product may affect the Company's reputation.

The Company is well aware of the risk of expired products which affects the business performance both the image and the losses incurred. Therefore, the Company focuses on systems and measures to control the product's shelf life before the distribution and delivery to individual customers starting from the origin to the destination, which depend on the age of the product in each product group. For consumer food products that are sold in modern trade and traditional trade, the Company set the policy to control the inventory's shelf life to be not less than 3 months before the expiration date of the product. The Company regularly assigns product consultants (PC) to check the expiry date of the products in stores to control product quality to be in line with the Company's policy.

For raw materials, ingredients and food chemicals, the Company has policy to control product life cycle to be in accordance with purchasing lead time. In order to sell a product each time, Sales department will forecast import duration and the length of time expected to be sold and delivered to customers in order to



maintain the age of products to be suitable for processing and consumption. The Company stores products according to the products' shelf life and use First-in First-out (FIFO) system to deliver products to customers. Stocks and quality checking are conducted every month to ensure only quality products are delivered to customers.

In case that the Company has products that have less than 25 percent shelf life, the following procedure will be taken:

1. For Industrial products, Sales Department will offer a special discount to customers to clear all stock before the product expires.
2. For Consumer Food products, the Company will do special promotions for short shelf life product at point of sale such as Buy 1 Get 1 Free, special discount, premium giveaway and bring products to sell directly to consumers in the special event and road show.

Throughout 30 years of the Company's operation, the Company has never been sued by consumers on the matter of expired products.

Along with the mentioned measurement to guarantee product's quality, the Company implements a 100 percent provision for obsolete product that has shelf life less than 3 months. In 2016, the Company recorded a loss on expired goods of Baht 6.5 million or 0.4 percent of revenue from sales in 2016, reflecting the effectiveness of product management and the risk of such effect was low during these 3 years.

## 2. Financial Risk

### ► Risk of exchange rates fluctuations

The main products of the Company are imported from overseas manufacturer. The total imported order was 93.0 percent of the total purchase value in 2016. The main currency for payment is US Dollar which represented 93.5 percent of total imports in 2016, while the Company domestically sells the products using Thai Baht currency. As a consequence, the Company could be at risk from fluctuations in foreign currency exchange rates. When Thai Baht is weaker than US Dollar, the Company needs to pay more for goods which may affect the Company's cost of goods sold to increase. Meanwhile, if Thai Baht appreciates, it will lower the cost of products that the Company needs to pay.

However, to reduce the risk of foreign exchange rate fluctuations, the Company's financial transactions have been protected by foreign currency forward contracts every time the Company imports foreign goods. This way the Company can determine the cost of goods sold and to protect against fluctuations in exchange rates which will affect the results of operations of the Company. The forward contracts will be in the discretion of the management of the Company and in accordance with the authority level approved by the Board of Directors.

Forward exchange contract will help the Company determine the exact cost of goods sold and lower the impact of fluctuations in foreign currency exchange. However, the Company has no policy to speculate on the exchange rate.



In 2014, the Company gained loss on currency exchange of Baht 1.2 million while in 2015 the Company recognized gain on currency exchange rate of Baht 9.4 million. In 2016, the Company continuously recognized a gain on currency exchange of Baht 3.5 million which could not guarantee that the Company was able to manage profit with the forward contracts but depending on exchange rate fluctuation during making such contracts.

► **Risk of changes in interest rate**

The Company has credit facilities from financial institutions in trust receipts term loan. The Interest rates are Money market rate (MMR). The Company has the mentioned credit facilities as working capital for importing goods.

As of December 31, 2016, the total outstanding balance of trust receipts was Baht 62.9 million. Changes in interest rates could impact directly to the finance cost of the Company. An increase in the interest rate may lead to a higher financial cost and result in lower operating profit.

However, the Company had working capital management policy based on the capital structure of the Company. The source of funds was primarily from operating cash flow and equity. The Company has been able to generate positive cash flow from operations during the past 3 years. In 2016, the cash flow from operations was Baht 116.1 million.

### **3. Investment Risk and Shareholders' rights**

► **Risk of reliance on the Company's management**

The earning of the Company over the past 30 years was a result of the experience and expertise of the Company's key executives in food industry, including Mr. Jane Wongisariyakul, Mrs. Vannaporn Wongisariyakul and Ms. Kanokpan Kreangkraikrissada. The Company's management has good relationships with customers and other partners. At present the mentioned key management team plays an important role in determining the policies and strategies. If the Company losses such key executives, whether by any reason, the Company may face management crisis which will affect the business operations of the Company.

Presently, the Company's management structure is in the form of Executive Committee consist of executives with direct industry experiences responsible in managing and decision making on important matters of the Company's operation.

The Company also set out its' policy to bring professional executives with expertise in the industry to participate in the Company. The Board of Directors has delegated its' power to the Executive Committee and top management such as Deputy Managing Directors, and managers. Moreover, the Company place importance on personnel development in all departments and create senses of ownership among employees to grow together with the Company. The Company offers its employees opportunities to make suggestions or propose plans beneficial to the Company as well as empower middle-range managers to be more involved in the management and decision making, which would bring efficient management system to the Company.



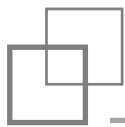
► **Risk of Major Shareholders that owns more than 50 percent of issued shares**

At August 26, 2016, Wongisariyakul group represented as a controlling interest had majority shareholding held 51.16 percent of the total paid-up shares of the Company. It was due to this group can take ownership over the resolution of the Annual General Meeting of Shareholders such as appointment of directors and any other resolution shall require majority votes. But in exceptional law or the Articles of Association, the resolution shall require at least three-fourth (3/4) of the votes of the shareholders attending the meeting. Thus, other shareholders are unable to request for casting votes such as actions as monitoring and balancing to veto any proposal from major shareholders.

However, the Company had 3 Independent Directors and Audit Committee members choosing from 8 members of the Board of Directors to audit the Company are operating procedure, to balance management power in the proper direction, to monitor transparent management and to be auditable.

The Company; moreover, hired Honor Audit and Advisory Company Limited by Miss Piyamas Ruengsangrob, as an outsourced company which is an independent working under control of the Audit Committee and performing duty to monitor internal control system, propose annual internal audit plan and ensure internal audit/control in good enough and comply with business environment and risk change.





## General Information

### Company Name



Winner Group Enterprise Public Company Limited

### Business



Importing, manufacturing and distributing raw material, ingredients and food additives for food industry and various food products to consumers.

### Head Office



43 Thai CC Tower, 21<sup>st</sup> Floor., Room 214-219, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120

### Registration Number



0107556000256

### Contact us



Tel: 0-2675-6525-31 / Fax: 0-2675-6544

Website: [www.winnergroup.co.th](http://www.winnergroup.co.th)

### Registered Capital



100,000,000 Baht comprising 400,000,000 common shares of 0.25 Baht per share

### Paid-up Capital



100,000,000 Baht comprising 400,000,000 common shares of 0.25 Baht per share

### Securities Registrar



Thailand Securities Depository Company Limited  
The Stock Exchange of Thailand Building, 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400 Tel: 0-2009-9999

### Auditor



EY Office Limited as Certified Public Accountant (CPA)  
193/136-137 Lake Rajada Office Complex, 33<sup>rd</sup> Floor, New Rajadapisek Rd., Klongtoey, Bangkok 10110 Tel: 0-2264-0777





## Securities and Shareholders Information

### Registered and Paid-up Capital

The Company's registered and paid-up capital was 100,000,000 Baht consisting of 400,000,000 ordinary shares at the par value of 0.25 Baht.

### Shareholders

Shareholders as of August 26, 2016 are as per the following.

Shareholders	No. of share	Percentage
<b>1. Wongisariyakul Family<sup>1/</sup></b>		
1.1 Mr. Jane Wongisariyakul	138,331,800	34.58%
1.2 Mrs. Vannaporn Wongisariyakul	35,100,000	8.78%
1.3 Miss Karatrat Wongisariyakul	15,600,100	3.90%
1.4 Miss Kanollas Wongisariyakul	15,600,000	3.90%
<b>Total</b>	<b>204,631,900</b>	<b>51.16%</b>
<b>2. Rojchanavisart Family<sup>1/</sup></b>		
2.1 Mr. Paveen Rojchanavisart	15,625,000	3.91%
2.2 Mr. Surapat Rojchanavisart	14,100,000	3.53%
2.3 Mr. Wanchai Rojchanavisart	780,000	0.20%
2.4 Mrs. Bonggoch Rojchanavisart	100,000	0.03%
2.5 Miss Unchalee Rojchanavisart	100,000	0.03%
2.6 Mr. Tawatchai Rojchanavisart	70,000	0.02%
<b>Total</b>	<b>30,775,000</b>	<b>7.69%</b>
<b>3. Manatsathit Family<sup>1/</sup></b>		
3.1 Mr. Anant Manatsathit	4,640,000	1.16%
3.2 Miss Chuntip Manatsathit	4,640,000	1.16%
3.3 Mr. Chakkaphant Manatsathit	4,624,400	1.16%
3.4 Mr. Sathaporn Manatsathit	4,295,000	1.07%
3.5 Miss Pattarawadee Manatsathit	35,000	0.01%
3.6 Mrs. Malipa Manatsathit	14,000	0.00%
<b>Total</b>	<b>18,248,400</b>	<b>4.56%</b>



Shareholders	No. of share	Percentage
<b>4. Tantanavivat Family<sup>1/</sup></b>		
4.1 Mrs. Wilaiporn Tantanavivat	8,416,600	2.10%
4.2 Miss Wiphawee Tantanavivat	1,200,000	0.30%
4.3 Miss Innapha Tantanavivat	1,200,000	0.30%
4.4 Miss Phawadee Tantanavivat	1,000,000	0.25%
<b>Total</b>	<b>11,816,600</b>	<b>2.95%</b>
<b>5. Miss Kanokpan Kreangkraikrissada</b>	<b>11,800,000</b>	<b>2.95%</b>
<b>6. Pusayapaibul Family<sup>1/</sup></b>		
6.1 Mr. Pure Pusayapaibul	7,720,000	1.93%
6.2 Mrs. Paradee Pusayapaibul	500,000	0.13%
6.3 Mr. Prapan Pusayapaibul	125,000	0.03%
<b>Total</b>	<b>8,345,000</b>	<b>2.09%</b>
<b>7. Miss Pecharat Wareelertsap</b>	<b>7,000,000</b>	<b>1.75%</b>
<b>8. Tungpaiboonwanich Family<sup>1/</sup></b>		
8.1 Mr. Wiwat Tungpaiboonwanich	3,500,000	0.88%
8.2 Mr. Chinorn Tungpaiboonwanich	1,200,000	0.30%
8.3 Miss Chatsupanun Tungpaiboonwanich	1,200,000	0.30%
<b>Total</b>	<b>5,900,000</b>	<b>1.48%</b>
<b>9. Limpikirati Family<sup>1/</sup></b>		
9.1 Miss Sasipa Limpikirati	2,565,200	0.64%
9.2 Mr. Jakkrit Limpikirati	2,500,000	0.63%
<b>Total</b>	<b>5,065,200</b>	<b>1.27%</b>
<b>10. Mrs. Wandee Ekudomsin</b>	<b>4,500,000</b>	<b>1.13%</b>
<b>11. Others</b>	<b>91,917,900</b>	<b>22.98%</b>
<b>Grand Total</b>	<b>400,000,000</b>	<b>100%</b>

Remark: <sup>1/</sup> Shareholders grouped according to the surname of shareholders above does not be counted as shares held by related persons under Section 258 of Securities and Exchange Act.





## Dividend Policy

The Company has established a Dividend Policy to its shareholders not less than 50 percent of its net profit after deduction of corporate income tax, all reserves subject to applicable laws and other relevant considerations. However, the dividend payout ratio may vary from the rate mentioned which is subject to the necessity to use fund in business operations, expansion plans and other relevant considerations.

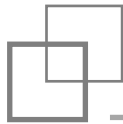
The resolution of the Board of Directors to approve dividend payment is subject to the approval of shareholders for annual dividend, except interim dividend payment is subject to the approval of the Board of Directors and shall be reported and acknowledged by the shareholders in the next shareholders' meeting.

### Dividend Payment from the Company's operating results during past 4 years

Description	2013	2014	2015	2016
<b>Dividend Payment (Baht per share)</b>	<b>0.17</b>	<b>0.16</b>	<b>0.20</b>	<b>0.23</b>
- Interim Dividend	0.07	0.07	0.08	0.10
- Annual Dividend	0.10	0.09	0.12	0.13 <sup>1/</sup>
<b>Dividend Payout (DPS/EPS)</b>	<b>81.35%</b>	<b>83.65%</b>	<b>89.91%</b>	<b>87.34%</b>

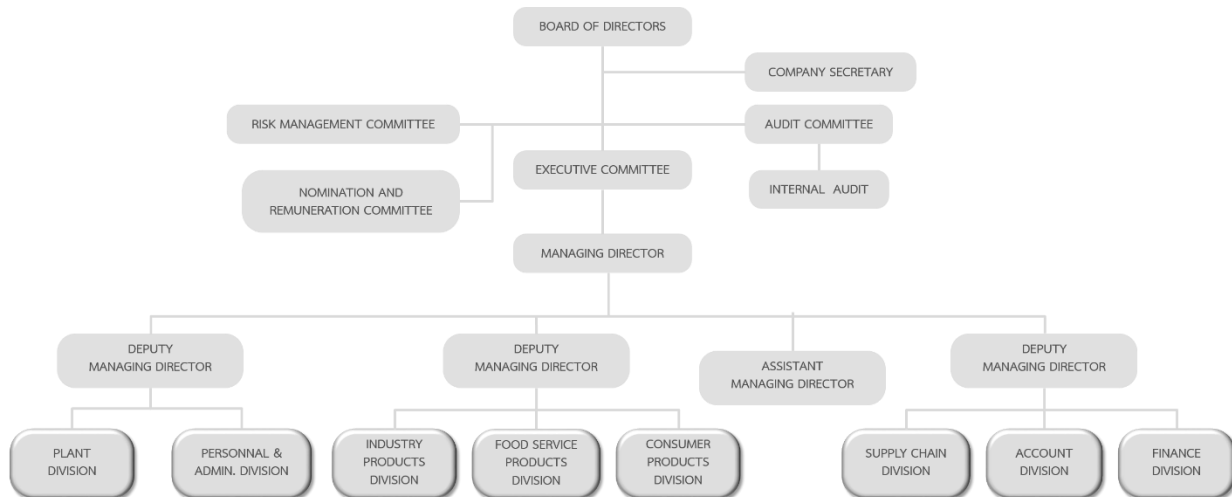
Remark: <sup>1/</sup> The Board of Directors Meeting No. 1/2017 on February 28, 2017 resolved to propose agenda of Dividend payment for 2016 to Annual General Meeting of Shareholders on April 25, 2017 to consider and approve the annual dividend payment which will be 0.13 Baht per share while plus with the interim dividend payment paid on September 9, 2016, of which 0.10 Baht per share. Total dividend payout for 2016 will be 0.23 Baht per share.





# Management Structure

Organization chart as of December 31, 2016



## 1. Board and Committee

The Company has 5 committees comprises of Board of Directors, Executive Committee, Audit Committee, Risk Management Committee, and Nomination and Remuneration Committee.

### ► Board of Directors

As of December 31, 2016, the Board of Directors comprised 8 directors. The names and meeting attendance of each member in 2016 were noted as follows:

Name	Type of Directors	Position	Meeting attendance in 2016	
			Board of Directors	Shareholders
1. Mr. Prakarn Tawisuwan	Independent Director	Chairman of the Board	4/4	1/1
2. Mr. Jane Wongisariyakul	Authorized Director Executive Director	Director	4/4	1/1
3. Mrs. Vannaporn Wongisariyakul	Authorized Director Executive Director	Director	4/4	1/1
4. Ms. Kanokpan Kreangkraikrissada	Authorized Director Executive Director	Director	4/4	1/1
5. Ms. Kanollas Wongisariyakul	Authorized Director Executive Director	Director	4/4	1/1
6. Mr. Surapat Rojchanavisart	Non-executive Director	Director	4/4	1/1



Name	Type of Directors	Position	Meeting attendance in 2016	
			Board of Directors	Shareholders
Mrs. Wilaiporn Tantanavivat <sup>1/</sup>	Non-executive Director	Director	1/1	1/1
7. Dr. Warunee Varanyanond	Independent Director	Director	4/4	1/1
8. Ms. Thipawan Uthaisang	Independent Director	Director	4/4	1/1

Remark: <sup>1/</sup> Mrs. Wilaiporn resigned from Director and Member of Nomination and Remuneration Committee effective on April 21, 2016

The following table show number of shares held by all directors and the management during 2015 and 2016. These figures include the number of shares held by spouse, immature children and related parties, according to Section 258 of the Securities and Exchange Act B.E. 2535 (1992) as follows.

Name	No. of shares holding as of August 31, 2015	No. of shares holding as of August 26, 2016	No. of shares change Increase / (Decrease)
1. Mr. Prakarn Tawisuwan	-	-	-
2. Mr. Jane Wongisariyakul	137,064,300	138,331,800	1,267,500
3. Mrs. Vannaporn Wongisariyakul	35,100,000	35,100,000	-
4. Ms. Kanokpan Kreangkraikrissada	11,700,000	11,800,000	100,000
5. Ms. Kanollas Wongisariyakul	15,600,000	15,600,000	-
Mrs. Wilaiporn Tantanavivat <sup>1/</sup>	9,688,800	8,416,600	(1,272,200)
6. Mr. Surapat Rojchanavisart	16,600,000	14,100,000	(2,500,000)
7. Dr. Warunee Varanyanond	-	-	-
8. Ms. Thipawan Uthaisang	-	-	-
9. Mr. Krissada Sirirojana	-	-	-
10. Ms. Suwannee Kongkijakul	-	-	-
11. Ms. Aradee Piemongsanti <sup>2/</sup>	-	-	-
12. Mr. Prayad Laisupasin <sup>3/</sup>	-	-	-
13. Ms. Prapasiri Pisitsangkakan	-	-	-

Remark: <sup>1/</sup> Mrs. Wilaiporn Tantanavivat resigned from Director with effective on April 21, 2016.

<sup>2/</sup> Ms. Aradee Piemongsanti appointed as Consumer Products Manager on July 1, 2016.

<sup>3/</sup> Mr. Prayad Laisupasin appointed as Plant Manager on February 1, 2017.

#### Directors with signing authority on behalf of the Company

Two of four from Mr. Jane Wongisariyakul or Mrs. Vannaporn Wongisariyakul or Ms. Kanokpan Kreangkraikrissada or Ms. Kanollas Wongisariyakul have to co-sign company document with a company's seal.



## Term of directorship

At every Annual General Meeting, at least one-third (1/3) of the directors, or if their number is not a multiple of three, then the number nearest to one-third (1/3) must retire from office. The director to retire during the first and the second years following the registration of Company shall be drawn by lots. In every subsequent year, the directors who have been longest in office shall retire; however, a retiring director is eligible for re-election.

## Authority and Responsibility of the Chairman of Board of Directors and Board of Directors

The resolution of the Board of Directors' meeting No. 4/ 2016 on November 9, 2016 determined the scope of authority of the Board of Directors as follows

### Authority and Responsibility of the Chairman of Board of Directors

1. To act as the chief of the Board of Directors having duties and responsibilities to supervise, follow up and monitor the due performance of the Board of Directors and other sub-committees to achieve the business objective and plans.
2. To act as the chairman at the meeting of the Board of Directors and to cast the vote in case of equality of votes.
3. To act as the chairman at the shareholders meetings and conduct the meeting according to the sequence of the agenda stipulated in the notice calling for the meeting.
4. To strengthen corporate governance of the Board of Directors.

### Authority and Responsibility of Board of Directors

1. To have power and duties and responsibilities in the management of the Company in accordance with the law, the Company's objectives and Articles of Association, and the resolutions of the general meeting of shareholders by the philosophy of "Best Practices for Directors of Listed Companies" according to The Stock Exchange of Thailand (SET).
2. To arrange to have a balance sheet and income statement of the Company as at the end of the accounting period of the company and shall be audited by the auditor and present to the shareholders for approval.
3. To set vision, mission, goals, strategies, guidelines, policies, operations plan, budgets and policies for risk management, adequate system of internal control and succession plan of management position including review and amend as appropriate at least once every 5 years.
4. To consider, review and approve vision and mission or corporate strategy from the past accounting year and monitor on how to implement corporate strategy as necessary.
5. To monitor and supervise administration and management of the executive to comply with the set policies, plans and budget efficiently and effectively including fixing remuneration and reviewing the succession plan.
6. To oversee the Company to be in compliance with the law regarding securities and SET, the notification of the Capital Market, and the requirements of SET such as related transaction and the acquisition or disposition of significant assets or the laws relating to the business of the Company.



7. To determine the management structure and use power to appoint the Executive Committee, Managing Director and other committees as appropriate, including defining the scope of authority of the Executive Committee, managing director and various committees appointed. The scope of authority shall not authorize the manner of the Executive Committee, Managing Director and various committees to be able to approve transactions that may have conflict of interests between the Company and other companies or subsidiaries (if any), unless the approval is in accordance with the policies and guidelines and approved by the Board.
8. The Board is to consider and delegate authority and responsibility to make clear on daily work policy, indicating the Chairman of the Board is irrelevant with daily work management of the Company and the Chairman of the Board provides regularly support and recommendation on business operation to Managing Director. Managing Director is to perform responsibility of corporate management under delegated power control from the Board of Director.
9. To prepare an annual report of the board and responsible for the preparation and disclosure of financial statements to reflect the financial position and results of operations of the past year and presented to the shareholders for approval.
10. The Board may authorize one director or more or any other person(s) to act as the Board under the control of the Board of Directors or may delegate to such person to have authority as the Board deems appropriate within the time period under the Board's discretion. The Board may revoke, change or modify the authorization when see appropriate. However, the authorization shall not possess to make such individuals to be able to approve the transaction that the person or other may have conflict of interest and personal gain or may have a conflict of interest in any other way with the Company or its subsidiaries (if any) as defined in the Regulations of the Capital Market and/or SET and/or any announcement of the entities involved unless the approval is in accordance with the policies and guidelines and approved by the Board.
11. The Board is to support at least one director to be continuously participated in training courses or seminars that can be maximized knowledge on work procedures.
12. To appoint a company secretary to be responsible for various matters on behalf of the Company or the Directors, such as the register of directors, notice of the Board of Directors Meeting, notice of the Shareholders Meeting.

#### ► Committee

As of December 31, 2016, the Company comprised 4 committee. The names and meeting attendance of each member in 2016 were noted as follows:

Name	Name	Meeting Attendance in 2016			
		Audit Committee <sup>1/</sup>	Executive Committee	RMC <sup>2/</sup>	NRC <sup>3/</sup>
1. Mr. Prakarn Tawisuwan	Chairman of the Audit Committee	4/4	-	-	-
2. Mr. Jane Wongisariyakul	Chairman of Executive Committee Chairman of RMC	-	9/9	4/4	-



Name	Name	Meeting Attendance in 2016			
		Audit Committee <sup>1/</sup>	Executive Committee	RMC <sup>2/</sup>	NRC <sup>3/</sup>
3. Mrs. Vannaporn Wongisariyakul	Member of Executive Committee Member of RMC <sup>2/</sup>	-	9/9	4/4	-
4. Ms. Kanokpan Kreangkraikrissada	Member of Executive Committee Member of RMC <sup>2/</sup>	-	9/9	4/4	-
5. Ms. Kanollas Wongisariyakul	Member of Executive Committee Member of RMC <sup>2/</sup>	-	9/9	4/4	-
6. Ms. Thipawan Uthaisang <sup>4/</sup>	Member of Audit Committee Chairman of NRC <sup>3/</sup>	4/4	-	-	1/1
7. Dr. Warunee Varayanond	Member of Audit Committee Member of NRC <sup>3/</sup>	4/4	-	-	1/1
Mrs. Wilaiporn Tantanavivat	Member of NRC <sup>3/</sup> ( <i>resigned effective on April 21, 2016</i> )	-	-	-	1/1
8. Mr. Surapat Rojchanavisart	Member of NRC <sup>3/</sup> ( <i>appointed effective on August 11, 2016</i> )	-	-	-	-
9. Ms. Prapasiri Pisitsangkakan	Member of RMC <sup>2/</sup>	-	-	4/4	-

Remark: <sup>1/</sup> Audit Committee consist of all 3 Independent Directors, Miss Piyamas Ruangsaengrob acts as the Secretary of the Audit Committee. She is from the third party, Honor Audit and Advisory Co., Ltd. hired by the Company.

<sup>2/</sup> RMC refers to Risk Management Committee

<sup>3/</sup> NRC refers to Nomination and Remuneration Committee

<sup>4/</sup> Ms. Thipawan Uthaisang is Member of Audit Committee with sufficient knowledge and experience to serve on the review of the reliability of the financial statements.

### Authorities and responsibilities of the Audit Committee

Approved by the Board of Directors Meeting No. 4/2016 on November 11, 2016 the authorities and responsibilities of the audit committee are as follows:

1. To review financial reports to ensure the accuracy, completeness and reliability including the disclosure of adequate information by coordinating with the external auditors and the executives responsible for the preparation of financial reports quarterly and annual, and disclose information related to the Company sufficiently before submission to the Board of Directors.
2. To review internal control system and internal audit system of the Company to be appropriate and effective, and consider the independence of the internal audit department. As well as to approve the appointment, transfer or dismissal of the chief internal audit unit or any other agency responsible for internal audit, and may suggest the auditor to review or examine any items that are necessary and important during the audit of the Company, and may suggest about how to improve the system of internal control if see important and necessary to the Board of Directors by coordinating with external auditors and head of internal audit or the third party audit company.
3. To ensure legal compliance with the regulations of SEC or SET includes policies, regulations and other laws relating to the Company's business.



4. To consider, select and nominate an independent person to act as auditor of the Company, including the remuneration of the auditors of the Company to propose to the shareholders' meeting for approval. As well as coordinate with the auditors about the purpose of performing audit scope, approach, plans and problems found during the inspection and issue that an auditor may see important, and attend meetings with the external auditors without management in attendance with at least 1 time per year.
5. To consider the disclosure of the Company in case of any transaction or items may have a conflict of interest, to have accurate and complete information in accordance with the laws and regulations of SET including the disclosure of the transaction correctly in order to ensure that they are reasonable and beneficial to the Company.
6. To ensure the Company to have appropriate and efficient risk management system.
7. To reports the performance of the Audit Committee to the Board of Directors at least 4 times a year.
8. To perform duties, the Audit Committee has the authority to request related management or employees of the Company to comments or send documents as relevant or necessary.
9. To have the power or authority to hire independent consultants of the Company to make comments or give advice as necessary.
10. To prepare a report on the Corporate Governance by the Audit Committee and disclose in the annual report of the Company. Such report must be signed by the Chairman of the Audit Committee and must contain at least the following:
  - Comments on the accuracy, completeness and reliability of the financial reports of the Company
  - Comments on the adequacy of internal controls of the Company
  - Comments on compliance with SEC, regulations of SET or any other laws relating to the business of the Company
  - Comments on the suitability of an auditor
  - Comment on the transactions that may have conflict of interests
  - Comments on number of meetings of the Audit Committee and attendance of each Audit Committee member
  - Comments or overall remarks overall that the Audit Committee has performed its duties under the Charter
  - Other items that Shareholders and investors should be notified under the scope of duties and responsibilities assigned by the Board of Directors.
11. To self-evaluate the performance and report the assessment results and operational problems that could cause the operation not to achieve the purpose of the establishment of the Audit Committee to the Board of Directors every year.
12. To perform other tasks as assigned within the scope of duties and responsibilities of the Audit Committee. In order to perform such duties, the Audit Committee is directly responsible to the Board of Directors. And the Board of Directors continues to have responsibility for the operations of the Company to outside parties.



13. When the Audit Committee performs their duties, if there are any questions of transactions or actions that may have significant impact on the financial position and results of operations of the Company, the Audit Committee shall report to the Board of Directors of the Company for rectification within the period the Audit Committee deems appropriate. The transactions or actions that may have significant impact are as follows:
- Items of a conflict of interest.
  - Fraud or irregularity or significant deficiencies in internal control system.
  - Violation of the regulations of SEC and SET or The laws relating to the business of the Company.
14. If the Board of Directors or management fails to make a rectification within the period above, any member of the Audit Committee may report such transaction or action to SEC or SET.

#### **Authorities and responsibilities of the Executive Committee**

Approved by the Board of Directors Meeting No. 4/2014 on November 11, 2014 the authorities and responsibilities of the executive committee are as follows:

1. To run the business and affairs of the Company according to the objectives, articles of association, policies, rules and regulations, orders and resolutions of the Board of Directors and/or resolutions of the shareholders of the Company.
2. To consider proposals of the management, set organizational structure, policy, direction, strategy of business operations of the Company, expansion plan, financial and budget plan, human resource management and Information Technology investment to present to the Board of Directors for consideration and approval.
3. To appoint a subcommittee and/or a working group to be responsible for the operation or management of the Company, and determine the scope of the authority and responsibilities of the subcommittee, and/or working group including supervising the operation of the subcommittee, and/or the appointed working group according to the Company's policies and targets.
4. To monitor the performance of the Company to be in accordance with the Board's policy and targets defined and supervise the implementation of quality and performance
5. To consider the allocation of the annual budget proposed by the administration prior to presentation to the Board for consideration and approval.
6. To have the power to approve the cost of normal business operations of the Company. Each item shall not exceed Baht 40 million, but less than the budget approved by the Board of Directors. To approve major capital expenditures defined in the annual budget according to the Board of Directors or by the Board of Directors has been approved in principle.
7. To have the power to approve any acquisition of credit or loan of the Company, each item shall not exceed Baht 40 million and in case it needs the property of the Company as collateral, it shall be presented for approval by the Board of Directors.
8. To consider contract processing and signing related to the normal business operations of the Company. Each item shall not exceed Baht 40 million, but less than the budget approved by the Board.



9. To determine the organizational structure, the Corporate Management including appointment, hiring, assignment, transferring, employment termination, compensation and remuneration, bonuses for executive staff from the Managing Director or equivalent, except for the Managing Director.
10. To have power to authorize an attorney (s) for an operation under the control of the Executive Committee, or delegate to such persons to be authorized by the Board of Directors deems appropriate within the time period the Executive Committee deems appropriate. The Executive Committee may revoke or amend the attorney or the authorization as see appropriate.
11. To carry out any operations according to the assignment from the Board of Directors from time to time.

Nevertheless, the delegation of the authorization and responsibilities of the Executive Board shall not appear to be the authorization or the Sub-authorization to an attorney that may have conflict of interests or gain with the Company and/or its subsidiaries and/or related companies (As defined by the Notification of the Capital Market and/or related organization). The Executive Committee has no power to authorize such action on the matter and it has to be submitted to the Board of Directors and/or shareholders' Meeting (as applicable) for approval. Unless the approval is in accordance with normal business and normal commercial terms which is required by the Capital Market Supervisory Board and or SET and /or the relevant organizations.

#### **Authorities and responsibilities of the Risk Management Committee**

The resolution of the Meeting of the Board of Directors No. 4/2014 on November 11, 2014 determines the scope of authority of the Risk Management Committee as follows.

1. To assess any potential risks and effects trends to have on the organization.
2. To determine risk management policies to cover any risks in administration to present to the Board of Directors.
3. To have the power to appoint a risk management team as necessary.
4. To monitor the implementation of risk management as well as analyze, evaluate, track and report systematically.
5. To report risks and suggestions for risks managing to the Board of Directors.
6. To perform other duties assigned by the Board of Directors from time to time.

#### **Authorities and responsibilities of the Nomination and Remuneration Committee**

It was deemed appropriate by the Board of Directors to set up Charter of the Nomination and Remuneration Committee for I) shaping committee component, responsibility and guidelines procedures based on the Board of Director's assignment II) being fair value arm's length performance as appropriated and transparent and complied with Corporate Good Governance Principles and III) concreting confident and trustworthy to relevant stakeholders.

The resolution of the Board of Directors' Meeting No. 4/2016 on November 11, 2016 defining the scope of authority of the Nomination and Remuneration Committee are as follows.



### Nomination

1. Setting guidelines of nominating Board of Directors and other Committee members by considering what would be the appropriate structure, number and composition of members and outlining recruitment method from relevant business experience and industry knowledge and using Board Skill Matrix to help in director recruitment and conform to corporate strategy as appropriate.
2. Searching, selecting and proposing appropriate persons to assume the position of the Company's Directors, Executive Directors, Senior Executive of the Company and its subsidiaries using source of information from Director Pool or Professional Search firm to recruit new director or top management
3. Scrutinizing the name list of nominators and checking personal information and qualifications of the nominators according to the laws and the regulations of the organization the nominator is from and present to the Board for consideration.
4. Approaching and interviewing the nominators who are selected by the Board of Directors to ensure that such individuals are willing to accept the position.
5. Considering the performance, qualifications and suitability of directors who retired as the term has ended and deserves the re-election and present to the Board of Directors to consider the approval, and present at a meeting of shareholders to appoint for the re-election as Directors.
6. Considering the appropriateness to be directors of the company in case there are any changes associated with the qualifications of Directors.
7. Providing orientation for new directors and develop knowledge to current directors.
8. Planning for succession of senior management and preparing the readiness of next potential generation to be successor in case of retirement of Managing Director and Top Management or unable to perform their positions
9. Performing other duties assigned by the Board of Directors.

### Remuneration

1. Formulating and preparing of the remuneration policy in written format.
2. Proposing guidelines and procedures for the payment of remuneration to the Board of Directors and other sub-committees in which the Board of Directors appointed.
3. Approving compensation form, criteria and the value of compensation for both salary and other benefits paid to Directors, Executive Committee, senior management and consultants for Executive level of the Company and its subsidiaries individually.
4. Defining criteria for evaluation of the Managing Director and presenting to the Board for consideration and approval.



## 2. Management

As of December 31, 2016, the management comprises 9 members as follows:

Name	Position
1. Mr. Jane Wongisariyakul	Managing Director
2. Mrs. Vannaporn Wongisariyakul	Deputy Managing Director
3. Ms. Kanokpan Kreangkraikrissada	Deputy Managing Director
4. Ms. Kanollas Wongisariyakul	Deputy Managing Director / Acting Finance Manager
5. Mr. Krissada Sirojana	Personnel & Admin. Manager
6. Ms. Suwannee Kongkijakul	Industry Product Manager
7. Ms. Aradee Piemongsanti <sup>1/</sup>	Consumer Product Manager
8. Mr. Prayad Laisupasin <sup>2/</sup>	Plant Manager
9. Ms. Prapasiri Pisitsangkakan	Accounting Manager

Remark: <sup>1/</sup> Ms. Aradee Piemongsanti was appointed to Consumer Product Manager on July 1, 2016

<sup>2/</sup> Mr. Prayad Laisupasin was appointed to Plant Manager on February 1, 2017

### Authorities and responsibilities of the Managing Director

The resolutions of the Board of Directors Meeting No. 4/2014 on November 11, 2014 determine the scope of authority of the Managing Director as follows.

1. Taking care, managing, and operating normal business operations for the benefit of the Company according to its objectives and articles of association including regulations, resolutions, policies, plans and budgets approved by the Board of Directors and/or the general meeting of shareholders under related laws and the authority assigned by the Board of Directors.
2. Supervising the operations and/or daily administration of the Company.
3. Preparing and presenting business policy, business plans, goals, operational plans, business strategy, annual budget, and annual report and setting the management authority to present to the Executive Committee and the Board of Directors of the Company.
4. Adopting the policies of the Board of Directors to determine the direction, methods, strategies and business goals to define the core mission for management to implement.
5. Monitoring the implementation of the management and offer guidance to fix their problems for the management and operations team to implement according to strategic and business plans in order to comply with company policy.
6. Monitoring and evaluating the implementation of the management and reporting of management performance, implementation progress to the Board of Directors, the Audit Committee and the Board of Directors regularly.
7. Having the authority to approve the cost of the Company's normal business operations, such as purchasing a property, spending an important investment for the benefit of the Company, and



processing another transaction for the benefit of the Company. The approval authority is the approval of normal trade. The total amount of each transaction shall not exceed Baht 20 million but not more than the budget approved by the Board.

8. Considering contract signing on normal business operations of the Company. Each transaction shall not exceed Baht 20 million but not more than the budget approved by the Board of Directors.
9. Performing other duties as assigned by the Executive Committee or Board of Directors.

For any action that the Managing Director or appointee of the Managing Director or individuals who may have a conflict (As defined by the Notification of the Capital Market and/or SET and/or associated entities) or have interest or a conflict of interest with the Company and/or its subsidiaries and/or related company, The Managing Director has no authority to act in the matter. The matter will be submitted to the meeting of the Board of Directors and/or shareholder (as applicable) for approval, unless the approval is in accordance with normal business and normal commercial terms which are required by the Capital Market Supervisory Board and/or SET and/or the relevant regulations.

### 3. Company Secretary

The Board of Directors has appointed Ms. Kavida Wassanaruangdej as the Company Secretary since August 13, 2015. The qualification of the position of Company Secretary is in [Enclosure 1 of Form 56-1](#).

#### Duties and responsibilities of company secretary

The company secretary shall perform his or her duties in accordance with section 89/15 and section 89/16 of Securities and Exchange Act (No.4) B.E. 2551, which come into force on August 31, 2008. The company secretary shall perform his or her duties with responsibilities, care, honesty and in compliance with laws, Article of Association and Objective of the Company, resolution of the Board of Director, and resolution of the shareholders' meeting. In performing this duty, the Company Secretary has the following duties and responsibilities:

1. Preparing and keeping the following documents of the Company:
  - A. Register of the Company's directors
  - B. Meeting notification letter and minutes of the Board of Directors meeting including annual report
  - C. Meeting notification letter and minutes of the shareholders meeting
2. Keep reports on stake holding submitted by directors or executives according to section 89/14 and submit to the chairman of the board and chairman of Audit Committee within 7 working days from the date receiving such report by the Company.
3. Perform other duties as specified by the Capital Markets Supervisory Board.

Additionally, the company secretary has duties assigned by the Company (or the board) as follows:

- Provide preliminary advice and recommendations pertaining to legal, regulatory, and governance issues and practices related to the Board and Board Committees.
- Organize the meetings of Shareholders, the Board of Directors.



- Liaise with regulatory agencies such as the Stock Exchange of Thailand and be responsible for the disclosure and report information to the public and regulatory agencies with accuracy, complete and in accordance with laws.
- Arrange new director orientation.
- Perform other duties as assigned by the Company.

## 4. Remuneration of Directors and Executives

### 1) Monetary remuneration

The Nomination and Remuneration Committee has considered the remuneration of directors and sub-committees to ensure that it is commensurate with each member's responsibility and aligned with the same industry and companies of a similar size. The remuneration of directors and sub-committees shall be proposed the Shareholders to consider and approve every year.

- **Directors' remuneration**

In 2014 and 2015, the Company paid remuneration to 5 directors as the meeting attendance allowance for the total amount of Baht 1,006,000 and Baht 691,500 respectively.

In 2016, the Company has paid remuneration to Directors and sub-committees with a total amount of Baht 688,000 to non-executive directors only (excluded remuneration of executive directors in the form of salary), which is not exceeding Baht 2,000,000 as per approval by the Annual General Meeting of Shareholders 2016 comprising annual remuneration and meeting allowance as per the following details:

#### Structure of 2016 remuneration of directors

Director	Monetary Remuneration (Baht)	
	Annual Remuneration (Baht/person)	Meeting Allowance (Baht/person)
<b>Board of Director</b>		
- Chairman	-	15,000
- Executive Director	-	-
- Non-Executive Director	-	7,500
- Independent Director	-	7,500
<b>Audit Committee</b>		
- Chairman	150,000	15,000
- Member	100,000	12,000
<b>Nomination and Remuneration Committee</b>		
- Chairman	-	10,000
- Member	-	7,500



### Details of 2016 remuneration of directors and sub-committees

Name	Position	Remuneration (Baht) <sup>1/</sup>			
		Board of Directors	Audit Committee	NRC <sup>2/</sup>	Total
1. Mr. Prakarn Tawisuwan	Chairman of the Board Chairman of the Audit Committee	60,000	210,000	-	270,000
2. Mr. Jane Wongisariyakul	Executive Director	-	-	-	-
3. Mrs. Vannaporn Wongisariyakul	Executive Director	-	-	-	-
4. Miss Kanokpan Kreangkraikrissada	Executive Director	-	-	-	-
5. Miss Kanollas Wongisariyakul	Executive Director	-	-	-	-
6. Mrs. Wilaiporn Tantanavivat (resigned effective on April 21, 2016)	Non-Executive Director Member of NRC <sup>2/</sup>	7,500	-	7,500	15,000
7. Mr. Surapat Rojchanavisart	Non-Executive Director	30,000	-	-	30,000
8. Dr. Warunee Varayanond	Independent Director Member of the Audit Committee Member of NRC <sup>2/</sup>	30,000	148,000	7,500	185,500
9. Miss Thipawan Uthaisang	Independent Director Member of the Audit Committee Chairman of NRC <sup>2/</sup>	30,000	148,000	10,000	188,000
<b>Total</b>		<b>157,500</b>	<b>506,000</b>	<b>25,000</b>	<b>688,500</b>

Remark: <sup>1/</sup> Sub-committees refer to Audit Committee and Nomination and Remuneration Committee which are only applicable to have Remuneration

<sup>2/</sup> NRC refers to Nomination and Remuneration Committee

#### • Executives and Management's remuneration

In 2014 and 2015, the Company has paid remuneration to Managing Director and Executives with a total amount of Baht 18.8 million and Baht 22.8 million respectively. In 2016, the Company paid such remuneration to 11 persons with a total amount of Baht 23.2 million. The remuneration was paid by monthly salary, bonus, incentive and monthly fuel costs.

#### 2) Other Remuneration

##### • Other Remuneration for Directors

-None-

##### • Other Remuneration for Executives

Executives can attend provident fund that the Company established. The Company shall contributed 3-5 percent of salaries of executives into the fund, and the executive shall pay contributions into a fund at the rate of 3-5 percent of the salary of the individual executive. Additionally, the Company offers other benefits to management positions, such as Social Security Fund, vehicles, life insurance premium and phone fee, etc.



## 5. Personnel and Training

### 1) Number of employees (excluding executives)

As of December 2014 to 2016, the Company's staff are in the total of 263 persons, 258 persons and 247 persons respectively as shown by Department/Division:-

Division	No. of employees		
	As of December 31, 2014	As of December 31, 2015	As of December 31, 2016
General Management	2	2	2
Plant	71	68	57
Personnel and Admin	13	12	10
Industry Product	11	12	11
Food Service	17	22	21
Consumer Product	60	70	71
Supply Chain	53	52	51
Accounting	11	11	13
Finance	10	9	11
Business Development <sup>1/</sup>	15	-	-
<b>Total</b>	<b>263</b>	<b>258</b>	<b>247</b>

Remark: <sup>1/</sup> In 2015, Délégué in Business Development was relocated to under supervision of Consumer Product

### 2) Major labor dispute in the past 3 years

-None-

## 6. Remuneration of Employees (excluding executives)

### 1) Monetary remuneration

In 2014, 2015 and 2016, the Company has paid remuneration of employees in the total amount of Baht 73.4 million, Baht 76.7 million and Baht 90.1 million respectively by salaries, bonuses, incentives, overtime payment, diligence allowance and monthly fuel costs.

### 2) Other Remuneration

Employees can attend provident fund that the Company established. The Company shall contributed 3-5 percent of salaries of employees into the fund, and the employees shall pay contributions into a fund at the rate of 3-5 percent of the salary of the individual employee. Additionally, the Company offers other benefits to employees such as Social Security Fund, Subsistence allowance and phone fee, etc.

### 3) Human Resources Development Policy

The Company recognizes that efficient workforce is a key factor to the success of the organization according to the Company's goals that focus on the human resources development which are our Company's significant resources. The Company has dedicated to promote the continuous development of human

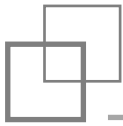


resources for their employees to create knowledge, expertise and maximized ability to work, so their employees can maintain and improve their ability to develop the necessary capabilities to create a higher level of performance continuously.

To support employees to be most efficient, the Company has been planning the annual training and field trips (both domestic and international) to employees as necessary and appropriate to enhance job skills to meet the responsibility of each employee level. The Company added extra curriculum to maximize their potential. The managers of each division shall propose the training plans and budgets to the responsible executive line of command which shall be Deputy Managing Director. The training that the Company prepares for the employee shall focus on developing their performance effectively and helps encourage employees to have advance opportunity for their career path and continuously grow with the organization in the future.

In 2016, the Company's Executives and employees participated in total of 157 curriculums which classified in-house training for 62 curriculums and out-house training for 95 curriculums. Average of training per hour equaled to 23.75 hours per head per year.





# Good Corporate Governance

---

The Company, through its directors, executives, and staff, commits and adheres to good corporate governance principles in operating the Company, and regards good corporate governance principles as an important factor in promoting the overall success of the Company as a social responsibility organization.

## 1. Good Corporate Governance Policy

The Board of Directors has adopted the good corporate governance policy since 2012 and reviews the policy and practice annually. In 2014, the Board of Directors revised the policy to comply with the “Principles of Good Corporate Governance for Listed Companies (2012)” by the Stock Exchange of Thailand and criteria of the Thai Institute of Directors Survey.

In 2015, “Chapter 2: Business ethics” is out from “Code of conduct” as the reason of creating more clear description into one book of Code of Conduct. In 2016, the Board of Directors reviewed the context of both Good corporate governance policy and Code of Conduct to be complied with Principles of Good Corporate Governance for Listed Companies by the Stock Exchange of Thailand, criteria of the Thai Institute of Directors and ASEAN CG Scorecard. Interest persons are able to view full version of Good Corporate Governance Policy at [www.winnergroup.co.th](http://www.winnergroup.co.th)

The policy has been communicated to directors, executives and employees to create awareness of good corporate governance principle and practice. The Board of Directors has also introduced report channels to receive complaints in case of any violation of the laws, regulations, code of conduct and practices of the Company including protective measure for the whistleblower (Whistleblower Policy). In 2016 the Company has implemented and complied with the policy as follows:

### Section 1: Rights of shareholders

- ✓ There was no action taken that may deprive the rights of shareholders either majority and minority shareholders or both Thai and foreign shareholders.
- ✓ The Company complied with the policy on promoting and facilitating the exercise of shareholders' rights as follows.

#### Before the meeting date

- ▶ The Company allowed the shareholders to propose meeting agenda in advance before the annual general meeting specifying the clear rules and procedures disclosed on the website of the Company and notifying to the Stock Exchange of Thailand from December 23, 2015 to February 12, 2016. but none of the agenda was proposed by a shareholder.
- ▶ The Company disclosed notice of the Shareholders' Meeting and related documents onto the Company's website 32 days prior to the meeting date and delivered the notification to the shareholders 22 days prior to the meeting date.



- ▶ The invitation letter and meeting agenda contain sufficient details, including proxy forms.

#### On the meeting date

- ▶ For the convenience of the shareholders, the Annual General Meeting of Shareholders 1/2016 held on Wednesday, April 20, 2016 during 10.00 - 12.00 hours at the Crystal Ballroom, Holiday Inn Bangkok Silom Hotel. The Company also provided adequate staff and technology during barcode registration at 08.00 hours.
- ▶ At the beginning of the meeting, the Company explained rules of procedure for the meeting as well as voting process. The registration and vote counting was made by barcode system using ballot tickets in all agenda items. For the appointment of directors, the shareholders can cast their votes for any particular director or for all directors proposed. There were representative from Bunchikij Company Limited and Well-Versed Law Office Limited attended as independent inspectors who observed vote counting, which were announced to the meeting and recorded in the minutes of the meeting.
- ▶ The Company conducted the meeting by each agenda in order as notified in the notice of the meeting without any additional agenda.
- ▶ The Company allowed shareholders to fully make inquiries, express opinions and give recommendations. In this respect, the chairman of the Board, the chairman of the subcommittee and top managements attended the meeting to answer any shareholders questions.
- ▶ The Company allowed shareholders to appoint an independent director or a person as proxy for the meeting

#### After the meeting

- ▶ The Company disclosed the resolution of the shareholders with voting results in the evening on April 20, 2016 by informing news to the Stock Exchange of Thailand via setportal system and disclosed onto the Company's website.
- ▶ The minutes of the meeting recorded complete information were prepared within 14 days from the meeting date and submitted to the relevant authorities within a time limited and published on the Company's website, to allow shareholder and persons involved to examine.

### **Section 2: Equitable treatment of shareholders**

- ✓ The Company complied with the policy to promote meeting agenda for shareholders and to protect minority shareholders' rights
  - ▶ Take opportunity to shareholders to propose meeting agenda in advance, clarify on relevant meeting regulation, disclose news to the Stock Exchange of Thailand and post on Company's website.
  - ▶ Produce notification letters for an invitation to Annual General Meeting of Shareholders (AGM) in Thai and English versions to facilitate foreign shareholders by scheduling meeting date, meeting agenda, Board of Directors' opinions as well as disclosure news to the Stock Exchange of Thailand and post on Company's website at least 30 days prior to the AGM meeting date.



- ▶ Inform shareholders for the meeting procedures and regulation including registration process, proxy and voting. By the agenda of nomination of directors, the Company opens shareholders to nominate each director.
- ▶ Arrange AGM meeting by agenda as informed in the AGM notification letters and no additional agenda to propose in the meeting without informing shareholders in advance, the Company is aware of shareholders to study information prior to making vote decision in the meeting.
- ✓ The Company establishes policy to protect and take care of all shareholders on fundamental equitability rights strictly such as Policy on the Use of inside Information, policy on conflicts of interest, policy on related party transaction, internal control and internal audit. In 2016, there was no action taken that may violate or not comply with to law and the policies. For full version of Corporate Good Governance Policy, interested person can view on “Good Corporate Governance Policy”, Section 2: Equitable treatment of shareholders

### Section 3: The role of stakeholders

- ✓ The Board of Directors gives importance to the rights of all stakeholders which are covered by law and under the provision of the agreement such as shareholders, customers, business partners, creditors, competitors, employees, communities, societies and government which can view details in “Code of Conduct”. In 2016, the Company has no significant dispute with stakeholders.

#### Treatment of shareholders

- ▶ All staff shall have the duty to maintain the Company’s intellectual property works and shall not use or allow any third parties to use the Company’s intellectual property without permission.
- ▶ Prohibit from any act that may cause a conflict of interest.
- ▶ Prohibit from misuse of position, inside information for the personal benefit of oneself or one’s related persons.

#### Treatment of customers

- ▶ Comply with the terms and conditions regarding customers fairly. In case the Company cannot compliance with the terms and conditions, it must immediately notify the customer to mutually search for solutions and prevent any damage.
- ▶ Satisfying our customers and providing quality service and standards, seeking ways to meet customer needs effectively and efficiently.
- ▶ Revealing news and information of products and services so they are correct and completed.
- ▶ Allowing customers to complain about the imperfections of goods and services and offer a prompt response to rectify the situation.
- ▶ Treating customers fairly for their products and services without any discrimination.
- ▶ Prohibiting the disclosure of customers’ information that the Company has known in which under normal business circumstance The information shall usually be reserved, unless the disclosure as required by law.
- ▶ Not asking for, accepting or offering any benefits which are dishonest with customers.



#### Treatment of trade partners/suppliers

- ▶ Comply with the terms and conditions set out in supplier agreements. In the event that the Company is not able to comply with a condition, the Company must inform the supplier in advance in order to mutually search for solutions and prevent any damage.
- ▶ Procurement process must be conducted transparently to prevent disloyalty and corruption behavior at all ended stage of procurement process, especially selection of trade partners and suppliers.
- ▶ Treat partners equally and on the basis of obtaining a fair return to both parties.
- ▶ Prohibit from asking for, accepting or offering any benefits which are dishonest with trade partners.

#### Treatment of creditors

- ▶ Strictly comply with the terms and conditions set out in creditor agreements, such as condition of guarantee, quality of the mortgage securities, money management, default and financial ratios etc. Prohibit from misuse the loans for other purposes other than what have been stipulated in the loan agreements and notify the creditors in advance should the Company fail to comply with the loan terms in order to acquire solutions.
- ▶ Maintain financial status and debt repayment ability to build confidence among creditors.
- ▶ Regularly report the accurate Company's financial status to the creditors.

#### Treatment of competitors

- ▶ Practicing under the rules of fair competition.
- ▶ Prohibit from seeking confidential information of the competitors in dishonest or inappropriate ways.
- ▶ Prohibit from destroying the reputation of competitors by a false accusation
- ▶ Associate with trade competitors to create consumers' benefits but not create monopolistic market share, sales revenues, devalued products and services and setting price of products and services may result benefit loss of consumers.

#### Treatment of employees

- ▶ Strictly comply with employment-related laws, rules and regulations.
- ▶ Provide employees a suitable compensation, welfare and other benefits such as salary, overtime payment, social security fund etc. for their knowledge, capability, and responsibility together with performance of individuals and operating results of the company both short term and long term which can be benchmarked with other relevant industries and aligned with corporate strategy and objectives.
- ▶ Treat all employees with kindness and fair both appointment and removal. Employees are given reward or imposed penalty equality and honestly.
- ▶ Maintain the working environment consistently in such conditions so as not to pose any danger to life and health or cause any bodily harm or damage the property of employees.
- ▶ Promote participation of employees in determining the direction of work and solving problems of the Company.
- ▶ Treat all employees with politeness and respect their human dignity.



- ▶ Facilitate enough equipment and utilities during employees' work hours in the Office /Warehouse/ Plant such as hot-cold water cooler in the above-mentioned areas.
- ▶ Maximize employees' knowledge as part of corporate mission and objectives by: I) prioritizing on employees' development constantly, II) enhancing their work performance and future career path, and III) disclosure on corporate trainings/curriculums which includes both in-house and out-house, seminar, workshop and activities to promote understanding of code of conduct. In 2016, there were 157 curriculums from in-out house staff training. Average staff training equaled to 23.75 hour per head per year.

#### Treatment of community, society and government

- ▶ Conduct the business which brings benefits to the economy and to society.
  - ▶ Promote employee awareness and responsibility to environment and society, as well as support the creative activities for society. In 2016, the Company recognized and tried to instill social consciousness as follows.
    - Social activities : Charity donation to veterans families
    - Budget support in university academic seminars
    - Charity products, money sponsorship and charity sport with associations and foundations
  - ▶ Reserve no any action that may result bad reputation in country, society and commonwealth
  - ▶ Responsible to preserving local culture and tradition in the area that the Company is located.
  - ▶ Strictly practice or comply with rules and regulations issued by regulatory authorities in accordance with the intent of the law.
- ✓ The Company operated business under environmental quality standards, anti-corruption, non-infringement of intellectual property and noninvolvement in human rights violation (view full version in Code of Conduct) as well as communicated with staff to perform and acknowledge on such practice from verbal punishment to law enforcement.

#### Environmental quality standards

- ▶ Operate the business by taking into consideration of environmental conservation and security standard, and also comply with follow the law and regulations related to environmental.
- ▶ Promote natural resource using effectively such as reduce water, electricity and papers consumption etc., which was set as one of key performance indicators (KPIs).
- ▶ Promote environmental activities and training to raise awareness, knowledge and right understanding of environmental conservation among the Company the employees.
- ▶ In 2016, the Company sent its employees to attend training course regarding environment as follows

No.	Course	Training duration	No. of Participant
1	ISO 9001: 2015	3 hours	3
2	Chemical control in factory	12 hour	8
3	Pest control in factory	15 hours	10
4	Allergen and GMOs /Food protection plan	15 hours	10



### Anti-corruption

- ▶ The Company conducts risk management plan 2016 comprising compliance risk assessment regarding "operations that do not comply with the law on bribery or support corruption". The result has been reported to the Board of Directors at least once every quarter that none of the violation of laws has been founded.
- ▶ Staffs are prohibited from granting or offering any items or any other benefits to third parties, such as, government officials, agents, representatives, trading partner etc., with the intention of misleading such third parties to take or omit to take any acts in violation of laws or contrary to their positions or functions or in exchange for undue privileges.
- ▶ Staffs are prohibited from demanding or receiving any items or any other benefits for personal gains or others in a manner that persuades them to abuse their duties or neglect to perform their duties.
- ▶ Any business dealings in association with various agencies, such as, government agencies, state enterprises or private sector both local and international, must be transparent, fair and lawful in Thailand and foreign countries where such dealings take place.

### Non-infringement of intellectual property

- ▶ All staffs shall prohibit from using any information, documents, computer applications, software, books, articles, video tapes, audio records, and works of any other persons in a manner that infringes their intellectual property, regardless of whether such rights are reserved by the owners or rightful beneficiaries of such works.
- ▶ All staff shall have the duty to maintain the Company's intellectual property works and shall not use or allow any third parties to use the Company's intellectual property without permission.
- ▶ Any work created by staff shall be reserved as corporate proprietary and intellectual property such as masterpiece, invention and so on. Staff shall be responsible for a return of proprietary information when no longer working with the Company.

### Noninvolvement in human rights violation

#### ▶ *Human rights*

Respect employees for their honor, privacy and rights of individuals to be treated on performing their jobs and that no action will be taken to violate or diminish the human rights. The Company adhered complied to The Labour Protection Act B.E. 2541 as amended by the Labour Protection Act (No.2) B.E. 2551 and Labour Relations Act B.E. 2518. In addition, the Company determined that maintain zero case of litigation or dispute is one of its key performance indicators (KPIs).

#### ▶ *Occupational health and safety*

Maintain health, safety and security of employees to promote occupational health and safety work environment. Diminish harmful and take steps to prevent accident and occupational disease. The Company has established a policy on occupational health and safety as published onto the website: [www.winnergroup.co.th](http://www.winnergroup.co.th). In 2016, staff in the production line were 2 times minor injured at work, the Company efforts to prevent the incident recurrence.



- ✓ The Board established communication channels for all stakeholders to submit questions, suggestions, complaints or inform about violations, the accuracy of financial reporting, and the deficiency of internal control or unethical business of the Company through the Independent Directors or the Audit Committee. The complaints and violation reports shall be protected and kept confidential. The Independent Directors or Audit Committee will conduct data verification and find solutions (if any) and further report to the Board of Directors of the Company. As for a letter by an anonymous sender, the company will consider only the ones that provide useful information or recommendations for our operations. In 2016, there was no report on violation of law unless approximately 20 shareholders/investors requesting information through our website and all those questions were responded by an investor relation officer. During the past year, there was a minor conflict between employees, which has been reconciled by HR department.
- ✓ The Company sets up an employee's suggestion box called "WINNER BOX" situated at comfortable location for an anonymous employee wishing to submit information or suggestion useful to the Company. In 2015, no staff conflict in the workplace.

#### Contact

The stakeholders can communicate to the Board of Directors by sending a letter indicating name, address, telephone number, facsimile number and e-mail (if any) and specifying the relation with the Company to [executives@winnergroup.co.th](mailto:executives@winnergroup.co.th) or by giving a call at (66) 2 675 6525 ext. 106 or faxing at (66) 2675 6533 or directly send to the Audit Committee at the address below

#### ***Audit Committee***

*Winner Group Enterprise Plc.*

*43 Thai CC Tower, 21<sup>st</sup> Floor, 214-219 Room,*

*South Sathorn Road, Yannawa, Sathorn, Bangkok 10120*

#### **Section 4: Disclosure and transparency**

- ✓ The Company established a disclosure policy, appointed an authorized spokesperson having authority to disclose or disseminate significant information of the Company. During the past year, there was not any action violation or not comply with laws or any established policies.
- ✓ The Company disclosed material information accurately, completely and timely through the website of the Stock Exchange of Thailand, annual registration statement, annual report, and the Company's website both in Thai and English version.
- ✓ The Company has appointed Ms. Kanollas Wongisariyakul to be responsible for the data service and the disclosure of important information of the company. The contact information is as per the following.

Telephone: (66) 2675 6525 extension 106

Facsimile: (66) 2675 6533

Email: [ir@winnergroup.co.th](mailto:ir@winnergroup.co.th)

Website: <http://www.winnergroup.co.th>



- ✓ In 2016, the Company participated in investor relations activities as follows:
  1. Participated in Opportunity Day organized by the Stock Exchange of Thailand on March 30, 2016
  2. Made quarterly Company Snapshot to give information to shareholders, analyst and investors
  3. Participated in MAI Forum 2016 organized by the Stock Market Alternatives Investment (MAI) and MAI Listed Companies Association
  4. Attend IR Advisory Refresher Workshop: Managing IR during a Crisis organized by the Stock Exchange of Thailand and PYI Consulting Co., Ltd.
  5. Attend IR Professional Training 2016: Good Practices for Analyst Presentation organized by the Stock Exchange of Thailand
  6. Attend IR Professional Training 2016: Good Practices for IR Webpage organized by the Stock Exchange of Thailand
  7. Giving interview, giving information and answering question post by shareholders, new reporters, interested persons via email and telephone.

#### **Section 5: The responsibility of the Board of Directors**

- ✓ The Board is composed of 8 directors with diversity of qualification in term of age, gender, experience education, professional skills and board diversity.
- ✓ The Board of Director and all sub-committees performed their duties in compliance with laws, relevant regulations, charters, policies, good corporate governance policy and code of conduct.
- ✓ In the year 2016, the Board of Directors totally held 4 meetings and reserved 100% of the meeting quorum.
- ✓ There was a meeting held without participation from executive directors and management in November 9, 2016.
- ✓ The Company has set the meeting schedule of the Board and sub-committee of entire year in advance. The meeting invitation together with agenda and supporting documents were sent to all members at least 7 days prior to the meeting date.
- ✓ The Board rendered the internal control, internal audit, risk management systems and regularly review the efficiency at the Board of Directors' meeting.
- ✓ The Audit Committee expressed an opinion on the sufficient of the Company's internal control in the report of audit committee.
- ✓ The Board regularly reviews the operating results of the management at the Board of Directors' meeting.
- ✓ Annual Board Assessment : The Board of Directors establish a policy on conducting board self-assessment at least once a year to provide a time for the board to review the past year performance, issues, problems and area to improve.



a) Results of the Board of Directors' self-assessment:

Assessment Category	2016 Average Score
1. Structure and qualifications of the Board of Directors	4.00
2. Roles and responsibilities of the Board of Directors	4.00
3. Board of Directors Meeting	4.00
4. Performance as a director	4.00
5. Relationship with the management team	4.00
6. Director's personal development and development of the management	4.00
<b>Total</b>	<b>4.00</b>

*Remark: 0 = Very Poor, 1 = Poor, 2 = Moderate, 3 = Good, 4 = Excellent*

b) Results of individual directors' self-assessment:

Assessment Category	2016 Average Score
1. Qualifications	3.51
2. Performance as a director	3.39
3. Director's personal development	3.33
<b>Total</b>	<b>3.41</b>

*Remark: 0 = Very Poor, 1 = Poor, 2 = Moderate, 3 = Good, 4 = Excellent*

- ✓ The Sub-committee's self-assessment: The Company establishes a policy that its sub-committees conduct self-assessment of their performance at least once a year as a monitoring framework to improve their performance during the past year and present the results to the board meeting for acknowledgement.

a) Results of the Audit Committee's self-assessment:

Assessment Category	2016 Average Score
1. Structure, qualifications and term of office	4.00
2. Role, duty and responsibility	4.00
3. Meetings	4.00
4. Auditor and financial report	4.00
5. Internal Control	4.00
6. Compliance	4.00
<b>Total</b>	<b>4.00</b>

*Remark: 0 = Very Poor, 1 = Poor, 2 = Moderate, 3 = Good, 4 = Excellent*



b) Results of the Nomination and Remuneration Committee's self-assessment:

Assessment Category	2016 Average Score
1. Structure, qualifications and term of office	3.83
2. Role, duty and responsibility	3.60
3. Meetings	4.00
4. Nomination	3.00
5. Remuneration	3.00
<b>Total</b>	<b>3.49</b>

*Remark: 0 = Very Poor, 1 = Poor, 2 = Moderate, 3 = Good, 4 = Excellent*

c) Results of the Executive Committee's self-assessment:

Assessment Category	2016 Average Score
1. Structure, qualifications and term of office	4.00
2. Role, duty and responsibility	4.00
3. Meetings	4.00
4. Management	3.79
<b>Total</b>	<b>3.95</b>

*Remark: 0 = Very Poor, 1 = Poor, 2 = Moderate, 3 = Good, 4 = Excellent*

d) Results of the Risk Management Committee's self-assessment:

Assessment Category	2016 Average Score
1. Structure, qualifications and term of office	4.00
2. Role, duty and responsibility	4.00
3. Meetings	4.00
4. Risk Management	4.00
<b>Total</b>	<b>4.00</b>

*Remark: 0 = Very Poor, 1 = Poor, 2 = Moderate, 3 = Good, 4 = Excellent*



- ✓ The Company establishes a policy to conduct assessment of Managing Director's Performance at least once a year complied with the establish as a monitoring framework to improve their performance during the past year and present the results to the board meeting for acknowledgement.

Assessment Category	2016 Average Score
1. Leadership	3.50
2. Strategy setting	3.50
3. Strategy undertaking	3.33
4. Planning for financial operation	3.83
5. Relationship with the Board of Directors	3.50
6. External engagement	3.40
7. Management and Staff engagement	3.33
8. Succession	3.67
9. Products and Service knowledge	3.50
10. Individual Characteristics	3.17
<b>Total</b>	<b>3.47</b>

- ✓ Training and development for directors, executives and company secretary were provided to ensure that they can perform their duties efficiently. The details of training and development programs taken were as follows.

Attendee	Date/Year	Program	Facilitator
Audit Committee	Jun'16	Audit Committee Forum "New Auditor's Report": What's in it for you?	Thai Institute of Directors (IOD) and Federation of Accounting Professions under the Royal Patronage of his Majesty the King (FAP)
Executive Committee	Apr' 16	Executive Young Program: EYP	Fiscal Policy Research Institute Foundation (FPRI)
	Jun' 16	Successful Formulation & Execution of Strategy (SFE 27/2016)	Thai Institute of Directors (IOD)
	Jul'16	Chief Financial Officer Certification Program (Batch#20)	Federation of Accounting Professions under the Royal Patronage of his Majesty the King (FAP)
Risk Management Committee	Jan'16	How to write an Effective MD&A-2	The Stock Exchange of Thailand (SET)
	Jul'16	CFO Current issues Episode Forward Looking	Federation of Accounting Professions under the Royal Patronage of his Majesty the King (FAP)



Attendee	Date/Year	Program	Facilitator
Nomination and Remuneration Committee	Oct' 16	Role of the Compensation Committee (RCC 21/2016)	Thai Institute of Directors (IOD)
	Nov' 16	Role of the Nomination & Governance Committee Program (RNG 8/2016)	Thai Institute of Directors (IOD)
Managing Director	Feb' 16	Good Internal Control for listed companies	The Stock Exchange of Thailand (SET)
Company Secretary	Jan' 16	CS Sharing 1/2016: Annual General Meeting in the way of Good Corporate Governance Principles	The Stock Exchange of Thailand (SET)
	Mar' 16	100 points: AGM Checklist 2016	The Securities Exchange Commission of Thailand (SEC) and Thai Investors Association
	Aug' 16	S04: Sustainability Risk and Materiality Analysis	The Stock Exchange of Thailand (SET)
	Aug' 16	CG Forum 3/2016: Corruption in the organization, preventative dark danger	The Stock Exchange of Thailand (SET)
	Oct' 16	Enhancing Good Corporate Governance based on CGR Scorecard	Thai Institute of Directors (IOD)
	Oct' 16	S05: CSR Evaluation and Data Management	The Stock Exchange of Thailand (SET)
	Oct' 16	S06: Sustainability Reporting	The Stock Exchange of Thailand (SET)

The Company has been complying with “Good Corporate Governance” practices during the past year; as a result, the Company has been assessed by various institutions as follows:

✓ **Corporate Governance Report of Thai Listed Companies 2016**

According to the corporate Governance Report (CGR) 20145 by the Thai Institute of Directors, with support from the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) reported the Company was scored “Very Good” with scores 87% or 4 stars. According to the 2016 report, the 601 listed companies made and average score of 78%, or “Good”

✓ **Annual General Meeting Checklist Assessment 2016**

According to the Annual General Meeting Checklist Assessment Report by the Thai Investors Association, the Company was scored 96. While the average scores of the total 601 listed companies were 91.62.



## 2. Sub-committee

The Company has established a sub-committee which has been appointed by the Board of Directors to assist in the management and supervision of the administration of companies, including 4 committees as follows: (1) Executive Committee (2) Audit Committee (3) Risk Management Committee, and (4) Nomination and Remuneration Committee. The information of name list, duties and responsibilities of the mentioned committees are provided in the section of "Management" under the title "Management Structure"

## 3. Selection and appointment of directors and executives

### (1) Independent director

The independent directors are individuals who are qualified in accordance with the Notification of the Capital Market Supervisory Board and related SET's announcements, as follows;

1. Holding less than 1.0 percent of the total shares with voting rights of the Company, parent company, subsidiaries, associates, major shareholders, or controlling persons of the Company, including the shares held by related persons of the independent director as well.
2. Not being or not having been a director, officer, employee, part-time employee, consultant that receives a salary or controlling person of the Company, parent company, subsidiaries, affiliate, subsidiaries in same tier, major shareholders or controlling person of the Company, unless the foregoing status has ended for more than 2 years prior to being appointed as Independent Director.
3. Not being a person who has a relation by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of the children of directors, executives, major shareholders, Control authority or persons to be nominated as executive or controlling person of the Company or its subsidiaries.
4. Not having or not having had a business relationship with the Company, Parent company, subsidiaries or associated companies, major shareholders or controlling persons of the Company in a manner that might interfere with his/her independent judgment. Not being or having been a shareholder or authority having control of the business relationship with the Company, parent company, subsidiaries, affiliates, shareholders or controlling person of the Company, unless the foregoing status has ended for more than 2 years prior to being appointed as Independent Director.
5. Not being or not having been an auditor of the Company, parent company, subsidiaries, associates, major shareholders or controlling persons of the Company and not as a significant shareholder, control authority or partner of the audit company which is the auditor of the Company, parent company, subsidiaries, associates, major shareholders or authorized under the control of the Company, unless the foregoing status has ended for more than 2 years prior to being appointed as Independent Director.
6. Not being or not having been a provider of any professional includes serving as legal counsel or financial advisor which has been paid more than 2 million Baht per year from the Company, parent company, subsidiaries, associates, major shareholders or controlling person of the Company, and not as a significant



shareholder, control authority or partner of such professional services, unless the foregoing status has ended for more than 2 years prior to being appointed as Independent Director.

7. Not being a director who has been appointed as a representative of the Board, Major shareholders or shareholders who are related to the major shareholders of the Company.
8. Not having or not having had a business with the same nature and in competition to the business of the Company, subsidiaries or not be a partner in a partnership company or director, employee, advisor who receives a regular salary or holds more than 1 percent of the total shares with voting rights of another company which has the same nature and in competition to the business of the Company or its subsidiaries.
9. Not having any other characteristic which make him/her incapable of expressing independent opinions, such as business partners, creditors and suppliers, etc. that may cause any conflict of interest.
10. Having knowledge and understanding of Company's nature business as well as having beneficial knowledge to Company's business operations.
11. Independent directors shall report to the Board of Directors immediately if see any incidents that might make them ineligible to independence as independent directors.
12. The Independent Director shall serve for a term of not exceeding 9 years.
13. The Independent Director should not hold directorship in other listed companies more than 5 listed companies.

After an independent director has been appointed in accordance with the characteristics mentioned above, the independent director may be assigned by the Board of Directors to determine on the operation of the Company, its subsidiaries, affiliates, subsidiaries in same tier, major shareholders or controlling person of the Company. The decision shall be made in the form of collective decision.

## **(2) Selection and appointment of directors and management**

In appointment of directors, the Nomination and Remuneration committee, which consists of three directors and two of whom must be independent directors, is taking into account the diversity in term of structure, size and composition when selecting and screening the candidates who are qualified under the Article of Association, considering with knowledge, experience, board diversity, business relevant experience and using Board Skill Matrix to assist in selection of directors to be aligned with corporate strategy by the following database from Director Pool or Professional Search Firm as necessary for new directors selection. These will be used to select potential candidates who are well-qualified, had disqualification by law. Then, prior to present a number of candidates, it must be equaled to a number of retiring directors and should be proposed to the Board of Directors for consideration and the Board of Director then nominated such candidates as directors in the Shareholders' meeting.

In recruiting senior executives of the Company, the Executive Committee preliminary seek and screen the qualified persons who have skills, useful experiences for the business operation, well understanding the nature of business, be able to achieve the objective and target set by the board using the same above-mentioned director database for recruiting Company's senior executives and new directors. Then, the committee will



propose the suitable candidates to the nomination and remuneration committee for consideration before present to the Board of Directors' meeting for approval.

#### 4. Policy on inside information

The Company has adopted the following policies and practices that prohibit its directors, executive officers and employees and subsidiaries who access to material inside information to use such undisclosed inside information for personal gain:

- ▶ Inform directors and executives concerning their responsibilities to declare the securities holding of themselves , their spouse and minor children to SEC pursuant to Section 59 and penalty provisions under section 275 of the Securities and Exchange Act of 1992 (include the amendment) and to report the acquisition or disposition of the holding of their spouse and minor children to SEC under Section 246 and the penalty provisions under Section 298 of the Securities and Exchange Act 1992 (include the amendment).
- ▶ Ensure the directors and executive officers of the Company including their spouse and minor children report the holding of securities and report the changes in the Company's securities holdings to SEC pursuant to Section 59 and penalty provisions under section 275 of the Securities and Exchange Act of 1992 (include the amendment), send copies of this report to the Company the same day that the reports are submitted to SEC and report to the Board every quarter.
- ▶ The Directors, executives and management in accordance with the definition of SEC, shall report the Board of Directors or responsible person on their Change of Management's Securities Holding (Form 59-2) at least one (1) day prior to the trading day.
- ▶ The Directors, executives and employees of the Company and subsidiaries that received inside information which may affect the stock price are prohibited to trade securities of the Company in the last month before the financial statements or internal information is disclosed to the public. And during 24 hours after the information of the company has disclosed to the public those related to inside information must not disclose it to anyone unless they have indicated that data to the stock market. The penalties for the violation are regarded as a disciplinary offense under the regulations of the Company and the Company will consider sanctions as appropriate such as verbal warning, written warning, probation and expelling, dismissal or removal depending on the case of violation.
- ▶ Prohibit directors, executives and employees of the Company to use the information that hasn't been disclosed of the Company that have or may have an impact on the price of the securities of the Company, which they have learned by their positions or statuses to purchase, sell, offer to buy or sell, persuade others to buy or sell, offer to buy or sell shares or other securities of the Company (if any), whether directly or indirectly, in a manner that is likely to cause damage to the company whether directly or indirectly. And whether such action would benefit themselves or others or would not benefit themselves or others.



## 5. Remuneration of Auditor

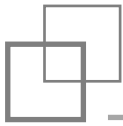
Remuneration of Auditor in 2016 is as follows:

**(1) Audit Fee**

For the Financial Statements year-ended December 31, 2016 audited by EY Office Ltd. as Company's Auditor, the Audit Fee is Baht 960,000.

**(2) Others (Non-Audit Fee) - None -**





## Corporate Social Responsibility (CSR)

---

Winner Group Enterprise Public Company Limited is aware that the Company is being part of Thai society to perform the utmost support, create, drive and conduct responsibility in social development, community and environment. The Company set out Corporate Social Responsibility (CSR) policy to be one of the key policies to create CSR understanding and consciousness to the Management and staff by encouraging all to be taking part in proposing corporate projects, volunteering champion and cultivating perception when the Company organized set of activities.

### Policy Overview

The Board of Directors established policy related to corporate social responsibility and focused on business results based on corporate Vision and Mission as follows;

**Vision:** “To become the leading company expertise in integrated food business in all distribution channels”

**Commitment:** “Commit to delivering quality products and providing reliable service, to meet the needs and satisfaction of customers. Strengthen company’s human resources to have expertise in food industry and maintain good relationships with suppliers.”

The Company committed to produce and distribute quality and safety products to our customers and aware of social responsibility to society, community and environment together with doing transparent, integrity and auditable business operating and equitable treatment of stakeholders, especially staff who play important role as human capital. In 2015, the Company set supplemental Core Competency to be fundamental understanding to all staff to achieve corporate vision as follows.

**Accountability:** Take personal responsibility and commit to work achievement or above expectation and well-planned performance assessment

**Customer Focus:** Concentrate on customers, being positive attitude to both internal and external customers, illustrate customers service-minded and work proactive to develop masterpiece to customers

**Teamwork:** Able to manage conflict resolution in between team members, encourage team to achieve corporate objective, convince team to share knowledge and work experience, manage team and problem-solving team



## 1. Business Ethics

Provided business integrity, ethics and full of knowledge and ability, the Company considers of the utmost benefits to all of corporate stakeholders. In addition, the Company has “Policy on Communication with the Board of Directors and Whistle-Blowing” to request information, submit complaints or inform about violations, the accuracy of financial reporting, and the deficiency of internal control or unethical business of the Company through the Independent Directors or the Audit Committee. The complaints and violation reports shall be protected and kept confidential. The Independent Directors or Audit Committee will conduct data verification and find solutions (if any) and further report to the Board of Directors of the Company. As for a letter by an anonymous sender, the company will consider only the ones that provide useful information or recommendations for our operations.

## 2. Anti-Corruption

By the adoption of the Philosophy of Sufficiency Economy, the Company recognizes to use that philosophy leading to the sustainable growth and adhering business operating ideal in integrity, ethics, social responsibility to all relevant stakeholders following by the Good Corporate Governance Principle.

Being part of Code of Conduct, the Company made “Policy on Anti-Corruption” as communication tool to communicate with all employees and create understanding on anti-corruption consciousness because fraud corruption becomes to pressure and interference business, society, and nation. To prevent on anti-corruption is based on collaboration from all sectors to drive and cultivate Thai society about say no to corruption.

In 2015, the Company received the evaluation result in developing the Anti-corruption Progress Indicator of listed companies, which organized by Thaipat Institute in the support of the Securities Exchange Commission (SEC) and rated level “3” (Established), indicating policy to oppose bribing government officials and those related to corruption as well as policy to communicate and educate employees regarding anti-corruption policy and practices at least once a year.

In 2016, the Company communicated “Policy on Anti-Corruption” consistently to the board of directors, management, employee and relevant stakeholders to understand their roles, responsibilities and disciplinary violation.

The Company also made “Policy on Whistle Blowing” for all concerned stakeholders such as employees, shareholders, investors, suppliers, partners, customers, creditors, government sectors and authorities or relevant persons as a channel to inform, report, and audit when having seen any action or violation support or non-compliance anti-corruption policy and measurement, including protection and liability measures to stakeholders. By such channel, the Company created opportunity to stakeholders to inquire, recommend and whistle or file complaint on illegal action, accuracy of financial statements, deficiency of internal control or unethical business ethics and code of conduct so the Company is able to receive faster information and provide problem-solving immediately.

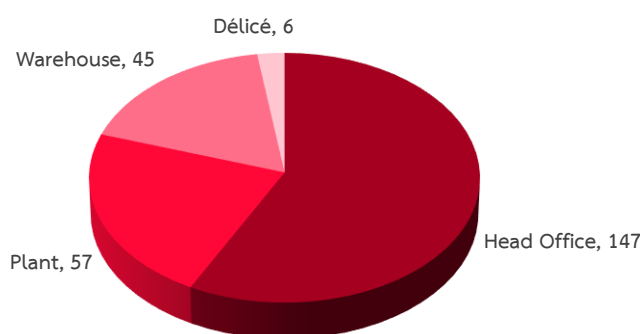
In addition, Honor Audit and Advisory Company Limited, as a SEC approved auditor, was appointed by the Audit Committee to perform company internal auditor and provide audit and review on internal control and work process to be complied with relevant rules and regulation of responsible authorities as well as provided



effective audit to prevent gap in any related corruption action. In 2016, there were no issues or no significant mistakes on corruption and non-compliance with policy, legal, regulation requirements and misconduct.

### 3. Personnel Development

The Company recognizes that efficient workforce is a key factor to the success of the organization according to the goals of the Company. To promote the development of human resources for employees is to develop their expertise and work experience together with work ethics, integrity, personal and stakeholder responsibility and expect employees to utilize their knowledge in service excellence, response to customers' needs, think initiatives and brave to present creative ideas for sustainable business expansion growth and maximize long-term value-added equity to relevant stakeholders.



No. of employees (Management included) as at December 31, 2016 - 255 employees

#### ➤ Respect to Human Rights

The Company adheres with business ethics and respects significance on human right and dignity which is fundamental right for equitable right and freedom treatment to employees and stakeholders without any policy to limit fundamental rights of race, religion, political opinion, gender, child or disable. Moreover, the Company open-minds to employees and stakeholder to share their opinions thru suggestion channels autonomously.

Employees are respected to treat equitability following by the Company's policy, all shall:

- reserve clearly access corporate welfares;
- have no discrimination on direct and indirect human rights, genderless and mentality such as social security, annual medical check-up, healthcare, eligibility to participate in training to maximize their knowledge and experience, job fit and equivalent beneficiary reserve.

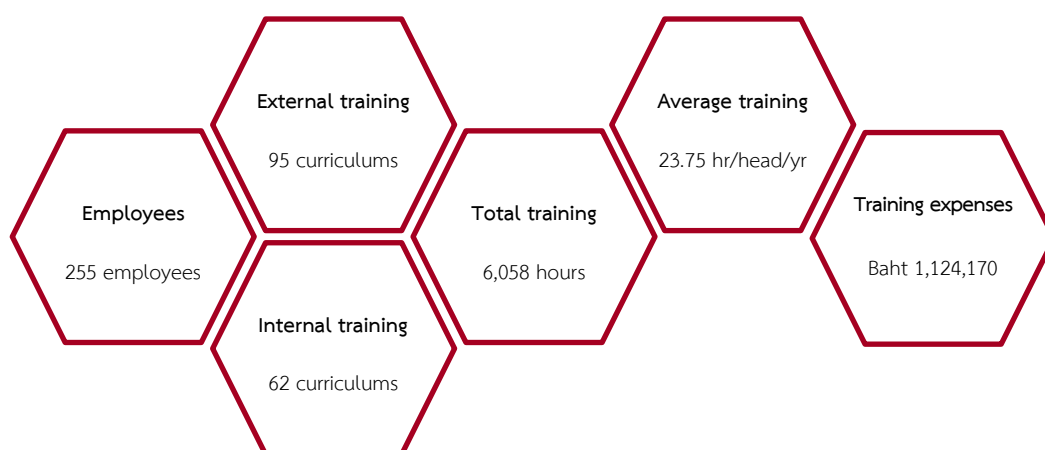
#### ➤ Fair treatment to Employees

Key factor driving Company to construct long-term growth is 'employee', the Company emphasizes on fair treatment to employees by providing clear policy to cover employees' remunerations such as income, salary, bonus, social security, provident fund, uniform, holidays, workplace health safety and environment and encouraging employee to maximize their knowledge by participating in seminars or in-house or out-house trainings as follows.



- Open-mind to employees to develop skills and maximize ability to promote for their future career path, if necessary. The Company provides annual training for all employees and all positions both internal and external trainings or continuous encouragement all of them for external seminars as considered as part of Human Resources functions to provide sufficient curriculums to all employees.
- Encourage women into middle and executive positions and manage gender balancing of executive positions between men and women with same rankings. Compared with executive positions, the Company has women in executive positions at 60 percent per men in executive positions at 40 percent.
- Develop policy regarding to occupational health and safety in the workplace to prevent unsafely incidents in such workplace without health risk. The Occupational Safety, Health, and Environment (OSH&E) sub-committee, our Company production line which is located in Bangpa-in industrial estate, Ayutthaya province, is established policy on safety aiming to monitor and analyze protection measures on all ended safety work-in-process and usually held meeting on regular basis under the oversight of the Safety Committee.
- Building good workplace, equitable employment, no direct and indirect discrimination of any kind, such as race, color, gender, sexual orientation, age, disables, religion and political or other opinions, the Company is entitled occupation opportunity for alien employment in accordance with Alien employment Act by Department of Employment, Ministry of Labour.
- No lay off policy or termination employment based on management decision or discrimination decision, the Company has no discrimination that may result unfair termination.
- Respect to other opinions and freedom of thought without interference, the Company provides communication channel to open employee feedbacks such as work process improvement, workplace development, comments and suggestions thru “Winner Box”.

➤ Policy on Personnel Development

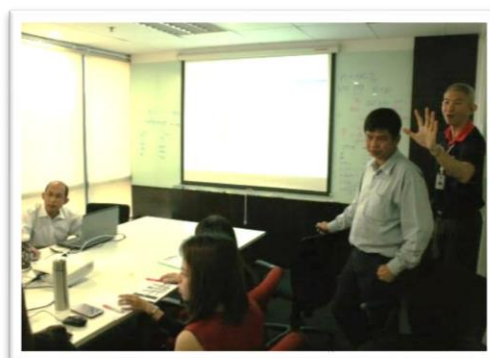


The Company emphasizes on how to apply knowledge, skill and expertise to be integrated for work efficiency efforts, provided quality of service and best result for work processing. Provided policy on



personnel development is encouraged employee to self-improvement, practical development in their work field as regular basis for both executives and practitioners.

In 2016, the Company invited experienced and knowledgeable lecturers and encouraged Management and employees go training with other institutions which were 157 training curriculums in total; consisting of 62 internal training curriculums such as Leadership, Knowledge Management, Supply chain Management, Safety folk drive and selling techniques while 95 external training curriculums from other institutions. Total training expenses is Baht 1,124,170. Average training is 23.75 hours/head/year.



#### ► Staff communication

The Company usually communicates to all staff using staff communication channel as a tool to give corporate information, provide acknowledgment on corporate policy and create understanding on work procedure thru email, bulletin, company website and newsletter (Winner Group Newsletter).

In addition, the Company opens opportunity for staff to meet and greet with management in annual seminar, annual company activities and raise opinions when taking part in sub-committee meetings.





#### 4. Responsibility to Consumers

As an importer, manufacturer and distributor raw material, ingredients and food additives for food industry, the Company shall provide strictly measures on getting rid of unsafe products and best delivery quality, safe and hygienic package to our consumers. Starting from the process of selecting and sourcing products, product development for distribution and products delivery to our target customers based on the following responsibilities to :-

- take any action and think of safe and hygienic products as important concerns
- disclose accuracy of news and information of products and services
- take no action that will make unclear, distort information on products and services, exaggerated advertisement, ignore significant information that may lead into misunderstanding
- research and develop products and services innovation consistently
- emphasize on business processes and activities that bring the utmost profits to society, community and environment for sustainable consumption.
- welcome to customers' complaints thru Company's website

#### 5. Care for environment and community development

The Company is not only operated business for sustainable growth but also aware of environmental concerns and community development. Company staff get involve with proposing CSR projects and CSR concerns by giving back activities to community that is part of our production base for example; support academic equipment and scholarship to school that located nearby the area of our plant location in Bangpa-in industrial estate, Ayutthaya province as well as consistently support budget on flood prone areas in Ayutthaya province.

The Company focuses on resource efficiency concept as corporate KPI for environmental care such as water, electricity, and paper. In 2016, the Company was able to reduce electricity consumption at 0.4 percent in total. Moreover, our plant established policy on wastewater control which the water analysis result for past 5 years shown that the Company passed wastewater test in accordance with Bangpa-in industrial estate rules and regulations.

#### 6. Innovation and disseminating innovation from CSR-in-Process to environment and stakeholders

The Company develops corporate information technology system under **“Enterprise Resources Planning project” (ERP)** aiming to reduce complicated work problems and manage corporate business resources efficiently and effectively. As one of stakeholders, staff can experience ERP knowledge sharing both knowledge exchange, development of learning curve, mutual-working across business units and playing key roles in designing their own responsibilities for ERP project as Project Leader, Functional Manager and Functional Team Leader via the intensive working group sessions. As considered by such corporate project, it creates the tailor-made answer for corporate users and maximizes utmost benefits for organization.



## CSR Activities (after process)

The Company participated in the role-play of social works, community, and environmental development consistently, by the Company's policy, taking place of relevant activities and taking care of social communities are being part of our CSR Activities for example CSR-after-Process; activities related to social support while CSR-in-Process related to corporate responsibility in business operating process.

In 2016, the Company participated in CSR Activities as follows.

- CSR activities such as money charity to veteran families
- Budget support for academic seminars
- Product donation, money charity and sport charity with association and foundation





# Internal Control and Risk Management

---

## Comments from the Board of Directors towards the Company's Internal Control

Regarding to the Board of Directors' Meeting No. 1/2017 on February 28, 2017, which the Audit Committee also attended, the Board assessed the internal control systems by asking information from managements and considering the internal control evaluation report for the year 2016 on the adequacy of internal control systems of the Company. In accordance with International Standards of COSO (The Committee of Sponsoring Organizations of the Treadway Commission), the Board of Directors, the Audit Committee and internal auditors concluded that the Company's internal control systems were adequate and appropriate to business, as follows:

### 1. Internal Environment

The Company set clear and measurable business targets and reviewed periodically. The Company's organization chart showed lines of duties; authority tables in written format; and key business processes manual, which were updated in line with the laws and regulations.

### 2. Risk Assessment

The Audit Committee and the Risk Management Committee assessed both internal and external risk factors which would affect each business processes in order to analyze and prioritize the impacts and the probabilities of occurrence; and established the appropriate risk management measures.

### 3. Control Activities

The Company policies were used as guidelines systematically and effectively in order to achieve the business objectives and business targets. The authority tables clearly defined the authority level and the approval limit for each level of management. Besides, the Company policies were: segregation of duty; the duties of recording and custodian of fixed assets were also segregated; and laws and regulations compliance.

### 4. Information and Communication

The Company properly operated the information systems and channels of communication both internal and external to provide accurate, complete and timely information for business decisions.

### 5. Monitoring

The Company evaluated and communicated internal control deficiencies in a timely manner. Staff reported any issue of concern to their immediate supervisor or manager including the responsible person, including senior management or the Board of Directors as required for taking corrective action.



## Risk Management

The Company had annual review development on risk management framework as used in management tool to achieve corporate's objectives and in accordance with International Standards of COSO-ERM (The Committee of Sponsoring Organizations of the Treadway Commission-Enterprise Risk Management) which current organizations worldwide use will be consisted of 1) Internal Environment 2) Objective Setting 3) Risk Identification 4) Risk Assessment 5) Risk Response 6) Control Activity 7) Information and Communication and 8) Monitoring.

The Company regularly reported on risk monitoring progress thru Risk Management Committee and Board of Directors by quarter to manage risk appetite, evaluated Control Self-Assessment from bottom up approach and reviewed on self-related risk activity to staff, if any then reported to their immediate supervisors and Management in Department/Division Meeting by monthly and by each sub-group meetings as well as recorded risk activities in Risk Register for monitoring risk issues systematically.





## Related Party Transactions

### Related transactions with persons who have relationship with the Management and may have conflicts of interest

The Company's transactions with persons who have relationship with the Management and may have conflicts in 2016 can be summarized as follows.

Company/person that may have conflicts of interest	Relationship
Miss Kanokpan Kreangkraikrissada	<ul style="list-style-type: none"> <li>Owns 2.95 percent share in Winner Group Enterprise PLC.</li> <li>A Director and Deputy Managing Director of Winner Group Enterprise PLC.</li> </ul>
Mr. Surapat Rojchanavisart	<ul style="list-style-type: none"> <li>Owns 3.53 percent share in Winner Group Enterprise PLC.</li> <li>A Director of Winner Group Enterprise PLC.</li> </ul>
Miss Thipawan Uthaisang	<ul style="list-style-type: none"> <li>A Director of Winner Group Enterprise PLC.</li> </ul>
Miss Suwannee Kongkitkul <sup>1/</sup>	<ul style="list-style-type: none"> <li>An Industry Sales Manager of Winner Group Enterprise PLC.</li> </ul>
Bow Commercial Co., Ltd. - Importing medical tools, devices, spare parts and Packaging Machines	<ul style="list-style-type: none"> <li>Mrs. Wilaiporn Tantanavivat owns 2.10 percent share of Winner Group Enterprise PLC. She also a director and owns 24 percent share of Bow Commercial Co., Ltd.</li> </ul>

Remark: <sup>1/</sup> the next four executives succeeding the manager, the persons holding equivalent position to the fourth executive based on SEC's definition of executives.

### Related party transaction of the Company

The Company's transactions with persons who have relationship with the Management and may have conflicts for the year ended December 31, 2016 can be summarized as follow.

Persons who may have conflicts	Transaction Type	Description	Relationship	Transaction Value	Reason
Miss Kanokpan Kreangkrikrissada	Transaction with employee's discount	The Company sells its products to Directors and/or Executives.	Shareholder, Director and Executive of the Company	Baht 5,760	The purchase price is based on a discount policy of the transaction sold to employees of the Company.



Persons who may have conflicts	Transaction Type	Description	Relationship	Transaction Value	Reason
Mr. Surapat Rojchanavisart	Normal business	The Company sells products to a person who may have conflicts.	Shareholder, Director of the Company	Baht 7,457.95	The purchase price is the market price of the Company to third parties.
Miss Thipawan Uthaisang	Normal business	The Company sells products to a person who may have conflicts.	Director of the Company	Baht 3,252.34	The purchase price is the market price of the Company to third parties.
Miss Suwannee Kongkitkul	Transaction with employee's discount	The Company sells its products to Directors and/or Executives.	Executive of the Company	Baht 2,208	The purchase price is based on a discount policy of the transaction sold to employees of the Company.
Bow Commercial Co., Ltd.	Normal business	The Company sells products to a person who may have conflicts.	Bow Commercial Co., Ltd. shares some Shareholders with the Company	Baht 24,591.38	The purchase price is the market price of the Company to third parties.

## Comments of the Audit Committee on Related Party Transactions

Any transaction occurred between the Company and the Executives, or a person who may have conflicts shall operate according to normal business operations of the Company, shall be reasonable on a condition that is based on general commercial terms and has clear pricing criteria. The transaction shall be able to compare with the market price of transactions with a third party and shall not make the Company lose any benefits.

The Audit Committee has considered the above transactions and commented that such transactions are necessary and reasonable and met the price criteria when sold to a third party.

## Procedure for approval of related party transaction

The resolution of the meeting of the Board of Directors No. 4/2013 on May 28, 2013 states that in the case of transactions of the Company with persons who may have conflicts of interest, gain or loss, or may have any conflict of interest in the future, The Audit Committee shall consider and comment on the necessity and reasonableness of the transaction and the suitability of the price and conditions of entry to be according to the



characteristics of normal business practices in the industry and the price shall be compared with the third party or the market price prior to submission to the Board of Directors or the meeting of the shareholders, as the case may be. If the Audit Committee has no expertise in considering transactions that may occur, the Company will arrange for an independent expert or auditor of the Company to give comments on such transactions and the comments shall be proposed to the Audit Committee, the Board of Directors and/or shareholders' meeting, as the case may be. The Directors or executives that are stakeholders will not be entitled to vote on such transaction. The Company will disclose in its annual statement, annual report and notes to the financial statements audited or reviewed by the auditors of the Company.

In addition, the Company will comply with the law related to the Securities and Exchange Commission and rules and regulations, notifications, orders or requirements of the Securities and Exchange Commission in compliance with requirements on the disclosure of related party transactions of the Company according to the accounting standards set by the Federation of accounting profession of Thailand.

## Policy on future transactions

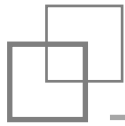
The resolution from the Board of Directors ' Meeting No. 4/2013 dated May 28, 2013 has set a policy of making related party transaction that for any transactions that may occur in the future, the Company shall comply with the laws regarding the Securities and Exchange Commission and rules and regulations, notifications, orders or requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand, in compliance with requirements on the disclosure of related party transactions of the Company according to the accounting standards set by the Federation of accounting profession of Thailand. The Company has the policy on related party transactions as follows:

- In the case of commercial transactions with general trade conditions, the Company has set the framework for such transactions which was considered and agreed by the Audit Committee prior to submission to the Board of Directors to approve as principle. The management can approve the transaction if the transaction has commercial agreements in the same way that persons of ordinary prudence should be agreed with general contractors in the same situation and with the bargaining power of trade without the influence of their status as directors, management, related parties of the Company or individuals associated with the company. However, the Company shall prepare a report summarizing related party transactions to report at a meeting of the Audit Committee and the Board of Directors on a quarterly basis. In the case of the Audit Committee and the Board of Directors found that the conduct did not meet the defined policy, the Audit Committee and Board of Directors shall work jointly to find solutions.
- The commercial transactions with general trade conditions must be commercial transactions that the Company normally operates or commercial transactions that similar business to the Company does to support their regular business. The transactions shall have commercial terms and pricing conditions that are fair and do not cause any transfer of interests. The terms and conditions are as follows.



1. Prices and terms that the Company receives or offers to the public
  2. Prices and terms that related party receives or offers to the public
  3. Prices and terms that the Company can clarify as the price and terms that similar business offers to the public
- If there is any other transaction disassociated with the mentioned terms and conditions, the Company shall present such transactions to the Audit Committee to consider and comment prior to submission to the meetings of the Board of Directors and/or the shareholders to approve. If the committee does not have the expertise to consider the potential transaction, the Company will arrange for an independent expert or auditor to comment on such transactions and the comments shall be proposed to the Audit Committee, the Board of Directors and/or shareholders' meeting, as the case may be, to ensure that the transaction will not migrate or transfer of interests between the Company and individuals who may have conflicts of interest, and the transaction has been done for the optimum benefits of all shareholders.





# Management Discussion and Analysis (MD&A)

## Analysis of Operating Results

### 1. Analysis of Overall Annual Operating Results

Table 1: Overall Annual Operating Results for the year of 2016 and 2015

(Unit: Baht)

	2016	2015	Increase (Decrease)	Percent
Total revenue	1,734,292,663	1,449,533,592	284,759,071	19.6
Sales and service revenue	1,720,381,696	1,430,515,444	289,866,252	20.3
Other expenses	9,070,914	-	9,070,914	100.0
EBITDA	153,471,181	129,571,455	23,899,726	18.4
EBIT	135,591,948	111,925,256	23,666,692	21.1
EBT	133,772,401	110,973,397	22,799,004	20.5
Profit for the year	105,331,868	88,977,827	16,354,041	18.4
Total comprehensive income for the year	107,142,955	88,977,827	18,165,128	20.4
Earnings per share (Baht/share)	0.26	0.22	0.04	18.4
Net profit margin	6.1%	6.1%	-	-
Profit for the year (Normalize)	114,402,782	88,977,827	25,424,955	28.6
Total comprehensive income for the year (Normalize)	116,213,869	88,977,827	27,236,042	30.6
Earnings per share (Baht/share) (Normalize)	0.29	0.22	0.06	28.6
Net profit margin (Normalize)	6.6%	6.1%	0.5%	-

For the year of 2016, the Company's revenue totaled Baht 1,734.3 million, increased Baht 284.8 million or increased 19.6 percent was consisted of sales and service revenue Baht 1,720.4 million and other incomes Baht 13.9 million when comparing Sales and service revenue with the same period of the year 2015 was increased Baht 20.3 million. Increased by 2 main product types were from Consumer Products was increased Baht 134.5 million or increased 16 percent while Industry Products was increased Baht 155.3 million or increased 26.4 percent.

For the year of 2016, the Company's EBITDA totaled Baht 153.5 million, increased from the previous year Baht 23.9 million or 18.4 percent. This was mainly from gross profit, excluding depreciation and amortization) increased from the previous year around Baht 55 million due to high sale volume increased Baht 289.9 million while cost of sales, excluding depreciation and amortization increased Baht 234.9 million. Other incomes decreased Baht 5.1 million which was mainly from gain on exchange rate decreased Baht 5.9 million. Selling and Administrative expenses (excluded depreciation and amortization) increased Baht 16.9 million by employee



expenses, bonuses, overtime payment, allowance and incentive increased Baht 7.9 million, including transportation for sales increased Baht 2.7 million in the same way of sales increased. Rental and service increased Baht 4.2 million due to volume of rental space and storage and warehouse increased in the same way of high sales volume. Other expenses were one-time expenses at Baht 9.1 million from imported tax expense, other tax expenses and additional tax penalty Baht 9.1 million (excluded VAT reimbursement at Baht 0.2 million). This payment case on declaration incorrect category of tariff code from some imported goods was partial paid and balanced Baht 4.6 million. Therefore, the amount will be paid due within September 30, 2017.

For the year of 2016, the Company's EBIT totaled Baht 135.6 million, increased from the previous year Baht 23.7 million or 21.1 percent while the Company's EBITDA totaled Baht 153.5 million and deducted with depreciation and amortization Baht 17.9 million while the depreciation and amortization was slightly increased Baht 0.2 million.

Profit for the period totaled Baht 105.3 million or increased Baht 16.4 million Baht or increased 18.4 percent when comparing with the same period previous year. The main reason was due to an increase of EBIT Baht 23.7 million while finance cost increased Baht 0.9 million and tax expense increased Baht 6.4 million.

Total comprehensive income for the year-ended December 31, 2016 was Baht 107.1 million, increased Baht 18.2 million or increased 20.4 percent against same previous period due to an increase of profit for the year Baht 16.4 million and other comprehensive income for the year-net from income tax increased Baht 1.8 million due to the Company provision of employee benefit payables to be complied with relevant accounting standards and the Company recognized the actuarial gains and losses from other comprehensive income amounted to Baht 2.2 million and deductible deferred taxed amounted Baht 0.4 million.

Therefore, based on the normal Analysis of Operating Results without other expenses, the incurred Baht 9.1 million is one-time expenses for the year-ended December 31, 2016 will be equivalent to Baht 114.4 million, increased Baht 25.4 million or increased 28.6 percent when comparing with the previous year. While total comprehensive income for the year-ended December 31, 2016 will be equivalent to Baht 116.2 million, increased Baht 27.2 million or increased 30.6 percent when comparing with the previous year.



Table 2: Annual Operating Results for the year of 2016 and the year of 2015

(Unit: Baht)

	2016	2015	Increase (Decrease)	Percent
Sales and service revenue	1,720,381,696	1,430,515,444	289,866,252	20.3
Cost of sales and service	1,360,741,399	1,125,889,403	234,851,996	20.9
<b>Gross profit</b>	<b>359,640,297</b>	<b>304,626,041</b>	<b>55,014,256</b>	<b>18.1</b>
Other incomes	13,910,967	19,018,148	(5,107,181)	26.9
<b>Profit before expenses</b>	<b>373,551,264</b>	<b>323,644,189</b>	<b>49,907,075</b>	<b>15.4</b>
Selling expenses	113,446,337	109,368,300	4,078,037	3.7
Administrative expenses	115,442,065	102,350,633	13,091,432	12.8
Other expenses	9,070,914	-	9,070,914	100.0
<b>Profit before finance costs and income tax expenses</b>	<b>135,591,948</b>	<b>111,925,256</b>	<b>23,666,692</b>	<b>21.1</b>
Finance cost	1,819,547	951,859	867,688	91.2
<b>Profit before income tax</b>	<b>133,772,401</b>	<b>110,973,397</b>	<b>22,799,004</b>	<b>20.5</b>
Income tax expense	28,440,533	21,995,570	6,444,963	29.3
<b>Profit for the year</b>	<b>105,331,868</b>	<b>88,977,827</b>	<b>16,354,041</b>	<b>18.4</b>
Other comprehensive income for the year - net from income tax	1,811,087	-	1,811,087	100.0
<b>Comprehensive income for the year</b>	<b>107,142,955</b>	<b>88,977,827</b>	<b>18,165,128</b>	<b>20.4</b>
Earnings per share (Baht/Share)	0.26	0.22	0.04	18.4
Gross profit margin	20.9%	21.3%	-0.4%	(1.8)
Net profit margin	6.1%	6.1%	-	-
Profit for the year (Normalize)	114,402,782	88,977,827	25,424,955	28.6
Comprehensive income for the year (Normalize)	116,213,869	88,977,827	27,236,042	30.6
Earnings per share (Baht/Share) (Normalize)	0.29	0.22	0.06	28.6
Net profit margin (Normalize)	6.6%	6.1%	0.5%	



### 1.1 Sales and service revenue

Due to Sales and service revenue for the year-ended December 31, 2016 is equivalent to Baht 1,720.4 million, increased Baht 289.9 million or increased 20.3 percent when comparing with the same previous year.

Table 3: Sales by Product Type for the year of 2016 and the year of 2015

(Unit: Thousand Baht)

Product Type	2016		2015		Increase (Decrease)	%
	Thousand Baht	%	Thousand Baht	%		
Consumer Products	975,793	56.7	841,258	58.8	134,535	16.0
Industry Products	744,589	43.3	589,257	41.2	155,332	26.4
<b>Total</b>	<b>1,720,382</b>	<b>100.0</b>	<b>1,430,515</b>	<b>100.0</b>	<b>289,867</b>	<b>20.3</b>

Due to Sales and service revenue for the year-ended December 31, 2016 increased 1,720.4 million, increased Baht 289.9 million or increased 20.3 percent against the previous period by the above product types; revenue from sales of Consumer Products increased Baht 134.5 million or increased 16 percent against the previous year by following product categories ; Snack Pellets, Crispy cereal bar “Nature Valley” brand, Almond, Frozen Fruit & vegetable, Frozen Pangasius dory, Frozen New Zealand mussels, Non-dairy whipping cream, Raisin, etc.

For Industry Products increased Baht 155.3 million or increased 26.4 percent by the following product categories; Margarine, Shortening, Cocoa powder, Egg powder, Modified Starch, Couverture Chocolate, Chocolate Compound and Food Ingredient such as Dextrose Monophosphate, etc.

### 1.2 Cost of sales

For the year-ended December 31, 2016 the Company’s Cost of Sales is at Baht 1,360.7 million, increased 234.9 or increased 20.9 percent when comparing with the same period previous year.

### 1.3 Gross Profit

For the year-ended December 31, 2016 the Company’s Gross Profit is at Baht 359.6 million, increased Baht 55 million. The main reason resulted from the increase of sales volume Baht 289.9 million while cost of sales was increased Baht 234.9 million, gross profit margin was 20.9 percent which was slightly decreased from the previous year’s gross profit margin at 21.3 percent.

### 1.4 Other incomes

For the year-ended December 31, 2016 the Company’s other income totaled Baht 13.9 million, decreased Baht 5.1 million or decreased 26.9 percent. The main reason resulted from gains on exchange rate decreased Baht 5.9 million. 2016’s gain on exchange rate was around Baht 3.5 million against the previous year’s income was Baht 9.4 million. Any other incomes was increased Baht 0.8 million.



## 1.5 Expenses

- Selling expenses

Selling expenses for the year-ended December 31, 2016 totaled Baht 113.4 million, increased from the previous year Baht 4.1 million or increased 3.7 percent, which mainly due to salary, bonus expenses, allowance as well as incentives increased Baht 4.5 million, including transportation expenses increased Baht 2.7 million following by the increase of Sales revenue. However, Advertisement expense decreased Baht 7.2 million due to this year had no incurred items, but advertisement of Pop Secret on-aired previous year, amounted to Baht 6.2 million. Other marketing expenses increased Baht 4.1 million such as entrance fee via modern trade channel to motivate high sale volume.

- Administrative expenses

Administrative expenses for the year-ended December 31, 2016 totaled Baht 115.4 million, increased from the previous year Baht 13.1 million or increased 12.8 percent, which mainly due to outsourcing rental space and service increased Baht 4.2 million following by sales volume increased. While salary and bonus OT expenses and allowance increased Baht 3.4 million. Provision of obsolete/expired goods increased Baht 1.8 million while provision of loss from obsolete goods increased Baht 1.6 million. Online trading website increased Baht 0.8 million, training & seminar expenses increased 0.5 million, job advertisement expense increased Baht 0.4 million and impairment assets increased Baht 0.3 million. However, this year had no expense on annual seminar activity items decreased Baht 1.6 million.

- Other expenses

Other expenses for the year-ended December 31, 2016 totaled Baht 9.1 million and represented one-time expense from imported tax expense, other tax expenses and additional tax penalty Baht 9.1 million (excluded VAT reimbursement Baht 0.2 million) from the Customs Department on the import entry declaration which was declared incorrect category of tariff code from some imported goods. During the year was partial payment and balanced Baht 4.6 million. Therefore, the amount will be paid due within September 30, 2017.

## 1.6 Profit for the period

Other expenses for the year-ended December 31, 2016 totaled Baht 105.3 million, increased 16.4 million or increased 18.4. The main reason was due to an increase of Gross Profit Baht 55 million while other incomes decreased Baht 5.1 million. And the following expenses were increased such as selling expensed increased Baht 4.1 million, Administrative expenses increased Baht 9.1 million, Finance cost Baht 0.9 million and tax expenses Baht 6.4 million.

Therefore, based on the normal Analysis of Operating Results without other expenses, the incurred Baht 9.1 million is one-time expenses for the year-ended December 31, 2016 will be equivalent to Baht 114.4 million, increased Baht 25.4 million or increased 28.6 percent when comparing with the previous year.



### 1.7 Other comprehensive income for the year-net from income tax

Other comprehensive income for the year-net from income tax for the year-ended December 31, 2016 totaled Baht 1.8 million while the same period previous year had no this incurred item which was due to Q1/2016 the Company had evaluated provisions of employee benefits payables to be compile with relevant accounting standards and the Company recognized the actuarial gains and losses from other total comprehensive income amounted to Baht 2.2 million and deductible deferred taxes amounted Baht 0.4 million. It was because of no incurred items in previous years, the Company had evaluated provision of employee benefit payables to be complied with relevant accounting standards every 3 years.

### 1.8 Total comprehensive income

Total comprehensive income for the year-ended December 31, 2016 totaled Baht 107.1 million, increased Baht 18.2 million or 20.4 percent against same previous period due to an increase of profit for the year Baht 16.4 million and other comprehensive income for the year-net from income tax increased Baht 1.8 million.

Therefore, based on the normal Analysis of Operating Results without other expenses, the incurred Baht 9.1 million is one-time expenses for the year-ended December 31, 2016 will be equivalent to Baht 116.2 million, increased Baht 27.2 million or increased 30.6 percent when comparing with the previous year.

## 2. Financial Position Analysis

Table 4: Overall Financial Position as at December 31, 2016 and December 31, 2015

	As at 31 Dec 2016		As at 31 Dec 2015		Increase (Decrease)	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Current assets	675,075	73.1	662,621	72.1	12,454	1.9
Non-current assets	248,199	26.9	256,632	27.9	(8,433)	(3.3)
<b>Total assets</b>	<b>923,274</b>	<b>100.0</b>	<b>919,253</b>	<b>100.0</b>	<b>4,021</b>	<b>0.4</b>
Current liabilities	310,960	33.7	323,490	35.2	(12,530)	(3.9)
Non-current liabilities	8,499	0.9	11,091	1.2	(2,592)	(23.4)
<b>Total liabilities</b>	<b>319,459</b>	<b>34.6</b>	<b>334,581</b>	<b>36.4</b>	<b>(15,122)</b>	<b>(4.5)</b>
Shareholders 'equity	603,815	65.4	584,672	63.6	19,143	3.3
<b>Total Shareholders 'equity</b>	<b>923,274</b>	<b>100.0</b>	<b>919,253</b>	<b>100.0</b>	<b>4,021</b>	<b>0.4</b>

### 2.1 Assets

As at December 31, 2016, the Company's total assets amounted Baht 923.3 million. The main assets were current assets totaled Baht 675.1 million, representing 73.1 percent of total assets. Total assets in this year more increase than previous year-ended 2015's total assets by Baht 12.5 million, increased 1.9 percent which derived from trade receivables and other receivables Baht 9 million in the same way of sale volume increased. Other current assets increased Baht 7.1 million which mainly due to advance payment for goods Baht 3.2 million and



gain on fair value of contract forward increased Baht 2.5 million which cash and cash equivalents increased Baht 1.5 million. However, inventory decreased Baht 4.5 million and temporary investment decreased at cost Baht 0.6 million.

Non-current assets totaled Baht 248.2 million, decreased from the previous year Baht 8.4 million or decreased 3.3 percent which was mainly due to land, building and equipment decreased Baht 9 million because of buying tangible assets during the year around Baht 8 million which year-ended depreciation amounted Baht 17 million.

## **2.2 Liabilities**

As at December 31, 2016, the Company's total liabilities amounted to Baht 319.5 million. The main liabilities were current liabilities totaled Baht 311 million which was 97.3 percent of total liabilities. Most of current liabilities were trade payables and other payables amounted to Baht 213.8 million or 66.9 percent of total liabilities as well as short-term loans from financial institutions decreased Baht 62.9 million or 19.7 percent of total liabilities.

Current liabilities as at December 31, 2016 decreased Baht 12.5 or 3.9 percent were mainly resulted from short-term loans from financial institution decreased Baht 16.6 million or decreased 20.9 percent, trade receivables and other trade receivables decreased Baht 5.3 million or 2.4 percent. However, customs debt increased Baht 4.6 million which represented one-time expense from imported tax expense, other tax expenses and additional tax penalty totaled Baht 9.3 million (included VAT reimbursement Baht 0.2 million) from the Customs Department on the import entry declaration which was declared incorrect category of tariff code from some imported goods. During the year was partially paid Baht 4.7 million and balanced Baht 4.6 million. Therefore, the amount will be paid due within September 30 ,2017 so accrued tax payables increased Baht 4.2 million following by the increased of profit before income tax.

## **2.3 Shareholders' Equity**

The shareholders' equity as at December 31, 2016 amounted to Baht 603.8 million and increased Baht 19.1 million from the previous year at 3.3 percent due to the Company's earnings from the year-ended increased Baht 105.3 million as well as comprehensive income for the year – net from income tax amounted to Baht 1.8 million while interim dividend payment period amounted Baht 88 million.



### 3. Statement of Cash Flows

Table 5: Overall of Cash Flows

(Unit : Thousand Baht)

	January 1 - December 31	
	2016	2015
Cash flows from operating activities	116,137	33,899
Cash flows from investing activities	(9,537)	(14,842)
Cash flows from financing activities	(105,070)	(13,247)
<b>Net increase in cash and cash equivalents</b>	<b>1,530</b>	<b>5,810</b>
Cash and cash equivalents at beginning of year	<b>26,928</b>	<b>21,118</b>
<b>Cash and cash equivalents at end of year</b>	<b>28,458</b>	<b>26,928</b>

- Net cash flow from operating activities in the amount of Baht 116.1 million consisted of Net profit amounted to Baht 133.8 million plus reversed by non-cash items amounted to Baht 31.3 million, cash decreased Baht 49 million and significant payment items included the decrease were as follows; tax income expense decreased Baht 24.1 million, interest payment Baht 1.8 million, trade receivables and other receivables decreased Baht 9.1 million, payment for trade payables and other trade payables increased Baht 7.4 million, inventory increased Baht 1.9 million and current assets increased Baht 4.6 million which mainly from advance payment for goods increased Baht 3.2 million, including employee benefit for staff retirement during the year Baht 1.8 million.
- Net cash flow from investing activities in the amount of Baht 9.5 million which referred to the main cause derived from the purchase of; equipment amounted Baht 7.4 million and computer software Baht 2.1 million.
- Net cash flow from financing activities in the amount of Baht 105.1 million which referred to during the year of 2016, the dividend payments were paid Baht 88 million while trust receipt creditors decreased Baht 16.6 million. Payment for financial lease creditors Baht 0.4 million.

The above-mentioned information was resulted cash and cash equivalents in the year-ended 2016 amounted Baht 1.5 million which included cash and cash equivalents as at December 31, 2015 in the amount of Baht 26.9 million therefore cash and cash equivalents as at December 31, 2016 amounted Baht 28.4 million.



#### 4. Financial Ratio Analysis

Table 6: Significant Financial Ratio

Financial Ratio		2014	2015	2016
Gross Profit Margin	%	20.5	21.3	20.9
Net Profit Margin	%	5.3	6.1	6.1
Return of Equity (ROE)	%	13.7	15.5	17.7
Return of Assets (ROA)	%	8.7	10.1	11.4
Debt to Equity Ratio	times	0.5	0.6	0.5
Interest Debt to Equity Ratio	times	0.0	0.1	0.1

In 2016, the Company had good profitability ratio. Gross profit margin was 20.9 percent of revenue from sales and net profit margin was 6.1 percent of total revenue. Return on Equity (ROE) was 17.7 percent and Return of Assets (ROA) was 11.4 percent. Both ratios increased from the previous year because of the increase in net profit for the year. Debt to equity ratio was 0.5 times, decreasing from the year 2015 and interest debt to equity ratio was 0.1 times, equivalent to the previous year in 2015.

#### Factors that might have impacts on financial status or future operating results

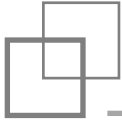
The Company is an importer and distributor of raw materials, ingredients and food chemicals and also consumer products. More than 90% of the Company's products are imported products and most of product cost is depend on the exchange rate. In 2016, gross profit margin was not differentiable from year 2015 while the main causes resulted from imported product cost related to the following exchange rates; in 2015 was 32.7 -36.2 THB/USD in 2016 was 34.9-36.3 THB/USD. In 1Q2015, the main currencies for the Company's imported products are US Dollar (USD) and Yen (JPY) and both are average weaknesses; however, the Company had capability to manage product cost efficiently, increase more profitable for net profit margin in selling goods, and some product items are adjusted prices based on the market price which all of these made gross profit margin in 2016 not be differentiable from 2015.

In 2016, raw materials, food ingredient and food chemicals (Industry Product) for distribution to the food processing industry looked positive growth and increased at 26.4 percent; however, our corporate growth strategy based on usual operating business with distributors, the raw material and food ingredient was distributed to both domestics and international distributors, experienced high price competition and allocated period of goods which may affect customers' buying behavior. Factors to corporate growth strategy, the Company considered to maintain profitability ratio by each main product and undertook strategy to propose quality of good to meet customers' requirements or source of substitute products to serve customers' needs regularly as well as maintain good relationship and customer access ceaselessly. All of these represented corporate rate growth strategy.



Consumer products were distributed through service customers (HoReCa) - including hotels, restaurants, bakeries and airline caterings and end consumers through modern trade and traditional trade. In 2016, consumer products sales increased at 16.0%. The growth of sales in this distribution channel mainly resulted from the Company had a proactive marketing strategy to increase in the variety of product by selecting new high-quality products to meet the needs of customers including marketing activities to promote products in various forms and also advertising and public relations to create awareness of the brand and expand distribution channel thru more than 9,000 branches in 7-11 convenience stores to be widely accessed to consumers and continuously grew in such aforementioned channel.





## Report of the Board of Directors' Responsibility for the Financial Statements

---

The Company's Board of Directors is responsible for the financial statements of Winner Group Enterprise Public Company Limited as well as financial information presented in the Annual Reports. The said financial statements were prepared in accordance with the financial reporting standards, where an appropriate accounting policy has been selected and implemented on a regular basis and that important information is adequately disclosed in notes to the financial statements.

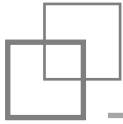
The Board of Directors appointed the Audit Committee consisting of independent directors to take responsibility for the quality of financial statements and assessment of the internal control system to ensure that the record of accounting is sufficiently accurate, complete and timely, and also to prevent the occurrence of corruption or irregular operations. The Audit Committee's opinion on these matters has been stated in the Audit Committee's report published in this Annual Report.

The Board of Directors is of the opinion that the Company's internal control system on the whole is satisfactory and able to ensure that the Company's financial statements as of December 31, 2016 present fairly, in all material aspects and in accordance with Thai Financial Reporting Standards, all applicable laws and regulations.

(Mr. Prakarn Tawisuwan)  
Chairman of the Board of Directors

(Mr. Jane Wongisariyakul)  
Chairman of Executive Committee  
and Managing Director





## Report of the Audit Committee

The Board of Directors of Winner Group Enterprise Public Company Limited consists of 3 independent directors. The qualifications of all the three members meet with the regulations of the Securities and Exchange Commission (SEC) and Stock Exchange of Thailand, one of which is competent and has experience in accounting.

The Audit Committee has performed duties as assigned by the Board of Directors, which is in accordance with the Charter and in accordance with the Notification of the Stock Exchange of Thailand. In 2016, the Audit Committee held a total 4 meetings, each committee member attended the meetings as shown in the following details.

- |                            |                             |                       |
|----------------------------|-----------------------------|-----------------------|
| 1. Mr. Prakarn Tawisuwan   | Chairman of Audit Committee | attended 4/4 meetings |
| 2. Miss Thipawan Uthaisang | Member of Audit Committee   | attended 4/4 meetings |
| 3. Dr. Warunee Varanyanond | Member of Audit Committee   | attended 4/4 meetings |

The Audit Committee also has meetings with the Company's management and both external and internal auditors, which could be summarized as the followings.

1. Quarterly reviewed the financial statements and annual financial statements already examined and verified by the external auditor, by reviewing them together with the executives and external auditor regarding the accuracy and completeness of the documents as well as the sufficiency of disclosure. For 2016, the Audit Committee members gave their opinions in compliance with the external auditor that the Company's financial statements were appropriately accurate according to Thai Financial Reporting Standards. The Committee also met among themselves without the management team once this year.
2. Considered the connected transactions and transactions which may cause conflicts of interest, in compliance with the laws and regulations of the Stock Exchange. The external auditor reviewed these items and found that they had all been sufficiently disclosed in the Company's financial statements. The Audit Committee was of the opinion with the external auditor, and agreed that the disclosures was reasonable and benefit to the Company.
3. Reviewed the Company's internal audit and internal control to ensure the independency and efficiency. Reviewed annual internal audit plan, advised and followed up corrective action (held every November) without Management on significant audit findings so as to improve good governance and adequate internal control. The Audit Committee's opinions were consistent with the internal audit; that the Company has adequate internal control and appropriate to the nature of the Company's business.
4. Reviewed and monitored the Company's corporate governance policy, charter of the Board of Director, charters of sub-committees and code of conduct as well as performing duties assigned by the Board regarding the policy on communication with the board of directors and whistle-blowing.
5. Reviewed the appropriateness and adequacy of risk management, by monitoring the risk management plans of 2016 and evaluating the risk management measures.



6. Considered, selected and recommended the nomination of external auditors and their remuneration by considering their past performance. Having evaluated their independence, quality of audit work, the remuneration, they are qualified with the requirements of the Stock Exchange of Thailand.
7. Considered, selected and recommended the nomination of internal auditors and their remuneration by considering their past performance. Having evaluated their independence, quality of audit work, the remuneration, they are qualified with the requirements.
8. Reported the committee's performance to the Board every quarter and made recommendations beneficial for the administration of the management.

The Audit Committee is of the opinion that the Company had proper risk management, internal control system under good corporate governance abiding to all related laws and regulations. The Company's financial reports and disclosure of information were complete and reliable according to Thai Financial Reporting Standards.



(Mr. Prakarn Tawisuwan)

Chairman of the Audit Committee

February 28, 2017



# WINNER GROUP ENTERPRISE PUBLIC COMPANY LIMITED

---

## FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

JANUARY 1, 2016 TO DECEMBER 31, 2016





# Independent Auditor's Report

---

To the Shareholders of Winner Group Enterprise Public Company Limited

## Opinion

I have audited the accompanying financial statements of Winner Group Enterprise Public Company Limited (“the Company”), which comprise the statement of financial position as at 31 December 2016, and the related statements of comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

## Basis for Opinion

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

## Key Audit Matters

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

I have fulfilled the responsibilities described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.



### Sales income

Sales income is significant to the financial statements and directly impacts the Company's annual operating results. I therefore focused on the recognition of sales income, especially the timing of revenue recognition.

I assessed and tested the Company's internal controls related to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed key controls. On a sampling basis, I checked documents supporting sales transactions occurring during the year and near the period-end. I also reviewed credit notes issued by the Company to customers after the end of the reporting period and performed an analytical review on the sales accounts.

### Allowance for diminution in inventory value

Estimating the net realisable value of inventory, as disclosed in Note 10 to the financial statements, is an area of significant management judgment, particularly with regard to the estimation of provision for diminution in the value of obsolete inventory. This requires analysis of the product life cycle, the competitive environment, economic circumstances and the situation within the industry. Moreover, the Company's inventory mainly consists of food products with a finite life cycle which may cause a risk with respect to the amount of provision set aside for diminution in the value of inventory.

I assessed the methods and the assumptions applied by the management in determining such provision by gaining an understanding of the basis applied in determining the provision for diminution in value of inventory and reviewing the consistency of the application of that basis. I also performed an analytical review on the inventory holding periods and inventory movements to identify product group with indicators of lower than normal inventory turnover and compared proceeds from sales transactions occurring after the date of the financial statements to the costs of inventory by product group.

### **Other Matter**

The financial statements of Winner Group Enterprise Public Company Limited for the year ended 31 December 2015 were audited by another auditor who, under his report dated 29 February 2016, expressed an unqualified opinion on those financial statements.

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company is expected to be made available to me after the date of this auditor's report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.



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

When I read the annual report of the Company, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the 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 Company 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.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Miss Watoo Kayankannavee.

*Wtee K.*

Watoo Kayankannavee

Certified Public Accountant (Thailand) No. 5423

EY Office Limited

Bangkok: 28 February 2017





# Financial Statements

## Statement of financial position

As at 31 December 2016

### Assets

(Unit: Baht)

	Note	As at 31 December 2016	As at 31 December 2015
<b>Current assets</b>			
Cash and cash equivalents	7	28,458,144	26,928,195
Current investments	8	50,174,175	50,807,677
Trade and other receivables	9	307,162,742	298,207,107
Inventories	10	274,485,490	278,951,780
Other current assets		14,794,806	7,726,221
<b>Total current assets</b>		<b>675,075,357</b>	<b>662,620,980</b>
<b>Non-current assets</b>			
Property, plant and equipment	11	235,098,964	244,139,899
Intangible assets	12	7,771,891	6,397,523
Deferred tax assets	20	2,673,073	3,286,983
Other non-current assets		2,654,667	2,807,847
<b>Total non-current assets</b>		<b>248,198,595</b>	<b>256,632,252</b>
<b>Total assets</b>		<b>923,273,952</b>	<b>919,253,232</b>

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



## Statement of financial position (continued)

As at 31 December 2016

### Liabilities and shareholders' equity

(Unit: Baht)

	Note	As at 31 December 2016	As at 31 December 2015
<b>Current liabilities</b>			
Short-term loans from financial institutions	13	62,948,444	79,586,302
Trade and other payables	14	213,779,668	219,114,674
Current portion of liabilities under finance lease agreements		356,762	346,120
Income tax payable		16,297,677	12,141,374
Provision for goods return	15	6,075,788	5,460,030
Customs payable	16	4,614,574	-
Other current liabilities		6,886,559	6,841,761
<b>Total current liabilities</b>		<b>310,959,472</b>	<b>323,490,261</b>
<b>Non-current liabilities</b>			
Liabilities under finance lease agreements - net of current portion		1,137,463	1,494,225
Provision for long-term employee benefits	17	7,191,151	9,423,338
Other non-current liabilities		170,692	173,189
<b>Total non-current liabilities</b>		<b>8,499,306</b>	<b>11,090,752</b>
<b>Total liabilities</b>		<b>319,458,778</b>	<b>334,581,013</b>

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



## Statement of financial position (continued)

As at 31 December 2016

### Liabilities and shareholders' equity (continued)

(Unit: Baht)

	Note	As at 31 December 2016	As at 31 December 2015
<b>Shareholders' equity</b>			
Share capital			
Registered			
- 400,000,000 ordinary shares of Baht 0.25 each		100,000,000	100,000,000
Issued and fully paid-up			
- 400,000,000 ordinary shares of Baht 0.25 each		100,000,000	100,000,000
Premium on ordinary shares		147,706,160	147,706,160
Retained earnings			
Appropriated - statutory reserve	18	10,000,000	10,000,000
Unappropriated		346,109,014	326,966,059
<b>Total shareholders' equity</b>		<b>603,815,174</b>	<b>584,672,219</b>
<b>Total liabilities and shareholders' equity</b>		<b>923,273,952</b>	<b>919,253,232</b>

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



## Statement of comprehensive income

For the year ended 31 December 2016

(Unit: Baht)

	Note	2016	2015
<b>Profit or loss:</b>			
<b>Revenues</b>			
Sales and service income	22	1,720,381,696	1,430,515,444
Other income		13,910,967	19,018,148
<b>Total revenues</b>		<b>1,734,292,663</b>	<b>1,449,533,592</b>
<b>Expenses</b>			
Cost of sales and service		1,360,741,399	1,125,889,403
Selling expenses		113,446,337	109,368,300
Administrative expenses		115,442,065	102,350,633
Other expenses	16	9,070,914	-
<b>Total expenses</b>		<b>1,598,700,715</b>	<b>1,337,608,336</b>
<b>Profit before finance cost and income tax expenses</b>		<b>135,591,948</b>	<b>111,925,256</b>
Finance cost		(1,819,547)	(951,859)
<b>Profit before income tax expenses</b>		<b>133,772,401</b>	<b>110,973,397</b>
Income tax expenses	20	(28,440,533)	(21,995,570)
<b>Profit for the year</b>		<b>105,331,868</b>	<b>88,977,827</b>
<b>Other comprehensive income:</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Actuarial gain - net of income tax		1,811,087	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		1,811,087	-
<b>Other comprehensive income for the year</b>		<b>1,811,087</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>107,142,955</b>	<b>88,977,827</b>
<b>Earnings per share</b>	21		
<b>Basic earnings per share</b>		<b>0.26</b>	<b>0.22</b>

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



## Statement of changes in shareholders' equity

For the year ended 31 December 2016

(Unit: Baht)

	Note	Issued and fully paid - up share capital	Premium on ordinary shares	Retained earnings		Total
				Appropriated - statutory reserve	Un appropriated	
<b>Balance as at 1 January 2015</b>		100,000,000	147,706,160	10,000,000	305,988,232	563,694,392
Profit for the year		-	-	-	88,977,827	88,977,827
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	88,977,827	88,977,827
Dividend paid	24	-	-	-	(68,000,000)	(68,000,000)
<b>Balance as at 31 December 2015</b>		100,000,000	147,706,160	10,000,000	326,966,059	584,672,219
<b>Balance as at 1 January 2016</b>		100,000,000	147,706,160	10,000,000	326,966,059	584,672,219
Profit for the year		-	-	-	105,331,868	105,331,868
Other comprehensive income for the year		-	-	-	1,811,087	1,811,087
Total comprehensive income for the year		-	-	-	107,142,955	107,142,955
Dividend paid	24	-	-	-	(88,000,000)	(88,000,000)
<b>Balance as at 31 December 2016</b>		100,000,000	147,706,160	10,000,000	346,109,014	603,815,174

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



## Cash flow statement

For the year ended 31 December 2016

(Unit: Baht)

	2016	2015
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>133,772,401</b>	<b>110,973,397</b>
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation	17,095,077	17,032,510
Amortization	784,156	613,689
Reversal of allowance for doubtful accounts	(604,118)	(7,236)
Recovery of bad debts	(10,000)	(1,187)
Bad debts	707,174	85,277
Reduction of inventory cost to net realisable value (Reversal)	1,382,152	(199,642)
Loss from written off obsoleted inventory	5,001,270	3,169,251
Provision for goods return	615,758	214,049
Import duty, related taxes and fines	4,614,574	-
Loss (gain) on sale of equipment	35,477	(196,508)
Reversal of allowance for impairment of assets	(1,258,425)	(418,171)
Loss from written off assets	1,165,581	12,448
Loss (gain) on valuation of current investments	1,022,886	(1,197,061)
Gain on sales of current investments	(1,850,428)	(139,841)
Provision for long-term employee benefits	1,811,672	2,125,872
Unrealised gain on exchange	(960,247)	(602,095)
Interest expenses	1,819,547	951,859
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>165,144,507</b>	<b>132,416,611</b>
<b>Operating assets (increase) decrease</b>		
Current investments - trading securities	1,461,044	775,882
Trade and other receivables	(9,062,753)	(16,680,407)
Inventories	(1,917,132)	(64,979,912)
Other current assets	(4,600,874)	337,546
Other non-current assets	153,180	584,261
<b>Operating liabilities increase (decrease)</b>		
Trade and other payables	(7,401,893)	3,623,446
Other current liabilities	44,797	537,482
Provision for long-term employee benefits	(1,780,000)	-
Other non-current liabilities	(2,498)	29,250
<b>Cash flows from operating activities</b>	<b>142,038,378</b>	<b>56,644,159</b>
Cash paid for interest expenses	(1,777,935)	(891,962)
Cash paid for corporate income tax	(24,123,092)	(21,853,031)
<b>Net cash flows from operating activities</b>	<b>116,137,351</b>	<b>33,899,166</b>

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



## Cash flow statement (continued)

For the year ended 31 December 2016

(Unit: Baht)

	2016	2015
<b>Cash flows from investing activities</b>		
Proceeds from sales of equipment	84,579	242,991
Acquisition of equipment	(7,463,600)	(9,923,411)
Acquisition of computer software and copyright	(2,158,524)	(5,161,944)
<b>Net cash flows used in investing activities</b>	<b>(9,537,545)</b>	<b>(14,842,364)</b>
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term loans from financial institutions	(16,637,857)	54,751,887
Dividend paid	(88,000,000)	(67,999,010)
Cash paid for liabilities under finance lease agreements	(432,000)	-
<b>Net cash flows used in financing activities</b>	<b>(105,069,857)</b>	<b>(13,247,123)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,529,949</b>	<b>5,809,679</b>
Cash and cash equivalents at beginning of year	26,928,195	21,118,516
<b>Cash and cash equivalents at end of year</b>	<b>28,458,144</b>	<b>26,928,195</b>
<b>Supplemental cash flow information:</b>		
Non-cash transactions		
Increase in accounts payable - purchase of assets	617,754	313,296

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



## Notes to financial statements

For the year ended 31 December 2016

### 1. General information

Winner Group Enterprise Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in manufacture, import and distributor of raw material, ingredient, chemicals food and consumer product. The registered address of the Company’s head office and branches is as follows:

Head Office: 43 THAI CC TOWER, 21<sup>st</sup> floor, room no. 214 - 219, South Sathorn Road, Yanawa, Sathorn, Bangkok

Plant location: 259 Bang-Pa-In Industrial Estate, Moo 2, Klong-Jik, Bang-Pa-In, Ayuthaya

Warehouse: Warehouse 1 is at 60, Soi Bangna-Trad 26, Bangna, Bangkok.

Warehouse 2 is at 23, Soi Bangna-Trad 26, Bangna, Bangkok.

Delice: 43 THAI CC TOWER, G floor, unit 2, South Sathorn Road, Yanawa, Sathorn, Bangkok

### 2. Basis of preparation

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

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

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

### 3. New financial reporting standards

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

During the year, the Company has adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’ financial statements.



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

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied.

**4. Significant accounting policies**

**4.1 Revenue recognition**

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

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

Interest income

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

**4.2 Cash and cash equivalents**

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

**4.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

**4.4 Inventories**

Finished goods and work in process are valued at the lower of cost (under the first-in, first-out method) and net realisable value and includes all production costs and attributable factory overheads.

Raw materials and packaging supplies are valued at the lower of cost (under the first-in, first-out method) and net realisable value and are charged to production costs whenever consumed.



#### 4.5 Investments

Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.

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

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

#### 4.6 Property, plant and equipment/Depreciation

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

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

Land improvements, buildings and building improvement	- 8-30 years
Machinery and equipment	- 2-10 years
Tools and equipment	- 5-10 years
Furniture and fixtures	- 5 years
Vehicles and labor-saving equipment	- 5-7 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

#### 4.7 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

The intangible assets with finite useful lives are computer software and copyright with useful lives of 5 years.

No depreciation is provided on computer software under installation.

#### 4.8 Related party transactions

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



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

#### 4.9 Long-term leases

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over their useful life.

Leases of plant and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### 4.10 Foreign currencies

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

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### 4.11 Impairment of assets

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

An impairment loss is recognised in profit or loss.

#### 4.12 Employee benefits

##### Short-term employee benefits

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



### Post-employment benefits

#### Defined contribution plans

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

#### Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

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

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

### **4.13 Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### **4.14 Income tax**

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

#### Current tax

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

#### Deferred tax

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

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

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

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.



#### 4.15 Derivatives

##### Forward exchange contracts

Forward exchange contracts are presented in the financial statements at fair value. Unrealised gain or loss from the forward contracts is recorded in profit or loss.

#### 4.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

#### 5. Significant accounting judgements and estimates

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

##### Allowance for doubtful accounts

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

##### Reduction of inventory cost to net realisable value

In determining a reduction of inventory cost to net realizable value, the management makes judgement and estimates net realizable value of inventory based on the amount the inventories are expected to



realise. These estimates take into consideration fluctuations of price directly relating to events occurring after the end of the reporting period. Also, the management makes judgement and estimates expected loss from stock obsolescence based upon aging profile of inventories and the prevailing economic condition.

#### **Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

#### **Property plant and equipment/Depreciation**

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

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

#### **Provision for goods return**

The Company recognised a provision for claims for expired goods on products sold during the year, based on past experience of the level of returns. The Company expects most of these costs to be incurred within next year of the reporting date.

#### **Post-employment benefits under defined benefit plans**

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



## 6. Related party transactions

During the years, the Company had no significant business transactions with related parties.

### Directors and management's benefits

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

	(Unit: Thousand Baht)	
	<b>2016</b>	<b>2015</b>
Short-term employee benefits	25,272	25,350
Post-employment benefits	762	978
<b>Total</b>	<b>26,034</b>	<b>26,328</b>

## 7. Cash and cash equivalents

	(หน่วย: พันบาท)	
	<b>2559</b>	<b>2558</b>
Cash	81	102
Bank deposits	24,545	25,560
Cheque on hand	3,832	1,266
<b>Total</b>	<b>28,458</b>	<b>26,928</b>

As at 31 December 2016, bank deposits in saving accounts carried interests between 0.05 and 0.40 percent per annum (2015: between 0.05 and 0.50 percent per annum).

## 8. Current investments

These balances represent investments in unit trusts of open-ended fund, which classified as trading securities and stated at fair value.



## 9. Trade and other receivables

(Unit: Thousand Baht)

	<u>2016</u>	<u>2015</u>
<b><u>Trade receivables</u></b>		
Aged on the basis of due dates		
Not yet due	228,799	226,526
Past due		
Up to 3 months	58,139	58,060
3 - 6 months	43	99
6 - 12 months	184	383
Over 12 months	566	971
<b>Total</b>	<b>287,731</b>	<b>286,039</b>
Note receivables	14,477	7,986
<b>Total trade receivables</b>	<b>302,208</b>	<b>294,025</b>
Less: Allowance for doubtful accounts	(750)	(1,354)
<b>Total trade receivables - net</b>	<b>301,458</b>	<b>292,671</b>
<b><u>Other receivables</u></b>		
Other receivables	318	292
Accrued income	5,387	5,244
<b>Total other receivables</b>	<b>5,705</b>	<b>5,536</b>
<b>Total trade and other receivables - net</b>	<b>307,163</b>	<b>298,207</b>

## 10. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Finished goods	195,389	187,344	(2,380)	(1,281)	193,009	186,063
Work in process	163	38	-	-	163	38
Raw materials	4,026	2,339	(327)	(44)	3,699	2,295
Packaging supplies	1,259	1,037	-	-	1,259	1,037
Goods in transits	76,355	89,519	-	-	76,355	89,519
<b>Total</b>	<b>277,192</b>	<b>280,277</b>	<b>(2,707)</b>	<b>(1,325)</b>	<b>274,485</b>	<b>278,952</b>

During the current year, the Company reduced cost of inventories by Baht 1.4 million, to reflect the net realisable value. This was included in cost of sales.

In the year 2015, the Company reversed the write-down of cost of inventories by Baht 0.2 million, and reduced the amount of inventories recognised as expenses during the year.



## 11. Property, plant and equipment

(Unit: Thousand Baht)

	Land	Land improvements, buildings and improvement	Machinery and equipment	Tools and equipment	Furniture and fixtures	Vehicles and labor-saving equipment	Assets under installation	Total
<b>Cost:</b>								
1 January 2015	114,250	108,985	26,488	11,135	31,357	25,460	8,523	326,198
Additions	-	390	1,667	1,132	1,755	2,710	4,737	12,391
Disposals/Write off	-	-	-	(440)	(1,910)	(3,322)	-	(5,672)
Transfers in (out)	-	-	8,523	203	242	3,965	(12,933)	-
31 December 2015	114,250	109,375	36,678	12,030	31,444	28,813	327	332,917
Additions	-	-	14	2,133	2,190	470	3,275	8,082
Disposals/Write off	-	-	-	(692)	(3,764)	-	-	(4,456)
Transfers in (out)	-	4	87	942	1,983	538	(3,554)	-
31 December 2016	114,250	109,379	36,779	14,413	31,853	29,821	48	336,543
<b>Accumulated depreciation:</b>								
1 January 2015	-	31,985	8,499	4,910	18,161	12,422	-	75,977
Depreciation for the year	-	5,087	3,842	1,664	4,684	1,756	-	17,033
Depreciation on disposals/write off	-	-	-	(440)	(1,898)	(3,275)	-	(5,613)
31 December 2015	-	37,072	12,341	6,134	20,947	10,903	-	87,397
Depreciation for the year	-	5,109	3,395	1,979	4,591	2,022	-	17,096
Depreciation on disposals/write off	-	-	-	(545)	(2,626)	-	-	(3,171)
31 December 2016	-	42,181	15,736	7,568	22,912	12,925	-	101,322
<b>Allowance for impairment loss:</b>								
1 January 2015	-	-	-	-	1,798	-	-	1,798
Increase during the year	-	-	-	81	56	-	-	137
Decrease during the year	-	-	-	(7)	(548)	-	-	(555)
31 December 2015	-	-	-	74	1,306	-	-	1,380
Increase during the year	-	-	4	103	234	-	-	341
Decrease during the year	-	-	-	(151)	(1,448)	-	-	(1,599)
31 December 2016	-	-	4	26	92	-	-	122
<b>Net book value:</b>								
31 December 2015	114,250	72,303	24,337	5,822	9,191	17,910	327	244,140
31 December 2016	114,250	67,198	21,039	6,819	8,849	16,896	48	235,099
<b>Depreciation for the year</b>								
2015 (Baht 6.0 million included in manufacturing cost, and the balance in selling and administrative expenses)								17,033
2016 (Baht 5.8 million included in manufacturing cost, and the balance in selling and administrative expenses)								17,096

As at 31 December 2016, the Company had vehicles with net book value of Baht 3 million (2015: Baht 3 million) which were acquired under finance lease agreements.

As at 31 December 2016, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 41 million (2015: Baht 22 million).

The Company have pledged land with structures amounting to approximately Baht 156 million (2015: Baht 162 million) as collateral against credit facilities received from financial institutions.



## 12. Intangible assets

The net book value of intangible assets as at 31 December 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Computer software	Copyright	Computer software under installation	Total
<b>As at 31 December 2016</b>				
Cost	3,912	1,000	6,217	11,129
<u>Less</u> Accumulated amortisation	(3,124)	(233)	-	(3,357)
<b>Net book value</b>	<b>788</b>	<b>767</b>	<b>6,217</b>	<b>7,772</b>
<b>As at 31 December 2015</b>				
Cost	3,832	1,000	4,139	8,971
<u>Less</u> Accumulated amortisation	(2,540)	(33)	-	(2,573)
<b>Net book value</b>	<b>1,292</b>	<b>967</b>	<b>4,139</b>	<b>6,398</b>

A reconciliation of the net book value of intangible assets for the years 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	2016	2015
Net book value at beginning of year	6,398	1,569
Acquisition of computer software	2,158	4,443
Acquisition of copyright	-	1,000
Amortisation	(784)	(614)
<b>Net book value at end of year</b>	<b>7,772</b>	<b>6,398</b>

## 13. Short-term loans from financial institutions

These balances are in the form of trust receipts which interests during the year were between a rate of 2.55 - 2.80 percent per annum (2015: 2.80 - 3.49 percent per annum).

Bank overdraft and short-term loans from financial institutions are secured by the mortgage some of the Company's land with structures thereon.

As at 31 December 2016, the remaining bank overdraft and short-term credit facilities of the Company available to be drawn down amounted to Baht 562 million (2015: Baht 570 million).



#### 14. Trade and other payables

(Unit: Thousand Baht)

	<u>2016</u>	<u>2015</u>
Trade payables	184,453	191,269
Other payables	1,971	922
Accrued expenses	27,356	26,924
<b>Total</b>	<b>213,780</b>	<b>219,115</b>

#### 15. Provision for goods return

(Unit: Thousand Baht)

<b>At 1 January 2015</b>	<b>5,246</b>
Increase during the year	9,634
Utilised	(9,420)
<b>At 31 December 2015</b>	<b>5,460</b>
Increase during the year	11,018
Utilised	(10,402)
<b>At 31 December 2016</b>	<b>6,076</b>

#### 16. Customs payable

In May 2016, the Company received the result of an audit of import entries from the Thai Customs. It claimed that the Company had wrongly declared the tariffs of some imported goods. Subsequently, in September 2016, the Company met the officers of the Post Clearance Audit Bureau of Thai Customs and signed a memorandum of indictment notification. The officers informed the Company that it had to pay additional import duty, other related taxes and fines amounting to Baht 9.3 million (including refundable VAT of Baht 0.2 million). The Company recorded this transaction in the financial statements for the current year.

The Company will make payment for additional import duty, other related taxes and fines in installments and complete this no later than 30 September 2017.

#### 17. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:



	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
<b>Provision for long-term employee benefits at beginning of year</b>	<b>9,423</b>	<b>7,297</b>
Included in profit or loss:		
Current service cost	1,625	1,878
Interest cost	187	248
Included in other comprehensive income:		
Actuarial gain arising from		
Demographic assumptions changes	308	-
Financial assumptions changes	(668)	-
Experience adjustments	(1,904)	-
Benefits paid during the year	(1,780)	-
<b>Provision for long-term employee benefits at end of year</b>	<b>7,191</b>	<b>9,423</b>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
Cost of sales	256	310
Selling and administrative expenses	1,556	1,816
<b>Total expenses recognised in profit or loss</b>	<b>1,812</b>	<b>2,126</b>

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 10 years (2015: 8 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	<u>2016</u>	<u>2015</u>
Discount rate	2.61	3.39
Salary increase rate	5.00	6.87
Turnover rate	0 - 26.00	0 - 25.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

	(Unit: Million Baht)			
	<u>As at 31 December 2016</u>		<u>As at 31 December 2015</u>	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(0.8)	1.0	(0.7)	0.8
Salary increase rate	1.0	(0.8)	0.7	(0.6)
Turnover rate	(0.9)	0.4	(0.8)	0.3



## 18. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

## 19. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	<u>2016</u>	<u>2015</u>
Salaries and wages and other employee benefits	128,813	122,039
Depreciation	17,096	17,032
Amortisation	784	614
Marketing expenses	41,655	44,761
Purchases for finished goods	1,160,995	990,282
Raw materials and packaging supplies used	78,253	68,740
Changes in inventories of finished goods and work in process	(8,170)	(54,850)

## 20. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

(Unit: Thousand Baht)

	<u>2016</u>	<u>2015</u>
<b>Current income tax:</b>		
Current income tax charge	28,280	22,541
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	161	(545)
<b>Income tax expense reported in the statement of comprehensive income</b>	<u>28,441</u>	<u>21,996</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

(Unit: Thousand Baht)

	<u>2016</u>	<u>2015</u>
Deferred tax relating to actuarial gain	<u>453</u>	<u>-</u>



The reconciliation between accounting profit and income tax expense is shown below.

(Unit: Thousand Baht)

	<u>2016</u>	<u>2015</u>
Accounting profit before tax	<u>133,772</u>	<u>110,973</u>
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	26,754	22,195
Effects of:		
Non-deductible expenses	2,004	276
Additional expense deductions allowed	(318)	(141)
Others	1	(334)
Total	<u>1,687</u>	<u>(199)</u>
Income tax expense reported in the statement of comprehensive income	<u>28,441</u>	<u>21,996</u>

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	<b>Statements of financial position</b>	
	<u>2016</u>	<u>2015</u>
<b>Deferred tax assets</b>		
Allowance for doubtful accounts	150	271
Allowance for diminution in value of inventories	541	265
Allowance for impairment loss of assets	24	276
Provision for goods return	1,215	1,092
Finance lease	131	166
Provision for long-term employee benefits	1,438	1,885
<b>Total</b>	<u>3,499</u>	<u>3,955</u>
<b>Deferred tax liabilities</b>		
Unrealised gain on changes in values of investments	35	-
Accumulated depreciation - Plant and equipment	791	668
<b>Total</b>	<u>826</u>	<u>668</u>
<b>Deferred tax assets - net</b>	<u>2,673</u>	<u>3,287</u>

## 21. Earnings per share

Basic earnings per share is calculated by dividing profit for the year by the weighted average number of ordinary shares in issue during the year.



## 22. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as executive committee.

For management purposes, the Company is organised into business units based on its products and services, the distribution channel and management factors and have two reportable segments as follows:

- (a) Industrial Product
- (b) Consumer Product

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The following table presents revenue and profit information regarding the Company's operating segments for the years ended 31 December 2016 and 2015.

(Unit: Thousand Baht)

	Industrial		Consumer		Total	
	Product Segment		Product Segment			
	2016	2015	2016	2015	2016	2015
Revenues	744,589	589,257	975,793	841,258	1,720,382	1,430,515
Segment profit	119,263	96,462	121,859	102,955	241,122	199,417
Unallocated expenses					(107,349)	(88,443)
Income tax expenses					(28,441)	(21,996)
<b>Profit for the year</b>					<b>105,332</b>	<b>88,978</b>

The chief operating decision maker monitors the total assets for business operations, therefore, no allocation of assets to each segments.

### Geographic information

The Company operates in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

### Major customers

For the year 2016, the Company has revenue from a major customer in amount of Baht 409 million, arising from consumer product segments (2015: Baht 354 million derived from a major customer, arising from consumer product segments).



## 23. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 or 5 percent of basic salary. The fund, which is managed by UOB Asset Management (Thailand) Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2016 amounting to approximately Baht 3 million (2015: Baht 2 million) were recognised as expenses.

## 24. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2014	Annual General Meeting of the shareholders on 22 April 2015	36	0.09
Interim dividends for 2015	Board of directors Meeting on 13 August 2015	32	0.08
<b>Total</b>		<b>68</b>	<b>0.17</b>
Final dividends for 2015	Annual General Meeting of the shareholders on 20 April 2016	48	0.12
Interim dividends for 2016	Board of directors Meeting on 11 August 2016	40	0.10
<b>Total</b>		<b>88</b>	<b>0.22</b>

## 25. Commitments and contingent liabilities

### 25.1 Capital commitments

As at 31 December 2016, the Company had capital commitments of approximately Baht 2 million (2015: Baht 1 million), relating to the acquisition of computer software.

### 25.2 Operating lease commitments

The Company has entered into several lease agreements in respect of office building, warehouse and related services and office equipment rental. The terms of the agreements are generally between 1 and 5 years.



Future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

(Unit: Million Baht)

	As at 31 December	
	<u>2016</u>	<u>2015</u>
<b>Payable:</b>		
In up to 1 year	6.3	7.4
In over 1 and up to 5 years	5.7	1.9

### 25.3 Royalty agreements

On 4 May 1993, the Company entered into an agreement with a supplier in the US, under which the Company was granted the right to be an exclusive independent sales distributor in the Territory of Thailand. Under the agreement, the Company has to pay royalty fees to the supplier at the rates stipulated in the agreement, based on purchases of product, for a period of 5 years. After that initial term and in the absence of any notice of termination, the agreement will automatically extend on a year to year basis.

During the year 2016, the Company recorded royalty fees under the above agreement amounting to Baht 14 million (2015: Baht 12 million).

### 25.4 Bank guarantees

As at 31 December 2016, there were outstanding bank guarantees of approximately Baht 2.4 million (2015: Baht 1.3 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 1.1 million (2015: Baht 0.7 million) to guarantee payments due to creditors and Baht 1.3 million (2015: Baht 0.6 million) to guarantee electricity use, among others.

## 26. Fair value hierarchy

As at 31 December 2016 and 2015, the Company had the assets and liabilities that were measured at fair value or disclosed fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	31 December 2016
	<u>Level 2</u>
<b>Assets measured at fair value</b>	
Investments in unit trusts of open-ended fund - Debt instruments	50,174
Foreign currency forward contracts	3,483



Level 2**Assets measured at fair value**

Investments in unit trusts of open-ended fund - Debt instruments	50,808
Foreign currency forward contracts	1,015

The method and assumptions used by the Company in estimating the fair value of financial instruments are as follows:

- a) The fair value of investment in debt instruments-unit trust has been determined by using the net asset value as published by asset management companies.
- b) The forward foreign exchange contracts have been fair valued using rates that are calculated by the commercial bank. The input data in its valuation is mostly extracted from observable market data such as spot rate, future rate and yield curves.

During the current year, there were no transfers within the fair value hierarchy.

## 27. Financial instruments

### 27.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, short-term loans from financial institutions, trade and other payables, and liabilities under finance lease agreements. The financial risks associated with these financial instruments and how they are managed is described below.

#### Credit risk

The Company is exposed to credit risk primarily with respect to trade and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statement of financial position.

#### Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, short-term loans from financial institutions and liabilities under finance lease agreements. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date



(Unit: Million Baht)

## As at 31 December 2016

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years				
<b>Financial Assets</b>						
Cash and cash equivalent	-	-	21	7	28	0.05 - 0.40
Current investments	-	-	-	50	50	-
Trade and other receivables	-	-	-	307	307	-
<b>Financial liabilities</b>						
Short-term loans from financial institutions	-	-	63	-	63	2.55 - 2.80
Trade and other payables	-	-	-	214	214	-
liabilities under finance lease agreements	-	1	-	-	1	3.03

(Unit: Million Baht)

## As at 31 December 2015

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years				
<b>Financial Assets</b>						
Cash and cash equivalent	-	-	18	9	27	0.05 - 0.50
Current investments	-	-	-	51	51	-
Trade and other receivables	-	-	-	298	298	-
<b>Financial liabilities</b>						
Short-term loans from financial institutions	-	-	80	-	80	2.80 - 3.49
Trade and other payables	-	-	-	219	219	-
liabilities under finance lease agreements	-	2	-	-	2	3.03



### Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from purchase of goods that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2016 and 2015, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2016	2015	2016	2015	2016	2015
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.1	-	4.9	5.0	35.83	36.09
Euro	0.1	-	0.2	0.2	37.76	39.44

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2016			
Foreign currency	Amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
<u>Bought amount</u>			
Euro	0.1	37.79 - 40.03	16/01/17 - 18/04/17
US dollar	8.3	34.66 - 36.07	03/03/17 - 05/07/17

As at 31 December 2015			
Foreign currency	Amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
<u>Bought amount</u>			
Euro	0.3	38.84 - 39.09	29/01/16 - 10/02/16
US dollar	5.8	34.01 - 36.26	08/01/16 - 28/06/16

## 27.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature, deposits at financial institutions, short-term loans from financial institutions and liabilities under finance lease agreements bear interest rates which are close to the market rate, their fair value is not expected to be materially different from the amounts presented in statement of financial position.



## 28. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Company's debt-to-equity ratio was 0.5:1 (2015: 0.6:1).

## 29. Events after the reporting period

On 28 February 2017, the Board of directors meeting passed the resolution to raise the agenda to Annual General Meeting for approval to pay a dividend for the year 2016 to the shareholders of Baht 0.23 per share, a total of Baht 92 million. The Company has already paid an interim dividend of Baht 0.10 per share, a total of Baht 40 million. The remaining dividend is Baht 0.13 per share, a total of Baht 52 million will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

## 30. Reclassification

Certain accounts in the comparative financial statements have been reclassified to conform to the current year's classification. The reclassifications are as follows:

	(Unit: Thousand Baht)	
	<u>As reclassified</u>	<u>As previously reported</u>
<b>Statement of financial position as at 31 December 2015</b>		
Trade and other receivables	298,207	303,881
Other current assets	7,726	2,052
Property, plant and equipment	244,140	248,279
Intangible assets	6,397	2,258
Trade and other payables	219,115	219,387
Provision for goods return	5,460	-
Other current liabilities	6,842	12,203
Other non-current liabilities	173	-
<b>Statement of comprehensive income for the year ended 31 December 2015</b>		
Cost of sales and service	1,125,889	1,125,932
Administrative expenses	102,351	102,308

The reclassifications had no effect to previously reported profit or shareholders' equity.

## 31. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2017.



**Winner Group Enterprise Plc.**

43 Thai CC Tower 21<sup>th</sup> Floor, 214-219 Room., South Sathorn rd., Yannawa, Sathorn, Bangkok 10120 Thailand

43 อาคารไทยซีซีทาวเวอร์ ชั้น 21 ห้อง 214-219 ถนนสาทรใต้ แขวงยานนาวา เขตสาทร กทม. 10120

T+ 0.2675.6525 F+ 0.2675.6533, 0.2675.6544 / Website : [www.winnergroup.co.th](http://www.winnergroup.co.th) / Email : [winner@winnergroup.co.th](mailto:winner@winnergroup.co.th)