

General Information and Other Key Information

General Information as at 31 December 2015

1. The Company's Information

Company Name	Masterkool International Public Company Limited
Type of Business	Supply and distribution of Air Cooler, Mist Fan and Industrial Fan Products under "MASTERKOOL" and "Cooltop" Brands, and provision of rental services for use of such products in event organizing and designing and installing heat extracting system inside the plant and warehouse, as well as designing and installing ozone system for energy saving and environmental conservation. The Company distributes products through modern retail shops, foreign dealers and local dealers, and directly distributes and provides services through the Company.
Office Location	No. 22, 2 Alley, Thetsaban Rangsan Nuea, Latyao Sub-district, Chatuchak District, Bangkok 10900
Company Registration	0107557000365
Registered Capital	Baht 120,000,000
Paid-Up Capital	Baht 120,000,000
	Consisting of 480,000,000 ordinary shares at par value of 0.25 Baht per share.
Telephone	(66) 2953 8800
Facsimile	(66) 2589 8586
Website	www.masterkool.com

Reference Persons

Share Registrar	Thailand Securities Depository Company Limited Stock Exchange of Thailand Building 93 Ratchadaphisek Road, Khlong Toei District, Bangkok 10110 Telephone (66) 2009 9000, Facsimile (66) 2009 9991
Auditor	Mr.Boonlert Kaewphanphruek, the Certified Public Accountant Registration No. 4165 BPR Audit & Advisory Company Limited Chartered Square Building, 12th A Floor, Room 08 No. 152 Sathon Nuea Road, Silom Sub-district, Bangrak District, Bangkok 10500 Telephone (66) 2634 5398, Facsimile (66) 2634 5399

2. Details of Juristic Persons that the Company directly hold the shares from 10% of the number of issued and sold shares and over

Company Name	Innov Green Solutions Company Limited
Type of Business	Design, installation and provision of service relating to environmental conservation and energy saving system such as application of ozone system with air-conditioner, washing machine, vegetable washer and shoe deodorizer, etc.
Office Location	No. 22, 2 Alley, Thetsaban Rangsan Nuea, Latyao Sub-district, Chatuchak District, Bangkok
Company Registration	0105554064743
Registered Capital	Baht 1,000,000
Paid-Up Capital	Baht 1,000,000
	Consisting of 10,000 ordinary shares at par value of 100 Baht per share.
Proportion of the Company's Shareholding	99.98 Percent
Telephone	(66) 2953 8800
Facsimile	(66) 2589 8586

3. Other Key Information -None -

Shareholders and Dividend Policy

1. Registered and Paid-up capital

As of December 31, 2015, the Company has registered capital of Baht 120 million, paid-up capital of Baht 120 million, comprising of 480 million ordinary shares.

2. Shareholders

10 Major Shareholders as at March 15, 2016:

Shareholders	Nr. Of Shares	%
1. Mr. Noppachai Veeraman	126,932,260	26.44
2. Mr. Fung Meng Hoi	81,168,945	16.91
3. K-SME Venture Capital ^{1/}	27,672,072	5.77
4. Mr. Komin Krodmee's group	27,790,176	5.79
4.1 Mr. Komin Krodmee	26,196,582	5.46
4.2 Miss Nootcharin Siwanukroh	1,593,594	0.33
5. Mr. Kritsana Thaidumrong's group	24,604,828	5.13
5.1 Mr. Kritsana Thaidumrong	24,604,828	5.13
5.2 Miss Nittaya Aniwattanakool	-	-
6. Miss Ratchaporn Chittasatien	9,214,062	1.92
7. Mr. Sanchai Sriwiboon	8,405,714	1.75
8. Mr. Nakorn Hankraiwilai	8,000,000	1.67
9. Miss Sunanta Wanwat	5,142,857	1.07
10. Mr. Pichai Wijakkhapun	4,785,500	1.00
11. Others	156,283,586	32.56
Total	480,000,000	100.00

^{1/} K-SME Venture Capital have paid-up capital of Baht 200 million, running business with medium and small enterprise. Its shareholders' list is as follows

3. Dividend Policy

The ordinary general meeting of shareholders No.2/2014, dated September 9, 2014 has the resolution to set dividend payment policy of the Company and its subsidiaries by not less 40% of net profit after tax of separate financial statement and deduction of legal reserve and other deposits.

However, the Company and its subsidiaries may consider paying the dividend less than the above rate or not to pay the dividend, subjecting to economy, performance, financial status, and liquidity of the Company and its subsidiaries, including their necessity in utilization of working capital for business operation and expansion.

Management Structure

1. The Board of Directors

The Company's management structure consists of 4 committees; the Board of Directors, the Audit Committee, the Executive Committee, and the Nomination and Remuneration Committee as per the following details;

- 1) As of December 31, 2015, there are 9 members of the Board of Directors comprises the following names

Name	Position	Number of meeting attended/ Total numbers of meeting in 2015
1. Assoc.Prof. Prakit Tangtisanon	Chairman, independent director and member of the Audit Committee, and member of the Nomination and Remuneration Committee	5/5
2. Mr. Sanpat Sopon	Director, Independent director and Chairman of the Audit Committee, and member of the Nomination and Remuneration Committee	5/5
3. Mr. Mongkol Kasaemsun Na Ayudthaya	Director, Independent director and member of the Audit Committee, and Chairman of the Nomination and Remuneration Committee	5/5
4. Mr. Kritsana Thaidumrong	Director	4/5
5. Mr. Noppachai Veeraman	Director and Managing Director	5/5
6. Mr. Fung Meng Hoi	Director	5/5
7. Mr. Nuntawat Kham-em	Director	4/5
8. Miss Sunanta Wanwat	Director	5/5
9. Miss Phornphan Nilprasit	Director	5/5

Note: All directors have passed the training course about role and skills of being directors from Thai Institute of Directors (IOD)

Among the Board of Directors, two have been appointed as authorized directors, namely, Mr. Noppachai Veeraman, Mr. Fang Meng Hoi, Mr. Nantawat Kham-em, Miss Sunanta Wanwat, and Miss Pornpan Nilprasit. Any two of the authorized directors are authorized to sign jointly on behalf of the Company.

In addition, the Board of Directors' Meeting No. 6/2013, dated October 21, 2013 had the resolution to appoint Miss Mallika Trakoolthai, The Executive Director, as the Company's secretary

- 2) The Board of Directors' Meeting No. 6/2013, dated October 21, 2013 had the resolution to appoint independent directors and member of the Audit Committee who have complete qualifications according to the Notification of the Capital Market Supervisory Board No. TorJor. 28/2008 Re: Approval for Issuance and Offering for Sale of Shares dated December 15, 2008 (include any revision). As of December 31, 2015, the Audit Committee comprises the following names:

Name	Position	Number of meeting attended/ Total numbers of meeting in 2015
1. Mr. Sanpat Sapon	Chairman	4/4
2. Assoc.Prof. Prakit Tangtisanon	Member	4/4
3. Mr. Mongkol Kasaemsun Na Ayudthaya	Member	4/4

Member of the Audit Committee who has full understanding of, and experience in, accounting or finance, for reviewing the reliability of the financial statements is Mr. Mongkol Kasaemsun Na Ayudthaya. The secretary of the Audit Committee is Miss Jariyaporn Akkarawong.

- 3) As of December 31, 2015, the Executive Committee comprises the following names:

Name	Position	Number of meeting attended/ Total numbers of meeting in 2015
1. Mr. Noppachai Veeraman	Chairman	7/7
2. Mr. Nuntawat Kham-em	Member	7/7
3. Miss Sunanta Wanwat	Member	7/7
4. Miss Phornphan Nilprasit	Member	7/7
5. Mr. Komin Krodmee	Member	7/7
6. Miss Mallika Trakoolthai	Member	6/7

Note: Miss Sawitta Srikaset is a secretary of the Executive Committee

- 4) The Board of Directors' Meeting No. 6/2014, dated September 19, 2014 had the Nomination and Remuneration Committee. As of December 31, 2015, the Nomination and Remuneration Committee comprises the following names:

Name	Position	Number of meeting attended/ Total numbers of meeting in 2015
1. Mr. Mongkol Kasaemsun Na Ayudthaya	Chairman	1/1
2. Assoc.Prof. Prakit Tangtisanon	Member	1/1
3. Mr. Sanpat Sapon	Member	1/1
4. Miss Usanee Chanumrung **	Member	1/1

Note: Miss Nuttiya Wangkhunprom is a secretary of the Nomination and Remuneration Committee

**M.s Usanee Chan-umrung resigned from the Board Nomination and Remuneration Committee on December 9, 2015

2. Executives

As of December 31, 2015, the Company's executives comprise the following names:

Name	Position
1. Mr. Noppachai Veeraman	Managing Director
2. Mr. Nuntawat Kham-em	Deputy Managing Director and Assistant Managing Director – Accounting & finance
3. Miss Sunanta Wanwat	Assistant Managing Director – Business and customer service
4. Miss Phornphan Nilprasit	Assistant Managing Director – Logistics
5. Mr. Komin Krodmee	Assistant Managing Director – Manufacturing management

3. The Company Secretary

The Board of Directors' meeting No.6/2013 had the resolution to appoint Miss Mallika Trakoolthai to be the Company secretary starting from October 21, 2013. The scope of work, authorizity, and responsibilities according to section 89/15 and section 89/16 of Securities and Exchange Act (Volume 4) B.E. 2551 (A.D. 2008), which was effective since August 31, 2008. The Company secretary has the following legal roles.

1. Preparing and maintaining the following documents:
 - (a) Director profile
 - (b) Notice and minutes of the board meeting, annual report, notice and minutes of shareholders meeting
 - (c) notice and minutes of shareholders meeting
2. Maintaining directors and management's report on conflict of interest, and submit the report according to section 89/14 to the president and chairman of the Audit Committee within 7 working days after receipt of the report.
3. Performing other duties as required by the Capital Market Supervisory Board

In case the Company secretary resign or fail to perform the duty, the Board shall appoint new secretary within 90 days from the date of resignation or failure to perform the duty. However, the Board is entitled to assign one of directors to perform the work during such period.

In addition, the Company secretary also has the other responsibilities upon the Company's assignment as follows:

- (1) Arranging the Board of Directors' meeting and shareholders' meeting
- (2) Coordinate with other departments in the Company to make them comply with the resolutions of the Board of Directors' meeting and shareholders' meeting
- (3) Coordinate with the government section such as the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), and control for completion and accuracy of information disclosure and report submitted to the government section and public according to law.
- (4) Providing orientation to new appointed director
- (5) Performing other duties as assigned by the Board.

Miss Mallika Trakoolthai has passed the training course for the Company secretary (Class of 28) and the course of fundamental law for registered company (class of 10) from Thai Listed Companies Association.

4. Remuneration for the Board and Executives

4.1 Remuneration for the Board

The ordinary shareholders' meeting No. 2/2014, dated September 9, 2014 had the resolution to approve remuneration for independent directors and the Audit Committee, meanwhile, the Board of Directors' meeting No. 6/2014 dated September 19, 2014 also approve remuneration for the Nomination and Remuneration Committee, by considering based on roles and responsibilities to supervise and control the

Company's operation. The consideration has been made in comparison to the industry, experience, duty, scope of role and responsibility, including benefits expected to be received from each directors as per the following details.

	Attendance fee for chairman	Attendance fee for member
The Board	30,000 Baht/meeting	20,000 Baht/meeting
Independent director and member of the Audit Committee	30,000 Baht/meeting	20,000 Baht/meeting
Member of the Nomination and Remuneration Committee	30,000 Baht/meeting	20,000 Baht/meeting

Remuneration for the board comprises meeting attendance fee, which is subjected to number of meeting attended. However, subject to the rule of remuneration consideration, members of the board and/or any sub committee, the Company's director and/or member of sub committee who are the Company's executives or employees shall not receive the remuneration for the board and/or member of sub committee. In 2015, the Company paid remuneration for the board and member in sub committee as follows

Name List of the Board	The Directors' Remuneration of 2015 (Baht)			
	The Board	Audit Committee	Nomination and Remuneration Committee	Total
1. Assoc.Prof. Prakit Tangtisanon	150,000	80,000	20,000	250,000
2. Mr. Sanpat Sapon	100,000	120,000	20,000	240,000
3. Mr. Mongkol Kasaemsun Na Ayudthaya	100,000	80,000	30,000	210,000
4. Mr. Kritsana Thaidumrong	80,000	-	-	80,000
5. Mr. Noppachai Veeraman ¹⁾	-	-	-	-
6. Mr. Fung Meng Hoi	100,000	-	-	100,000
7. Mr. Nuntawat Kham-em ¹⁾	-	-	-	-
8. Miss Sunanta Wanwat ¹⁾	-	-	-	-
9. Miss Phornphan Nilprasit ¹⁾	-	-	-	-
10. Miss Usanee Chanumrung ²⁾	-	-	-	-
Total	530,000	280,000	70,000	880,000

Notes: ¹⁾ Members who are the Company's executives or employees those shall not receive remuneration for the board and member of sub committee are Mr. Noppachai Veeraman, Mr. Nantawat Kham-em, Miss Sunanta Wanwat, and Miss Phornphan Nilprasit

²⁾ Miss Usanee Chanumrung became the Company's employees from January 5, 2015. Thus, she shall not receive remuneration for the Nomination and Remuneration Committee after her employment. She resigned from her position since December 9, 2015.

4.2 Remuneration of the Executive Committee and Executives

The extraordinary shareholders' meeting No. 2/2014, dated September 9, 2014 had the resolution to approve remuneration of the Executive Committee in term of attendance fee, which will be paid at Baht 30,000

per meeting for the chairman and Baht 20,000 per meeting for the member. However, members of the Executive Committee who are the Company's executives or employees shall not receive the remuneration of the Executive Committee. Currently, the members of the Executive Committee are the Company's executives.

In addition, the Company has the remuneration of executives in term of salaries, bonuses, position allowance, allowance, social security contributions. In 2015, the amount of remuneration paid to the Executive Committee and Executives are as follows:

	2015
Numbers of Directors and Executives (persons)	6
Total remuneration (Baht)	10,822,750

4.3 Other Compensation

Provident Fund

The Company provides provident fund for the executives by making contributions of 2% and let the executives deposit at 2% of salary. In 5 the Company made the contributions of Baht 168,520 to the provident fund for 5 executives

5. Employees

The Company strives on human resource management and development to retain employees who have skill, capability, and experience for enhancement competitiveness of the Company.

As of December 31, 2015, the Company and its subsidiary have 256 employees (exclude management). The compensation, e.g. salary, overtime, commission, bonus, position fee, allowance, intelligent allowance, social security contribution, provident fund deposit, and other allowance, are around Baht 88.71 million. Number of employees in each section comprise of:

	Number of employees As of December 31, 2015
Executives	5
Business and customer service	157
Accounting and finance	18
Logistics	27
Manufacturing management	28
Human resource	8
MIS/IT	2
Purchasing	3
Others*	8*
Innov Green Solution Company Limited	5
Total	261

* Others include the Company's secretary, internal audit, research and development, investor relation, corporate secretary section, and the Quality Management Representative (QMR)

The Company and its subsidiary have no labor dispute along the last 3 years and devote to develop skill, knowledge, capability, and competency of employees at all level. The details of employee development plan are as follows:

- Continuously develop executives and employees at all level to increase their work capability by enhancing and supporting them in term of education, training, seminar, and domestic and international field study.
- Prepare training road map for each position to recruit right person with good career path, including ready for replacement.
- Enhance employees development by mean of coaching and on the job training
- Build up employee awareness for working based on code of conduct and good governance by admiration and support good person.
- Enhance employee to engage in organization culture, ownership attitude, hold team work concept, provide good service, and bring satisfaction to either inside or outside customers.

Corporate Governance

To follow policy of Code of Best Practices, the company implemented principle of good corporate governance for authorized company 2012 stipulated by Stock Exchange of Thailand as guidelines for operation of the company and to promote transparency and efficiency of management that will ensure shareholders and the relevant and currently, the company has generally complied with such principles.

1. Corporate Governance Policy

At company's meeting 7/2013 on 29 November 2013, it had resolution to approve policy of corporate governance according to good corporate good corporate governance for authorized company in 2012 that was corresponding to principles stipulated by Stock Exchange of Thailand as follows.

Section1: Shareholder's right

The company gives precedence to basic rights of shareholders such as rights to trade and transfer their own shares, rights of receiving profit dividend of the company, right of receiving information of the company sufficiently, rights of shareholder's meeting, giving opinions, appointing or denoting committee, appointing auditor and matters affecting the company like dividend allocation, specification or amendment of regulation and memorandum of association etc. without any actions that violate or deprive rights of the shareholders as well as promotes shareholder to use their rights.

Apart from basic rights, the company has a policy for operations that promote and facilitate using rights of shareholders as follows

1. Providing annual general meeting by it is arranged in every 4 months from the end date of each accounting year by monitoring to provide information, date, time, place an agenda along with deliver the supporting documents in each agenda to shareholders in advance for at least 7 days and publish in newspaper to appoint date and time of meeting for 3 consecutive days before the meeting starts in 3 days. It is specified that each agenda requires comments of the committee and complete minutes so that the shareholders can audit it.
2. The company will publish information supporting agenda to shareholders in advance on website of the company including inform rights and regulations in meeting as well as procedures of voting of shareholders in meeting to give a chance for shareholders to study information before the meeting.
3. In case the shareholders cannot attend the meeting, the company gives a chance for them to give a proxy to independent committee or any person to attend the meeting as the substitute to support using rights of shareholders to vote by using power of attorney delivered by the committee together with the invitation to meeting.
4. Before the meeting, shareholders can send opinions, suggestions and inquiries in advance through E-mail: comsec@masterkool.com
5. For meeting, the company will allocate proper time to promote shareholders to give opinions or suggestions including inquiries in each agenda relevant to the company

Section 2: Equal Treatment to Shareholders

The company has a policy to treat every shareholder equally to monitor and give opinions about operation of the company by independent committee is responsible for taking care of minor shareholders and that they can give suggestion, opinions, or complaint to independent committee. The independent committee will consider for appropriate operation. For instance, if it is complaining, the independent committee will verify fact and find proper treatment.

The company's committee has specified a measure to prevent using internal data for undesirable purpose of the relevant people including committee, executives, officers and employees of the association related to data (including to spouse and immature children of those people) not to use internal data that has not been published to trade, transfer and accept transfer securities of the company for 30 day during the period before presenting tranche financial statement to SEC or before such data is publicized and the punishment has been stipulated for disclosing data of the company or using company's information for personal benefit according to the policy of Internal Data Utilization Prevention along with giving knowledge to committees and board of directors of the company about reporting security possession to Office of Security and Exchange Commission (SEC Office) as section 59 of Securities and Exchange Act B.E. 2535 (including amended version)

Section 3: Role of Stakeholders

The company has recognized rights of all stakeholders relevant to the company including internal stakeholder such as shareholder, employees and board of directors of the company or external stakeholders including opponent, trade partner, community and society etc. The company has deeply realized that supporting and listening to opinion as well as building good relationship with all shareholders would be beneficial to business operation and development of the company with growth and expansion in the future. The company provided rights of all groups to be treated fairly and equally along with complying with regulations of law and rules as follows

1. Shareholder: The company emphasized on being a good representative of shareholders to operate business for satisfaction of shareholders by being aware of long-term value growth of the company along with having good control system and internal audit system that can disclose information transparently, correctly and completely enough for decision to invest.
2. Employee: The Company will support potential development of human resource for ultimate benefit as the company realized that employees are a part of major resources essential to develop the organization. The company then treats every employee fairly and equally without discrimination along with providing proper returns and welfares.
3. Trade Partner: The Company will treat all trade partners with integrity by holding principles of trade agreement and terms and promise given to trade partner for good business relationship and benefit to all parties
4. Opponent: The Company will treat opponents with ethics of good competition by avoiding dishonest competition to sabotage the opponent.

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5. Customer: The Company is determined to provide good service and give satisfaction to customers by providing quality product and service with honest and fair trade with customers.
 6. Community and Society: The company gives precedence to taking care of environment of nearby community, location of the office with campaigns to save energy as well as operating business that is not contrary to custom and tradition or causing damages to company. Besides, the company also has a policy to hire local labors nearby the factory of the company in Panasnikom, Chonburi Province

Section 4: Data Disclosure and Transparency

The company realizes importance of correct data disclosure with that is complete, punctual and transparent including financial report and general report according to principles of data and information disclosure of SEC Office and Stock Exchange of Thailand as well as any other matters data affecting security cost of the company that had effect on decision process of company's stakeholders. The company will propagate information and data of the company to shareholders, investors and public through channels and media of Stock Exchange of Thailand including website of the company, newspaper so that shareholders can access data equally.

The company assigns managing director, assistant managing director or the secretary to be responsible for essential data and information disclosure and communicating with investors, shareholders, as well as analyzer and the relevant. Nevertheless, you can contact 0 2953 8800 fax 0 2589 8586 or E-mail: comsec@masterkool.com

Section 5: Responsibility of Committee

● Committee Structure

The company's committee consists of people with knowledge and expertise including experiences that can make benefit for the company and they play a great role to approve policy and business plan and give precedence to internal control system and internal audit for advantage of the company and shareholders.

Currently, the company's committee consists of 9 people including 4 executives committee, 2 non-executive committees and 3 independent committees or 1/3 of company's committee to balance in voting and considering matters along with auditing management for utmost benefit of the company. Moreover, the company has appointed sub-committee comprising of audit committee, management committee and Recruitment committee as well as determined returns by specifying scope of duty and responsibility of operation for such sub-committee clearly.

● Role, duty and responsibility of Committee

The company's committee has duty to consider and approve material matters related to operation of the company such as vision and task, strategy, risk, work plan and budget of the company along with supervising management to meet the target within regulations of law and business ethics for benefit of the company and all relevant.

- Corporate Governance policy

The company has specified policy related to corporate governance in writing and such policy is agreed by the meeting of company's committee 7/2013 arrange on 29 November 2013. Nevertheless, it is to be guidelines for committee, executives, and employees to comply with by providing regular review of such policy.

- Business Ethics

The company has a policy to operate business transparently, correctly and fairly by determining business ethics in writing to publish to committee, executives and employees to hold and comply with such policy strictly.

- Conflict of Interest

The company has stipulated a policy about conflict of interest with principle that any decisions to operate business activities shall be made for utmost benefit of the company and they should avoid any actions that cause conflict of interest by defining that the relevant or those who are involved in considered transaction shall inform the company about relation or connection in such transaction and they shall not participate in considering judgment and has no authority to approve that transaction.

Audit committee will propose to company's committee about cross-transaction and transactions with conflict of interest that have been properly and circumspectly determined and the company will comply with principles of cross-transaction of SEC Office and Stock Exchange of Thailand strictly in term of defining price and terms with people who possibly have conflict of interest seemingly like transaction with outsiders and submit the report within specific time stipulated by SEC Office and Stock Exchange of Thailand and there shall be disclosing financial budget, annual report an annual list form (Form 56-1).

- Internal Audit

The company gives precedence to providing good internal control system by making manuals of regulations and practice in writing by dividing duty and responsibility along with authority for operation of the practitioner and managers.

The company's committee has assigned audit committee to be responsible for verifying internal control system the company created including auditing control system of operation, financial report, compliance with rule, regulation, policy and monitoring operation. The company has procured the outsource to evaluate and inspect internal control system of the company and report the result of such inspection directly to audit committee

● **Committee's meeting**

The company will arrange the meeting of company's committee at least in every quarter and may arrange additional meeting if necessary by specifying clear agenda in advance including agenda to monitor performance regularly. Committee's meeting will have a secretary to provide agendas and deliver documents to company's committees at least 7 days before the meeting starts so that the committees have enough time to consider and study information along with recording minutes and submitting reports to the committee individually as well as storing the minutes of committee's meeting certified by the committee systematically and they are prepared to be audited or inspected by the company's committee or the relevant people.

- **Return**

The company has specified returns for committee clearly and it will be propagated in annual list form. Such return shall be approved by annual general meeting. However, the company has defined principles and returns of committee and executive depending on knowledge expertise and experience along with duty and responsibility by comparing with the company in same industry to retain the skillful and experienced people to work with the company for long time.

- **Committee and Executive Development**

The company supports committees and executives to develop knowledge and capacity in corporate governance system to improve works continually by encouraging the committees and executives to participate in trainings of Thai Institute of Directors and in case committee or executives of the company are changed, the company will provide documents and information beneficial to doing task of the committee or executives as well as attending curriculum seminars that are advantageous to such newcomers.

2. Sub-committee

The managerial structure of the company consists of company's committee, executives and 3 sub-committees including audit committee, Recruitment and Return Specification committee and Management committee.

The company's committee, audit committee and executives of the company are completely qualified and have no prohibited characteristics according to section 68 of Public Company Limited Act B.E. 2535 and have no traits showing that they lack of qualification to be trustable in management with public as shareholders as in section 89/3 and section 89/6 of Securities and Exchange Act B.E. 2535 and Notice of Securities and Exchange Commission.

The company's committee has specified period of holding a position for committees and a policy of corporate governance by in every annual general meeting of the company, 1/3 of committees shall resign from the position but if the amount of committee cannot be divided as 3, the nearest number of committee shall leave the position. Nevertheless, the committee who positions longest will leave first and if they cannot agree about retirement, there will be casting lot and the committee who retires can be reelected. Meanwhile, the period of position of audit committee, Recruitment and return specification committee will be 3 years and [the management committee can stay in position for a year](#). The committees who resign from the position can be reelected to take the position again.

2.1 Company's Committee

As of 31 December 2015, company's committee include 9 people as follows

Name	Position	Number of attendance / Number of Meetings 2015
1. Assoc.Prof. Prakit Tangtisanon	Committee chairman, Independent Committee and audit committee, Recruitment and Return Specification	5/5

	Committee	
2. Mr. Sanpat Sapon	Committee, Audit Committee chairman and independent Committee, Recruitment and Return Specification Committee	5/5
3. Mr. Mongkol Kasaemsun Na Ayudthaya	Committee, independent Committee and audit committee, Recruitment and Return Specification Committee Chairman	5/5
4. Mr. Kritsana Thaidumrong	Committee	4/5
5. Mr. Noppachai Veeraman	Committee, Management committee Chairman and Management Committee	5/5
6. Mr. Fung Meng Hoi	Committee and Management Committee	5/5
7. Mr. Nuntawat Kham-em	Committee and Management Committee	4/5
8. Miss. Sunanta Wanwat	Committee and Management Committee	5/5
9. Miss. Phornphan Nilprasit	Committee and Management Committee	5/5

Remark: Every committee passed curriculum training about roles, duties and skills of being a committee from Thai Institute of Directors (IOD)

Scope of Duty and Responsibility of Company's Committee

- 1) supervising the company and doing task following laws, objectives and regulations of the company along with having a resolution in shareholder's meeting with integrity and being aware of benefit of the company and having Accountability to Shareholders
- 2) Specifying policy, target and trend of operation including Monitoring and Supervision for management department to comply with the policy and regulations of the company effectively and efficiently under good corporate governance to Maximize Economic Value and Shareholders' Wealth
- 3) Controlling and Supervising management department to practice with all stakeholders with ethnics and equality.
- 4) Considering and defining annual budgetary plan and revising annual budgetary plan to be suitable and corresponding to policy and trend of operation including inspecting and controlling management department to use budget according to annual budgetary plan.
- 5) Following up operations of the company to meet targets regularly and realizing compliance with law and regulations in agreement related to the company by determining management department to report overall operation along with material matters of the company to company's committee in every quarterly meeting so that the operations of the company are conducted efficiently.
- 6) Operating for the company to have accounting system, financial report, Internal Control, and Internal Audit that are efficient and reliable.
- 7) Playing a great role to operate risk management by providing guidelines and measures to manage risk suitably and sufficiently including monitoring such operation regularly

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- 8) Considering and approving and/or giving opinions to be proposed in the shareholder's meeting to consider approving significant transaction along with cross-transaction according to principles, terms and legal methods and regulations
 - 9) Providing annual report of the company and/or company's committee to be in accordance with law and regulations and reporting to shareholders regularly and completely regarding to current condition of business and trends of operation in the future positively and negatively with supporting reasons
 - 10) Considering and approving suitable organizational structure for operation that includes establishing sub-committee, procuring and appointing committees or experienced people with expertise and knowledge as the committee approves them to take position as a member of sub-committee as well as defining scope of duty and responsibility of sub-committees.
 - 11) Considering and appointing managing director and defining scope of duty and responsibility of the managing director
 - 12) Considering and specifying annual return structure of the company and principles of return payment of committees, executives and employees by recognizing proper factors such as performance, position, scope of duty and responsibility, quality, knowledge, capability and suitable return rate in same industry.
 - 13) Considering amount of return of the committee according to principles of return payment stipulated by company's committee to be proposed in shareholder's meeting for considering approval.
 - 14) Approving employment, appointment and denotation including transferring senior employees of deputy managing director or other equivalent positions including approving salary and return rate or benefit of such people
 - 15) Considering procuring people with knowledge, capacity and experience along with qualification by applicable law and regulations to be proposed in shareholder's meeting for considering appointment as committee
 - 16) Defining policy, target, strategy and trend of operation of the subsidiary as well as considering appointment of people with knowledge, capability and experience relevant to the operations of subsidiary as the committee of subsidiary by proportion of holding shares of the company in subsidiary.
 - 17) The committee may authorize a committee or many people or even anybody to operate substituting for the committee or may authorize those people to have power as agreed by the committee and within approved duration. The committee may provoke, terminate, change or amend such power of attorney when seeing appropriate. Nevertheless, such proxy shall be conducted in writing or recorded as resolution in the minutes of committee's meeting with clear scope of that authority and duty of the proxy. However, the proxy shall not have power to approve lists that such people or people with conflict of interest have stakes or may have conflict of any other interests with the company unless, it is approval following the policy and principles in shareholder's meeting or the company's committee has approved.
 - 18) Having any other duties and responsibilities stipulated by law and regulations of the company and resolution of shareholder's meeting
 - 19) Considering and approving essential operations of the company for ultimate benefit of the company except following authority that can be conducted when being agreed by the committee's meeting with

majority vote of the committees who attend the meeting and have rights to vote and from at least $\frac{3}{4}$ of all votes in shareholder's meeting of shareholders who attend the meeting and have rights to vote

- (A) Selling or transferring business of the company, wholly or partially.
- (B) Purchasing or accepting transfer business of other companies or private companies belonging to the company
- (C) Making, amending or terminating an agreement related to business lease of the company, wholly or partially, assigning any persons to manage business of the company or consolidating with other people with purpose of profit and loss share.
- (D) Amending Memorandum of Association or regulations
- (E) Adding or reducing capital including debenture issue
- (F) Merger or Company Termination
- (G) Any activities stipulated under the legal provision associated with securities and exchange and/or Regulations of Stock Exchange of Thailand shall be agreed by committee's meeting and shareholder's meeting with at least $\frac{3}{4}$ votes of all shareholders who attend the meeting and have right to vote such as cross-transaction and obtainment or distribution of asset etc.

Nevertheless, any operations that the committee or the proxy or stakeholders may have conflict of interest with the company, those people have no right to vote in such matter.

The company's committee has appointed committees with knowledge and expertise to be sub-committee to practice in studying and screening material matters that require close supervision and give opinions to company's committee consisting of audit committee, management committee and Recruitment and return specification committee with following scope of duty and responsibility

2.2 Audit Committee

Audit committee is set up to Support Company's committee to supervise and inspect financial report, internal audit, and internal control, risk management including good corporate governance so that the operations and data disclosure of the company are conducted transparently and reliably. The audit committee consists of skillful and experienced independent committee that can dedicate time for operation at least 3 people and an audit committee has knowledge and experience in finance and accounting. The audit committees will select a committee as the audit committee chairman. Who will position as the audit committee chairman shall be considered by qualification circumspectly as the audit committee chairman will be a person that gives confidence in effectiveness of the audit committee

The period of position as audit committee is equal to the company's committee and it will due positioning in annual general meeting along with due of positioning as company's committee. When they leave position, they can be reelected to take position again

As of 31 December 2015, the audit committees consisted of:

Name	Position	Number of attendance / Number of Meetings 2015
1. Mr. Sanpat Sopon	Audit Committee Chairman	4/4
2. Assoc.Prof. Prakit Tangtisanon	Audit Committee	4/4
3. Mr. Mongkol Kasaemsun Na Ayudthaya	Audit Committee	4/4

The audit committee that has knowledge and experience in accounting and finances enough to act as the inspector of financial budget reliability of the company is Mr. Mongkol Kasaemsun Na Ayudthaya and Miss. Jariyaporn Akkarawong is the secretary of audit committee.

Scope of Duty and Responsibility of Audit Committee

- 1) Verifying that the company has procedures to make and disclose data in financial report of the company correctly and completely that it is reliable, punctual and sufficient. The project to coordinate with outsourcing auditors and the executives that are responsible for making both annual and quarterly financial report, the audit committee may suggest the auditor to verify or check any list that are necessary and essential during auditing of the company
- 2) Auditing that the company has suitable and effective Internal Control system and Internal Audit system and considering independence of internal audit institute along with approving the appointment, transferring, denoting or dismissing the leader of internal audit institute or any other institutes responsible for internal audit
- 3) Verifying that the company has complied with law associated with Securities and Exchange, regulations of Stock Exchange of Thailand and law related to business of the company
- 4) Considering, selecting and appointing people with independence to act as the auditor of the company and proposing returns of those people by being aware of reliability and sufficiency of resources and audit work of the auditor office and experience of personnel assigned to audit including performance in previous year and considering denoting the auditor including participating in meeting of auditor without management department for at least once a year
- 5) Considering and disclosing data related to cross-transaction that may have conflict of interest completely and correctly to be corresponding to law and regulations of Stock Exchange of Thailand. Nevertheless, it is to ensure that such transaction is necessary, reasonable and brings maximum benefit for the company.
- 6) Making a report of audit committee and propagating it in annual report of the company. Such report shall be signed by audit committee chairman and shall consist of following data
 - (A) Opinions about correctness, completeness, and reliability of data disclosure in financial report of the company
 - (B) Opinions about sufficiency of internal control system of the company
 - (C) Opinions about compliance with law associated with Securities and Exchange, regulation of Stock Exchange of Thailand or law involved in business of the company

- (D) Opinions about suitability of the auditor
 - (E) Opinions about transaction with conflict of Interest
 - (F) Number of audit committee's meeting and attendance of each audit committee
 - (G) Opinion or Notice that the audit committee received from performance according to the Charter
 - (H) Any other lists that the shareholders and investors should know within scope of duty and responsibility assigned by the company's committee
- 7) Any operations assigned by the company's committee with agreement of audit committee such as reviewing policy of financial and risk management, reviewing compliance with business ethics of the executives and reviewing together with executives about essential reports that will be publicized as the law stipulates such as Report and analysis of management department etc.
- 8) Having power to audit and investigate as necessary matters that may significantly affect financial statement and overall operation of the company such as
- (A) Transaction with Conflict of Interest
 - (B) Doubt or assumption that there may be corruption or abnormality or defect in internal controls system
 - (C) the doubts that there may be violating law associated with Securities and Exchange, regulations of Stock Exchange of Thailand or laws relevant to business of the company
- 9) Having power to seek for opinions free from professional consultants when seeing that it is necessary to consider expense of the company so that the operation under duty and responsibility is achieved
- 10) Reporting the result of auditing and investigation to company's committee to revise within time approved by the audit committee. However, if the audit committee finds that there is negligence to operate revision without reasonable support, any audit committee may report such occurrence to SEC and Stock Exchange of Thailand

Nevertheless, the authority of audit committee does not include power that the audit committee or the proxy from the audit committee can vote and give opinions for the list that the audit committee or the proxy or those with conflict of interest as definition in notice of Security and Exchange Commission has stakes or has conflict of interest with the company and/or subsidiary

2.3 Executive Committee

Executive Committee is appointed by the company's committee by the management committee chairman acts as the managing director to manage business substituting for the committee as the trend of policy and target stipulated and assigned by the company's committees

As of 31 December 2015, the management committee consisted of

Name	Position	Number of attendance / Number of Meetings 2015
1. Mr. Noppachai Veeraman	CEO	7/7
2. Mr. Nuntawat Kham-em	Executive Director	7/7
3. Miss. Sunanta Wanwat	Executive Director	7/7

4. Miss. Phornphan Nilprasit	Executive Director	7/7
5. Mr. Komin Krodmee	Executive Director	7/7
6. Miss. Mallika Trakoolthai	Executive Director	6/7

Remark: Miss. Sawitta Srikaset is the secretary of Executive Committee

Scope of Duty and Responsibility of Management Committee

- 1) considering and screening business plan and annual budgetary plan to present to company' committee
- 2) Specifying policy of finance and investment of the company and defining trend of investment policy to be corresponding to policy of the company and approving principles of investment including proposal of investment according to regulations of the company
- 3) Considering and operating material matters relevant to operation of the company
- 4) Considering and screening and giving suggestion all work types proposed to company's committee
- 5) Considering and appointing committee of the affiliated company or joint venture by proportion of shareholding or according to agreement between shareholders of the affiliated company or joint venture (if any)
- 6) Supervising and monitoring result of management of the company to correspond the policy, operation plan and annual budget stipulated by the company's committee and approving as well as reporting to company's committee regularly.
- 7) Considering risk management policy of the company to present to audit committee
 - (A) Identifying and evaluating risk to cover Strategic Risks, Operational Risks, Financial Risks and Legal Risks
 - (B) Considering and reviewing guidelines and tools to manage risk effectively and suitable for risk size and quality of the transactions operated by the company
 - (C) Monitoring result of risk evaluation in both normal condition and Stress Testing
 - (D) Evaluating possible risks from new product or risks that happen for new transaction as well as specifying guidelines to prevent possible risks
- 8) Considering and screening matters that the managing director proposes to management committee to consider approving or agreeing
- 9) Approving matters of finance and asset of the company under scope of approval authority
- 10) Assigning or suggesting the managing director to determine or practice any transaction agreed by the management committee
- 11) Appointing the work team to consider any matters agreed by the management committee
- 12) Considering and proposing matters agreed by management committee or determining approval or agreement
- 13) Considering any matters or doing any duties assigned by the company's committee

However, the power of approval of management committee shall not be the approval that makes the management committee or the proxy from management committee can approve any transactions that they or

those with conflict of interest (As definition in Notice of Securities and Exchange Commission) have stakes or may have conflict of interest with the company and/or subsidiary

Nevertheless, the management committee has a year of positioning from the date of appointment. Moreover, the retired management committee can be reelected to take the position again.

2.4 Nomination and Remuneration Committee

At meeting of company's committee 6/2014 arranged on 14 September 2014, they had a resolution to appoint Recruitment and return specification committee by selecting from some company's committee and/or the expert. The Recruitment and return specification committee includes 3 but not over 5 committees. Nevertheless, the independent committee acts as the Recruitment and return specification committee chairman

As of 31 December 2015, Recruitment and Return Specification Committee consisted of:

Name		Position	Number of attendance / Number of Meetings 2015
1.	Mr. Mongkol Kasaemsun Na Ayudthaya	Chairman of NRC	1/1
2.	Assoc.Prof. Prakit Tangtisanon	Member	1/1
3.	Mr. Sanpat Sapon	Member	1/1
4.	Miss. Usanee Janamrung **	Member	1/1

Miss. Nattiya Wangkhunprom acts as the secretary of Recruitment and Return Specification Committee

** Miss. Usanee Janamrung resigned from the position since December 9, 2015.

Scope of duty and responsibility of Recruitment and Return Specification Committee

- 1) Recruiting, selecting and proposing a person to take position as independent committee, committee chairman, and company's committee to present to company's meeting and/or shareholders to consider approving in case of the vacant position due to the due or other cases
- 2) Recruiting, selecting and proposing a person to act as the managing director, chief executive office, and secretary of the company in case of the vacant position to present to company's meeting for further approval including specifying principles to inherit the position of chief executive officer
- 3) Proposing policy of return and guidelines to pay returns and other benefits for committees of the company, managing director and chief executive officer to be suitable for duty and responsibility corresponding to overall operation of the company and market condition
- 4) Defining bonus annual salary raise rate of executives and employees by considering from the turnover of the company
- 5) Considering and screening salary structure and principles of allowance payment
- 6) Check qualification of people who are nominated to be company's committee to be in accordance with applicable law and regulations

Nevertheless, 1/3 of Recruitment and Return Specification Committees shall retire by the committee who takes position longest will leave the position first. Furthermore, Recruitment and Return Specification Committees that is retired by rotation can be reelected to take the position again.

2.5 Executives

As of 31 December 2015, Executives of the company consisted of:

	Name	Position
1.	Mr. Noppachai Veeraman	Managing Director
2.	Mr. Nuntawat Kham-em	Deputy Managing Director and assistant Managing Director of Accounting and Finance
3.	Miss. Sunanta Wanwat	Assistant Managing Director of Business and Customer Service
4.	Miss. Phornphan Nilprasit	Assistant Managing Director of Logistics
5.	Mr. Komin Krodmee	Assistant Managing Director of Factory Management

Scope of Duty and Responsibility of Managing Director

- 1) Managing and supervising along with approving operations relevant to general daily management of the company and normally operating business of the company.
- 2) Administrating the company following the policy and target as well as business plan and strategic plan stipulated by the company's committee or management committee
- 3) Authorizing or assigning a person or do particular task within scope following principle of approval authority or regulations or even commands stipulated by company's committee
- 4) Having power to issue orders, regulations, notice, and memorandum so that the practices are corresponding to policy and benefit of the company and to maintain discipline of work in the organization
- 5) Having power to execute and be the representative of the company to outsiders for relevant business and benefit of the company
- 6) Approving the appointment of consultants necessary for operation of the company
- 7) Doing any other tasks assigned by the management committee and/or company's committee

Nevertheless, the power of managing director along with authorizing other people approved by the managing director does not include power or authorizing to approve transaction that he or the relevant may have conflict of interest contrary to benefit of the company or subsidiary or even transactions that are not under normal operation of the company or subsidiary. To approve such transaction, it shall be proposed in the company's meeting and/or shareholder's meeting of the company to consider and approve according to regulations of the company or applicable law.

2.6 Authorization for Amount Approval

As the resolution of the Board's meeting 3/2015 arranged on August 10, 2015, it approved revising authority to approve essential issue that can be summarized as follows.

The oversea purchasing, under clause of the authorization of purchase order (P/O) or quotations that budgeted (for a time), the P/O is required only the managing director's authorization. Thus, the meeting

resolved to authorize the deputy managing director in signing such document to support the business during the managing director may not able to sign the document or travel abroad.

3. Committee and Executive Recruitment and Appointment

To recruit a person as the company's committee, sub-committee and executives of the company is conducted by recruitment and return specification Committee that does duty recruiting and select people to take such positions and nominate qualified people to the committee and/or shareholder's meeting (Case by case). However, people who are appointed to act as the committee and executives shall have suitable qualification according to section 68 of Public Company Limited Act B.E. 2535 (including amended version) and Securities and Exchange Act, Notice of Capital Market Supervisory Board as well as other relevant laws and besides, proficiency and work experiences are counted.

3.1 Company's Committee Recruitment

The company's committee gives precedence to recruiting and appointing the company's committee that have expertise and experience to supervise benefit of the company and shareholders. The recruitment and return specification committee will nominate committee lists for shareholders and/or company's committee to consider. Besides, the recruitment and return specification committee also gives a chance to committees and shareholders to nominate the qualified committee to be company's committee. The committee shall have following qualifications

- Having quality not contrary to regulations of applicable law and notices such as Public Company Limited Act B.E. 2535, Notice of Capital Market Supervisory Board, Notice of Securities and Exchange Commission and Regulation of the company relevant to qualification of company's committee etc.
- Having integrity, morality, creativity, excellence, responsibility, justice, independence and giving chance to shareholders equally.
- Educational and work profile beneficial to operations of the company
- Training about corporate governance and high-level policy specification
- Having determination to maintain benefit of shareholders equally
- Dedicating time and capacity to upgrade business development of the company

The company's committee shall consist of independent committees at least 1/3 of all committees and not less than 3 people with quality stipulated by Notice of Stock Exchange of Thailand and Notice of Capital Market Supervisory Board

The company's committee shall consider and screen a qualified person to be appointed as the company's committee including the company's committee that is the representative of shareholders or independent committee from suitability of skill and experience to strengthen structure of company's committee and there will be periodic review as proper.

Company's Committee Election

To elect company's committee in shareholder's meeting has following principles and procedures

- Each shareholder has votes equal to amount of shares by a share is a vote
- Voting a committee individually and shareholders shall make all votes they have to select the nominated as the committee one by one. The election can be for an individual or many committees but the votes cannot be shared
- Those who have highest votes by order are elected as the committee equal to amount of committee to be selected in that time. In case an elected person in next order has same vote beyond the amount of committee, the president will make another vote for final judgment

In case the position of committee is vacant due to any other reasons apart from retirement by rotation, the committee shall consider appointing a qualified person and he shall not have prohibited characteristics to be the committee in next committee's meeting unless the period of retired committee is less than 2 months. The committee that replaces will be in position within left period. Nevertheless, the resolution to appoint a person as the committee shall require at least $\frac{3}{4}$ votes of all left committees

In annual general meeting, $\frac{1}{3}$ of committee shall retire but if the amount of committee cannot be divided as 3, the nearest number shall retire. For the company's committee that retires in first year and second year after authorization in Stock Exchange, drawing lot is required but in following years, $\frac{1}{3}$ of committee that positions longest shall retire first. The retired committees can be reelected to be the company's committee again.

3.2 Independent Committee and Audit Committee Recruitment

The company has a policy to specify qualification and recruitment of independent committee and audit committee in accordance with Notice of Capital Market Supervisory Board at T.J. 28/2008 associated with permission to offer newly issued share dated on 15 December 2008 (including amended version). Nevertheless, the independent committee shall be at least $\frac{1}{3}$ of all committees and not less than 3 people while the audit committee consists of at least 3 independent committees with qualification stipulated by law, notice of Stock Exchange of Thailand and Notice of Capital Market Supervisory Board as follows

Qualification of Independent Committee

- A. Holding share not over 1% of all shares with right to vote of the company, headquarter, subsidiary, joint venture, major shareholder or authority of the company. However, it includes shareholding of the relevant of such independent committee.
- B. Not or used to be a committee participating in administration, employee, staff that the consultant with regular salary or the authority of company, holding company, subsidiary or joint venture, joint venture or authority of the company unless retirement from such quality for 2 years before submitting forms to Office of Securities and Exchange Commission. Such incompatibility does not include the case that independent committee used to be bureaucrat or government's advisor that is the major shareholder or authority of the company.

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- C. Not being a person with consanguinity or relation by law such as parents, spouse, sibling and child along with spouse of other committee' children, executive, major shareholder, authority or a person proposed to be directors or regulator of the company or subsidiary.
 - D. Not having or used to have business connection with the company, holding company, subsidiary, joint venture, major shareholder, or regulator of the company that interrupts free discretion along with not being or used to be a shareholder or the regulator of those who have business connection with the company, holding company, subsidiary, joint venture, major shareholder, or regulator of the company unless retirement for not less than 2 years before submitting form to Office of Securities and Exchange Commission. Such business connection includes normal trade transaction to lease or rent out real estate, asset-related list or service or financial support by guaranteeing or loaning asset as settlement guarantee including similar behaviors resulting the company or signatory have liability to settle to another party from 3% of net tangible asset of the company or at least 20 million Baht. However, calculating such liability shall follow methods of value calculation of involved transaction according to notice of capital market supervisory board associated with involved transaction permitted to consider such liability including liability during a year before having business connection with the same person
 - E. Not being or used to be an auditor of the company, holding company, subsidiary, joint venture, major shareholder or regulator of the company and not being implicit shareholder, regulator or partners of auditing office in which the auditor of the company, holding company, subsidiary, major shareholder or regulator belongs to unless retirement from such characteristic not less than 2 years before submitting form to the Office of Securities and Exchange Commission
 - F. Not being or used to be any professional service providers including legal consulting service or financial consultant with service charge more than 2 million Baht per year from the company, holding company, subsidiary, joint venture, major shareholder, or the regulator of the company and not being an implicit shareholder, regulator or partner of such professional service providers unless retirement from such quality not less than 2 years before submitting form to the Office of securities and Exchange Commission
 - G. Not being a committee appointed to be representative of the company's committee, major shareholder or shareholders related to major shareholders.
 - H. Not running business with same condition and it is implicit opponent to the company or subsidiary and not being an implicit partner in partnership or a committee taking part in administration, employee, staff, and consultant with regular salary or holding share over 1% of all shares with voting rights of other companies that run the same business with implicit competition to the company or subsidiary.
 - I. Not having any other qualities that interrupt free comment about operation of the company

After appointed as the independent committee with qualification from (A) to (I), the independent committees shall be assigned by the committee to make decision for operations of the company, holding company, subsidiary, affiliation, subsidiary in same level, major shareholder or authorized person of the company with Collective Decision

In case a person appointed by the company to be the independent committee that has or used to have business relation or professional service more than value specified in (D) or (F), the company can be extended limit of prohibitions to have business relation or professional service in case the company has provided opinions of the company's committee showing that it has been considered following section 89/7 of Securities and Exchange Act B.E. 2535 (including amended version) that such appointment has no effect on operations and comments that the independent committee provides following data disclosure in invitation letter to Shareholder's meeting for agenda considering independent committee appointment

- (A) Business relation or professional service that makes such person disqualified as stipulated in principles
- (B) Reason and necessity to appoint such person as the independent committee
- (C) Opinion of company's committee to propose appointing such person as the independent committee

For benefit according to (E) and (F), the word "partner" is defined as a person assigned by auditing office or a professional service provider to be the signor in auditing report or professional service report (case by case) on behalf of that juristic person

Qualification of Audit Committee

- (A) Appointed by the committee or shareholder's meeting of the company as the audit committee
- (B) Independent Committee with quality of independent committee that
 1. Not being a committee assigned by the committee to make decision for operation of the company, holding company, subsidiary, affiliation, subsidiary in same level, major shareholder or authorized person of the company and
 2. Not being the committee of holding company, subsidiary, or subsidiary in same level that is the authorized company
- (C) Having duty as same as stipulated in Notice of Stock Exchange of Thailand associated with quality and scope of operation of audit committee
- (D) Having sufficient knowledge and experience to act as the audit committee; however, there must be at least an audit committee with proficiency and experience to verify credibility of financial budget

Independent Committee/ Audit Committee Appointment

Recruitment and Return Specification Committee selects a qualified person to propose to Company's committee or shareholders to appoint the independent committee/ audit committee (case by case). The audit committee shall be the independent committee appointed from the completely qualified people as in the law, regulations, Notice of Stock Exchange of Thailand and Notice of Capital Market Supervisory Board. There must be at least 1/3 of all committees that are independent committee and 3 audit committees. The independent committee/ audit committee has period of positioning equal to the company's committee. When the due comes, they can be reelected to take that position again. However, at least an audit committee shall have proficiency and experience in finance and accounting.

3.3 Executive Committee Recruitment

The company's committee will appoint the executive committee by selecting from those who have knowledge and experience and understanding about business quality, normal operation of the business and management of the company. [The component of executive committee consists of 7 management committees with a managing director as the executive committee chairman.](#)

3.4 Nomination and Remuneration Committee Recruitment

The company's committee appoints the recruitment and return specification Committee by selecting from some company's committee and/or experts with amount of not less 3 people but not over 5 people. Nevertheless, the independent committee is the recruitment and return specification committee chairman.

3.5 Executive Recruitment

The company's committee will appoint a managing director and deputy managing director by recruitment and return specification committee will select those who are qualified to take such positions by considering from knowledge, experience, and proficiency of administration to present to company's committee for further appointment.

4. Subsidiary and Affiliation's Operation Supervision

The company has mechanism to supervise subsidiary and affiliation directly and indirectly as well as measures to follow up management of the subsidiary and affiliation to maintain benefit of investment of the company and be able to manage and take responsibility of operation of subsidiary as a part of the company by emphasizing on investment in business that supports and makes benefit for the company by considering returns and other benefits the company expects to receive from investment. It is to support and promote business of corporations. However, the company has specified policy of investment in subsidiary and affiliation approved by the committee's meeting 2/2014 arranged on 26 March 2014 with following details

1. The company will consider proportion of investment and returns expected to receive from investment for benefit of shareholders of the company.
2. The company will supervise by sending people approved by the committee's meeting to be the committee and/or executive of subsidiary and affiliation as the representative by proportion of shareholding for ultimate benefit of the company, subsidiary or affiliation. The committee and executives shall have quality, role, duty and responsibility without lacking reliability as the Notice of SEC Office to take part in such business management
3. Committees and/or executives have right to vote in committee's meeting and/or shareholder's meeting of the subsidiary and affiliation according to guidelines or resolution that the committee or shareholder's meeting of the Company has approved. The appointed committees and/or executives can apply discretion to vote in the meeting of the subsidiary and affiliation associated with general management but in case of material matters, they shall be approved by the

committee's meeting or shareholder's meeting of the Company first. Essential matters include connected transaction, obtainment and distribution of asset, any actions that reduce proportion of shareholding of the company in subsidiary and affiliation or even business termination of subsidiary and affiliation

4. The company can supervise the subsidiary to store data and make accounting record of the subsidiary to the Company so that it can verify and gather to make consolidated financial statement within specific time.

5. Internal Data Usage Control

The company and subsidiary realize and give precedence to operation according to Good Corporate Governance) and Check and Balance to strengthen confidence of shareholders and every relevant institute for continual operation by being aware of long-term value growth of the company. The committee and executives of the company agree to specify internal data usage control measure so that the company has transparent operation according to good corporate governance approved by the company's meeting 7/2013 arranged on 29 November 2013 that can be summarized as follows:

1. Committee, executives and employees shall keep secret/ internal data of the company and subsidiary and shall not disclose such data or gain personal benefit or other's interest from it no matter it is direct or indirect or receive returns or not.
2. The company provides knowledge for the committee and executives of the company to realize duty of reporting securities holding of themselves, spouse, and immature children according to section 59 of Securities and Exchange Act B.E. 2535 including amended version ("Securities Act") and Notice of Securities and Exchange Commission at S.J. 12/2009 dealing with Making and disclosing Security Holding Report of the committee, executives and auditor and punishment according to Section 275 of Securities and Exchange Act B.E. 2535
3. The company specifies that the committee and executives shall report changing of security holding of the company to Securities and Exchange Commission according to section 59 of Securities Act and Notice of Securities and Exchange Commission at S.J. 12/2009 associated with making and disclosing Security Holding Report of Committees, executives and auditors and delivers the duplicate of this report to the company on the exact same date that this report is submitted to Securities and Exchange Commission
4. The company and Subsidiary specifies not allowing committee, executives or practitioners of the company and the subsidiary to perceive internal data and disclose to outsiders or irrelevant people and they should abstain from trading shares of the company within a month before the company publicizes financial statement or essential information.
5. The committees, executives and employees of the company and the subsidiary shall not trade, transfer or accept transfer securities of the company by using internal data of the company' subsidiary and/or do any other transactions using internal data of the company or subsidiary that

may result in damages to the company directly or indirectly. This specification includes the spouse and immature children of the committee, executives and employees of the company and subsidiary. Those who infringe such regulation will be deemed as severe offence and the company has defined penalty for people who gain benefit from using or revealing internal data that defames the company and the company will liaison with relevant supervisory institute for further legal action.

6. Auditor's Remuneration

6.1 Audit Fee

The company and subsidiary pays remuneration for annual auditing and interim reviewing of financial statements to BPR Audit and Advisory Co., Ltd which is the auditing office of the company and subsidiary for accounting years ended on 31 December 2014 for 920,000 Baht

The company's meeting 1/2015 held on 26 February 2015 had a resolution to appoint Mr. Boonlert Kaewpanpruk and/or Miss. Piyanut Kasemsupakorn and/or Miss. Rungtawan Bunsakchalerm of BPR Audit and Advisory Co., Ltd as the auditor of the company and subsidiary for interim reviewing and annual auditing of financial statements for accounting year ended on 31 December 2015 in amount of 1,220,000 baht

6.2 Non-audit Fee

The company hired BPR Audit and Advisory Co., Ltd to check financial data of the company as agreement stipulated by the Board of Investment for year ended on 31 December 2014 and the year ended on 31 December 2015 with total expense of 60,000 Baht and 80,000 Baht respectively.

7. Compliance with Principle of Good Corporate Governance in Other Terms

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Corporate Social Responsibilities

Overview Policy (CSR in Process)

The Company has concept of moral and transparent business operation concept with emphasis on responsibility toward society and all groups of stakeholders according to good corporate governance as well as policy and practical guideline toward different groups of stakeholders so as to ensure that the Company can build stability and sustainability in business operation and confidence to all parties of stakeholders. However, the Company operates with social responsibly focus as follows:

1. Fair Business Operation

- The Company determines policy and practical guideline to all groups of customers. The fair and clear condition under laws is notified and the precedence is given to customer satisfaction together with fair business operation.
- The Company equally and fairly treats its business partners and creditors through strict compliance with commercial condition and/or commercial agreement.
- The Company fairly treats the competitor companies without violation of business ethics as well as non-execution in the way of criticism, malevolence or defamation of the competitor companies.

2. Anti-Corruption

- The Company's policy is to define responsibility, practical guideline, and requirement in proper operation for prevention of anti-corruptions with all of the Company's business activities and for proper and circumspect consideration and practice on decision making and business operation that may have anti-corruption risk
- The Company's anti-corruption policy covers the prohibition of the Company's directors, executives and employees to execute or accept all forms of corruption both of direct or indirect. It also covers the businesses in all countries and all relevant agencies with regular verification on compliance with anti-corruption policy as well as review of practical guideline and operating requirement to be consistent with the change of business, rule, regulation and legal provision.

3. Respect on Human Right

- The Company gives precedence and respects human right through promotion and protection of liberty and rights as well as fair and equitable treatment without the policy of discrimination on individuals who are divergent in races, females, children and disabled.
- The Company employs the disabled to work for the Company as equitable treatment, enabling to create jobs and revenues to such disabled.

4. Fair Employee Treatment

- Human resources are regarded as the cog in propelling the Company's business to achieve the targets. The Company therefore devotes to the employee's quality of life through good working environment, fair human resource management system, encouragement of personnel development to be progressive according to appropriateness in every functional line.

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- The Company has fair appraisal process of employee performance and human resource development policy that promotes the Company's employee development for sustainable advancement of the employee and organization.
5. Customer Responsibility
- The customer satisfaction is regarded as one of the Company's main strategies in stepping into being "The Real Leader for New Era's Coolness" according to the Company's slogan. However, apart from maximum sales volume value in Thailand, the Company also emphasizes on customer responsibility.
 - The Company has been certified for international standard of ISO 9001:2008 quality system management as the seal on well care in the Company's product and service quality. Moreover, the Company also has the assurance of the Company's product and service quality so that the customers are assured that they will get quality products and services from the Company with customer responsibility.
 - The Company gives the opportunity to customers on direct complaint about products and services of the employees to the Company via Telephone No. 081-422-4454. In addition, the customers can contact Customer Service Department via Telephone No. 02-953-9700 in case of queries about the Company's products or services.
 - The Company has clear discount and selling pricing policy for each group of customers. Moreover, the Company also controls selling price with its dealers in every distribution channel to be in proper level.
6. Environmental Care
- The Company realizes on the significance of environmental care in order not to cause pollution problems that may affect life quality of human and ecosystem. The Company then does not perform any acts that affect damage toward natural resources and environmental condition.
7. Social and Community Co-Development
- The Company promotes the use of business process for benefit on quality of life development, helps build economy and strength to community and society, supports the employment in the community, implants employee conscious in environmental and social responsibility, and regularly seeks for opportunity in support of social and community activities.
8. Availability of Innovation and Propagation of Innovation Derived from Operation with Responsibility on Society, Environment and Stakeholders
- The Company continuously dedicates resources in research and development in order to invent environmentally friendly products and services, and helps in energy saving. The Company's Air-Cooler product is one of the proofs for such dedications with energy saving capability of Air-Cooler when compared with air-conditioner. Moreover, the Company also accepts to completely advise energy saving. There have been the projects providing services in energy saving system for 4 projects and over to actually help in ongoing energy saving by the customers every month.

Operation and Reporting Preparation

Social responsibility according to aforesaid policy and practical guideline is the part of the Company's business operations that have been continuously practiced from fair treatment to business partner, quality product manufacture and service provision based on Management Quality of ISO 9001:2008, clear selling pricing for customer, fair appraisal of employee performance until participation in community development through employment to people in community. Apart from compliance with policy and ongoing practical guideline, the Company also regularly reports social responsibility activities at the Company's website <http://www.masterkool.com>

Operation of Business Affecting Social Responsibility

- None –

Environmental and Social Benefit Activities (CSR after Process)

The Company regularly arranges environmental and social benefit activities. For 2015, the Company continued the “CSR-MASTERKOOOL Weaving Coolness to Society Project”, having its objective to render the Company's products for public benefit to various agencies that have confronted with hot weather problem and electricity bill problem of air-conditioner. The company's products were rendered in such project to various agencies such as temples, foundations, schools and hospitals, etc.



Priest Hospital



Baan Tong Kung School
Samut Prakarn



Rama 9 Temple

Internal Control and Risk Management

1. Opinion of the Board of Directors on Internal Control System

The Company and its subsidiaries give the precedence to good internal control system management for supporting effective operations of the Company and its subsidiaries under purveyance of internal control system that is adequate, effective and extensive to all areas in order to be in line with the relevant laws and rules for being the listed company in the Stock Exchange. The Board of Directors always arranges the adequate and effective check and balance mechanism for protection and maintenance of the properties of the Company and its subsidiaries under purveyance of hierarchy of approval power and responsibility of the executive and staff with check and balance and determination of work rule in writing. The independent internal audit work unit is available. The Company has hired Acc-Plus Consultant Company Limited ("Acc-Plus Co., Ltd.") to perform work audit of different internal work units of the Company and its subsidiaries to be in line with the formulated rule and report directly to the Audit Committee. Moreover, the Company and its subsidiaries also sufficiently arranges proper and circumspect Internal Control System and Internal Audit System for properties of the Company and its subsidiaries from the wrongful use of their director or executive as well as prevention of fraud that may take place with the Company and its subsidiaries under clear and accountable work system in consistency with the guideline of the Stock Exchange of Thailand.

In the Board of Directors' Meeting No. 1/2016 on 23 February 2016, all 3 independent directors and audit committee members wholly attended the Meeting. The Board of Directors considered adequacy of internal control system of the Company and its subsidiaries based on Assessment Form of the Office of SEC in accompany with interrogation of additional information from the management and related officers. The internal control system of the Company and its subsidiaries in all five areas has been assessed based on Guideline of COSO (Committee of Sponsoring Organizations of the Treadway Commission) as follows.

- 1) Control Environment
- 2) Risk Management
- 3) Control Measure Activities
- 4) Information & Data Communication System
- 5) Monitoring System Activities

The Board of Directors commented that the Company and its subsidiaries have proper and circumspect internal control system adequate according to existing control environment. Moreover, the Company has also arranged the sufficient personnel for effective system operation and has also purveyed internal control system in the issue of monitoring and controlling the operations of the Company and its subsidiaries to enable to sufficiently protect the properties of the Company and its subsidiaries from the unauthorized or wrongful use of their director or executive, transaction doing with the party who may have conflict, and the connected party. However, the Audit Committee Member had indifferent comment from the Board of Directors.

2. Observations of Internal Audit Work Unit on Internal Control System of the Company

In 2015, the internal auditor entered to audit and monitor internal control system and system compliance covering all of the systems of the Company and its subsidiaries, consisting of: 1) sales, marketing and after-sales service system, 2) money receipt system, 3) money payment system, 4) production system, 5) cost and product management system, 6) fixed asset system, and 7) human resource management and salary system. The risks were also simultaneously assessed.

From the audit of aforesaid work process, the observations of Internal Audit Work Unit regarding work process have been as follows.

(1) Sales, Marketing and After-Sales Service System

The Company has prepared detailed policy, rule and announcement related to credit consideration including sales pricing in writing with clear form. They have been promulgated and clarified for understanding of the operator under requirement of compliance with determined procedure. The Company has given the precedence to credit granting consideration process and clear practical guideline has been available under internal control system proper for business.

(2) Money Receipt System

In the event of leasing work service, the Company shall accelerate to follow up Withholding Tax Certificate to be quickly complete since the said Certificate can be used as credit of corporate income tax and follow-up duration should be clearly scheduled. The Company prepares Withholding Tax Certificate Control Table for further use in follow-up.

(3) Cost and Product Management System

The Company should strictly comply with Work Manual Procedure in all related matters and all processes. The work manual should be regularly trained and audited whereas the carefulness on filing of Stock Card and control of raw material requisition must be strictly increased. The Company has improved warehouse and product and raw material have been orderly placed in category where responsible staffs are stationed at various points in the area.

The Company arranges Risk Analysis Procedure / Identification of Risk that may affect the attainment of objective / target / business plan of the Company to cover both in organizational level and operational level and cover the following types of risks.

1. Business Engagement Risk / Strategic Risk
2. Operational Risk
3. Financial Risk
4. Rule Compliance Risk
5. Asset Risk

In addition, Fraud Risk, Information Technology System and Business Interruption Risk from External Factors are also considered.

The finding indicated that the Company has had proper risk management and the risks in the primary issues have not had diminishing risk level. From monitoring in each month / each quarter, if it is moderate to high level

of risk, the intensive risk management measure will be determined under consideration from probability and impact as follows.

- Very low probability and very high impact : focuses on correction rather than prevention such as preparation of emergency plan and regular testing.
- Very low probability and very low impact : regularly monitors.
- Very high probability and low to very low impact : increases work control such as use of computer system in working, reinforcement of preventive measure and training execution, etc.
- Very high probability and very high impact : shall immediately executed whereas top executive shall be participative and continuous report the result.

3. Auditor's Observation about Internal Control System

The Company has appointed BPR Audit & Advisory Company Limited to be the Company's auditor since 2012 onwards. In audit of 2015 Annual Financial Statements, the auditor considered on verification about significant internal control system of the Company and its subsidiaries and then reported to the Meeting of the Company's Audit Committee No. 1/2016 on 23 March 2016 that there was no observation aspect on defects of internal control audit from audit for 2015 accounting period.

Related Party Transactions

1. Nature of Relationship of Related Party Transaction

Person / Juristic Person that may have conflict of interest	Nature of Relationship
Bangkok Equipment Supplier Limited Partnership ("Bangkok Equipment Ltd., Part.")	Mr. Komin Krodmee, the Company's executive and has ever been the partner of Bangkok Equipment Ltd., Part. (transferred to wife's relative on September 2013)
Site Preparation Management Company ("Site Prep Co., Ltd.")	Mr. Kritsana Thaidumrong, the Director and Major Shareholder in Site Prep Co., Ltd. and the Company's director
Actdee Company Limited ("Actdee Co., Ltd.")	Mr. Thanapat Thaidumrong and Mr. Thammathat Thaidamrong, the Director and Major Shareholders in Actdee Co., Ltd. Mr. Thanapat Thaidamrong and Mr. Thammathat Thaidamrong are the close relatives of Mr. Kritsana Thaidumrong who is the Company's Director
Let Company Limited ("Let Co., Ltd.")	Mr. Narin Veeraman and Mrs. Pornwilai Veeraman, the Directors and Major Shareholders in Let Co., Ltd, orderly are the brother and the mother of Mr. Noppachai Veeraman, the Company's Director, Chairman of the Board, Managing Director, and Major Shareholder
Mr. Noppachai Veeraman	The Company's Director, Chairman of the Board, Managing Director, and Major Shareholder
Mr. Fung Meng Hoi	The Company's Director, Board Member, and Major Shareholder
Miss Varin Veeraman	Close relative of Mr. Noppachai Veeraman who is the Company's Director, Chairman of the Executive Committee Board, Managing Director, and Major Shareholders
Miss Veena Veeraman	Close relative of Mr. Noppachai Veeraman who is the Company's Director, Chairman of the Executive Committee Board, Managing Director, and Major Shareholders
Mr. Nuntawat Kham-em	The Company's Director, Deputy Managing Director, and CFO
Ms. Sunanta Wanwat	The Company's Director, Assistant Managing Director – Business and Customer Service
Ms. Phornphan Nilprasit	The Company's Director, Assistant Managing Director – Logistics

2. Details of Related Party Transaction

Person / Juristic Person that may have conflict of interest	Type of RPT	Value (Thousand) 2015	Necessity and Reasonability
1. Bangkok Equipment Supplier Limited Partnership ("Bangkok Equipment Ltd., Part.")	Trading value during the period according to below details. - Product Purchase - A/P (Beginning Period)	- 0.43	The Company purchased raw materials, spare parts and fixed assets such as electric drill, stainless drill locks, phillips head screw, spray paint, etc., for use in the assembly of cooling fans from Bangkok Equipment Ltd., Part due to this supplier can supply raw materials and spare parts in case of emergency requirements. The price and terms of the purchasing does not differ from the prices offered by other vendors.

Person / Juristic Person that may have conflict of interest	Type of RPT	Value (Thousand) 2015	Necessity and Reasonability
	- A/P (Ending Period)	-	<p>The Company has the latest transactions with Bangkok Equipment Ltd., Part. on June 23, 2014</p> <p>The Audit Committee considered that such items are items that support normal business operations of the Company. The prices and trading conditions equivalent to market.</p>
2. Site Preparation Management Company ("Site Prep Co., Ltd.")	<p>Sales and service value according to below details.</p> <p>- Revenue from Sales</p> <p>- A/R (Beginning Period)</p> <p>- Account Receivables (Ending Period)</p>	<p>17.97</p> <p>7,684.74</p> <p>-</p>	<p>The Company has sold products and installation services of air cooler system to Site Prep Co., Ltd. under price and condition indifferent from other customers.</p> <p>The Audit Committee considered that such transaction has been proper since it has been service and product sales transaction according to the Company's normal business under price and condition equivalent to others.</p>
3. Actdee Company Limited ("Actdee Co., Ltd.")	<p>Trading value according to below details.</p> <p>- Revenue from Sales & Service</p> <p>- Sales Promotion Expense</p> <p>- A/R (Beginning Period)</p> <p>- A/R (Ending Period)</p>	<p>15,768.45</p> <p>13.74</p> <p>4,241.97</p> <p>3,972.56</p>	<p>The Company has sold the Company's products and services to Actdee Co., Ltd. which is the Company's dealer under price and condition in line with the criteria of which the Company has sold to other dealers in the same level.</p> <p>In Q4/2014 and Q1/2015, which was during the winter months, the company sold products to Actdee Co., Ltd with the credit terms at higher than normal levels (45 days), with the number of credit term of 90 days, which is a promotion activity to the dealer to buy the stock before the selling season. The company sold it outright with no conditions for the return. The company sold products to the Actdee Co., Ltd during such promotional in the amount of 1.93 million baht and 2.07 million baht in Q4/2014 and Q1/2015, respectively.</p> <p>The Audit Committee considered that such transaction has been proper since it has been the service and product sales transaction according to the Company's normal business under the price and condition in line with market price and equivalent to other dealers in the same level.</p>
3. Let Company Limited ("Let Co., Ltd.")	<p>Trading value as below details.</p> <p>- Product/Service Purchase</p> <p>- A/P (Beginning Period)</p> <p>- A/P (Ending Period)</p>	<p>1,242.30</p> <p>-</p> <p>-</p>	<p>On May 6, 2015, the Company acquired the assets, air conditioning units, are equipped by Let Co., Ltd with comparison to the price and terms of the other 2 distributors, according to company policy</p> <p>The Audit Committee considered that this transaction is a purchase of assets and services to support the normal business of the Company. The price and terms are based on market prices, and is equivalent to a third party.</p>

Person / Juristic Person that may have conflict of interest	Type of RPT	Value (Thousand) 2015	Necessity and Reasonability
5. Mr. Noppachai Veerman	<p>Entering to make borrowing contract from Mr.Noppachai Veerman to be used in business operation.</p> <p>- Interest Paid</p> <p>- Loan from the Director</p> <p>o Brought Forward</p> <p>o Additional Borrowing</p> <p>o Payback</p> <p>o Outstanding</p>	<p>16.38</p> <p>-</p> <p>2,000.00</p> <p>2,000.00</p> <p>-</p>	<p>The Company borrowed 1-month short-term loan for total of Baht 3.8 million from Mr. Noppachai Veerman to be used as working capital in business operation at interest rate of 8.50% per annum while the Company's short-term loan interest rate from financial institution has been MOR rate (8.10% per annum). However, the Company has already paid back all loan and interest on December 23, 2014.</p> <p>On January 14, 2015, the Company had short-term loans from Mr. Noppachai Veerman another 2 million baht for a period of 46 days ending on February 28, 2015 for use as working capital in the business. The interest rate is 6.50% per annum; the company already paid back the loan with interest on February 28, 2015.</p> <p>The Audit Committee considered that this transaction is a loan from a related person; according to the need for working capital in the business of the Company. The Company already paid back all load and interest. Anyhow, the Audit Committee issued the opinion that the interest rate at 8.50% per annum, which is higher than the interest rate received from normal financial institutions; it may not be appropriate. Thus, the AC issued the suggestion of carefully considering of loan interest if such occurrences in the future; interest rate should not exceed the interest rate which received financial institutions. Therefore, The loan occurred in Q1/2015 considered at the interest rate of only 6.50% per annum.</p>

As at December 31, 2015, the Company has been granted for credits from 4 financial institutions for total loan limit of approximately Baht 362.0 million. Some of this loan limit has been guaranteed by the director, executive and relevant person with below details.

Person / Juristic Person that may have conflict of interest	Type of RPT	Value (Million Baht) 2014	Value (Million Baht) 2015	Necessity and Reasonability
1. Mr.Noppachai Veerman 2. Mr.Fung Meng Hoi 3. Ms. Varin Veerman 4. Ms. Veena Veerman	Guarantee of Company's loan as below. - Short-term loan - Overdraft loan - Letter of Guarantee	220.0 5.0 4.0	220.0 5.0 4.0	The financial institution asked the directors and the concerns to be the guarantors using personal assets as collateral with financial institution. This loan received without charge of guarantee fees by all guarantors. The Audit Committee considered that such transaction has been useful for the Company's business operation and necessary and reasonable by entry to guarantee loan limit of the Company without charging compensation.
5. Mr.Noppachai Veerman	Guarantee of Company's loan as below. - Short-term loan - Overdraft loan	- -	32.4 13.6	On January 29, 2015, the Company entered into an agreement for a loan from a local bank. The bank asked Mr. Noppachai Veerman, Mr. Fung Meng Hoi, Mr. Nuntawat Kham-em, Ms. Sunanta Wanwat and Ms. Phornphan Nilprasit to performance as guarantors. All guarantors have not charges any fee for the guarantee.
6. Mr. Fung Meng Hoi 7. Mr. Nuntawat Kham- em 8. Ms. Sunanta Wanwat 9. Ms. Phornphan Nilprasit	Guarantee of Company's loan as below. - Short-term loan - Overdraft loan	- -	32.4 3.6	The Audit Committee considered that such transaction has been useful for the Company's business operation and necessary and reasonable by entry to guarantee loan limit of the Company without charging compensation.
10. Mr.Noppachai Veerman	Guarantee of Company's loan as below. - Short-term loan - Overdraft loan	- -	85.0 2.0	On July 6, 2015, the Company entered into an agreement for a loan from a local bank; by its total deposit if 6.0 million baht, the Bank requested Mr. Noppachai Veerman to be the guarantor. The Audit Committee considered that such transaction has been useful for the Company's business operation and necessary and reasonable by entry to guarantee loan limit of the Company without charging compensation.

3. Measure and Procedure of Approving on Related Party Transaction

If related party transaction is normal transaction between the Company or its subsidiaries and the director, executive or person, who may have conflict of interest, there is general commercial agreement. The Management will gather the transaction and regularly report to the Board of Directors' Meeting for acknowledgement every year in the first Board of Directors' Meeting after Annual General Meeting of Shareholders so that new Board of Directors will recognize about such matter. The Management must regularly report the transaction under all aforesaid conditions occurred to the Board of Directors' Meeting for acknowledgement every quarter.

If that related party transaction is not normal business transaction and has none of the size of transaction that requires to be approved from the Meeting of Shareholders according to the requirement of the Office of SEC, such related party transactions shall be primarily considered from the Company's Executive Board first. If the size of the occurred transaction is in the authority that can approve, the approval of related party transaction will end at this procedure whereas the stakeholders do not attend the meeting and do not votes. However, if the size of related party transaction exceeds the authority of the Executive Board to enable to approve, the Executive Board shall conclude the Meeting's resolution to be proposed to the Board of Directors with attendance of the Audit Committee for further consideration on approval whereas the stakeholders do not attend the meeting and do not vote

4. Policy and Trend of Future Related Party Transaction

In doing related party transaction with relevant company and person that may have conflict of interest possibly occurred in the future, if such transaction is in line with the nature of normal business doing with normal commercial condition, and for necessity in the Company's business operation, the Company shall clearly define inter-price policy with fairness, consistency with market price and consistency with Securities and Exchange Act, B.E. 2535 (1992) in accompanying with Additional Revised Issue (Issue No. 4) B.E. 2552, Section 89/12 (1). In addition, the Company shall propose such occurred transactions to the Audit Committee for consideration and verification on compliance with criteria and giving opinion about Reasonability of the quarterly occurred transaction.

For related party transactions between the Company or its subsidiaries and the person who may have conflict of interest that are not in line with normal commercial condition, the Company shall assign the Audit Committee to be the person who advises the necessity, Reasonability and appropriateness of price of connected transactions occurred to be in line with market price. The price occurred with outsiders is compared. However, if the Audit Committee is unskilled in consideration on related party transactions that may occur, the Company shall bring the person who possesses knowledge and special skill such as auditor and asset estimator, etc. that is independent from the Company and is the person who has no conflict of interest to enter for consideration and giving opinion about such related party transactions in order to be used as support on decision making of the Audit Committee.

Nevertheless, according to related party transactions that may cause conflict of interest possibly occurred in the future, the Company has prescribed the measure on prohibition of the participative ability of the executive, director or stakeholder in approval of the transaction with self-interest both direct and indirect. However, the Board of Directors shall enter to control the Company to perform in accordance with the law of Securities and Stock Exchange, regulation, proclamation, order or requirement of the Board of the Stock Exchange of Thailand and Capital Market Supervisory Board as well as the compliance with criteria about disclosure of information of connected transactions and acquisition or disposal of the Company's and its subsidiaries' assets according to the Proclamation of the Board of the Stock Exchange of Thailand and the Proclamation of Capital Market Supervisory Board and/or related agencies as well as compliance with the accounting standard required by Federation of Accounting Professions and Certified Public Accountant of Thailand.

Essential Financial Information

1. Statement of Financial Position

Statement of Financial Position	31 December 2013 (Reclassified)		31 December 2014		31 December 2015	
	Baht	%	Baht	%	Baht	%
Assets						
Current assets						
Cash and cash equivalents	2,439,443	1.1	1,164,111	0.4	104,127,676	19.0
Trade and other receivables - related parties.	1,827,712	0.8	11,926,707	3.7	3,972,556	0.7
Trade and other receivables - other parties	40,143,000	18.6	42,017,727	13.1	80,196,177	14.7
Current portion of receivables for financial lease contract	247,825	0.1	234,629	0.1	530,110	0.1
Inventories	105,760,446	49.1	172,007,864	53.8	230,920,152	42.2
Other current assets	9,623,488	4.5	8,463,029	2.6	13,308,895	2.4
Total current assets	160,041,914	74.3	235,814,067	73.7	433,055,566	79.2
Non-current assets						
Deposit at financial institutions pledged as collateral	24,701,367	11.5	40,667,305	12.7	48,242,992	8.8
Receivables for financial lease contract – net of current portion	607,706	0.3	398,076	0.1	963,156	0.2
Investment in subsidiary	-	-	-	-	-	-
Property, plant and equipment	24,020,814	11.2	34,247,253	10.7	54,576,185	10.0
Intangible assets - net	1,272,485	0.6	3,289,562	1.0	3,200,958	0.6
Deferred tax assets	4,146,178	1.9	3,955,671	1.2	5,437,202	1.0
Other non-current assets	584,024	0.3	1,556,534	0.5	1,556,534	0.3
Total non-current assets	55,332,574	25.7	84,114,401	26.3	113,977,027	20.8
Total assets	215,374,488	100.0	319,928,468	100.0	547,032,593	100.0

Statement of Financial Position	31 December 2013 (Reclassified)		31 December 2014		31 December 2015	
	Baht	%	Baht	%	Baht	%
Liabilities and shareholder' equity						
Current liabilities						
Bank overdrafts and short term loans from financial institutions	90,133,725	41.8	134,133,738	41.9	84,894,899	15.5
Trade and other payables – related parties	115,299	0.1	428	0.0	-	-
Trade and other payables – other parties	34,595,464	16.1	67,453,411	21.1	126,247,018	23.1
Current portion of long term loan	-	-	312,647	0.1	426,195	0.1
Current portion of financial lease liabilities	403,242	0.2	224,575	0.1	985,406	0.2
Income tax payable	69,238	0.0	2,483,955	0.8	-	-
Other current liabilities	2,926,314	1.4	3,533,157	1.1	4,501,255	0.8
Total current liabilities	128,243,282	59.5	208,141,911	65.1	217,054,773	39.7
Non-current liabilities						
Long term loan from financial institutions – net of current portion	-	-	444,365	0.1	239,973	0.0
Long term of liabilities under financial lease contracts – net of current portion	246,655	0.1	22,080	0.0	1,898,850	0.3
Employee benefit obligation	1,592,556	0.7	2,815,048	0.9	1,575,034	0.3
Total non-current liabilities	1,839,211	0.9	3,281,493	1.0	3,713,857	0.7
Total liabilities	130,082,493	60.4	211,423,404	66.1	220,768,630	40.4
Shareholders' Equity						
Issued and fully-paid share capital						
- 480,000,000 shares at 0.25 Baht in 2015						
- 360,000,000 shares at 0.25 Baht in 2014	70,000,000	32.5	90,000,000	28.1	120,000,000	21.9
- 7,000,000 shares at 10.0 Baht in 2013						
- 4,440,000 shares at 10.0 Baht in 2012						
Premium on share capital	4,900,000	2.3	4,900,000	1.5	183,030,333	33.5
Surplus on share-based payment transactions	2,498,975	1.2	3,063,937	1.0	3,063,937	0.6
Retained earnings						
- Appropriated for legal reserve	1,391,868	0.6	3,146,327	1.0	3,743,166	0.7
- Unappropriated	6,501,152	3.0	7,394,800	2.3	16,426,527	3.0
Total shareholders' equity	85,291,995	39.6	108,505,064	33.9	326,263,963	59.6
Total liabilities and shareholders' equity	215,374,488	100.0	319,928,468	100.0	547,032,593	100.0

2. Statement of Comprehensive Income

Statement of Comprehensive Income	31 December 2013 (Reclassified)		31 December 2014		31 December 2015	
	Baht	%	Baht	%	Baht	%
Revenues						
Revenues from sales	280,326,378	91.2	436,205,404	94.1	606,107,625	94.6
Revenues from services	25,028,939	8.1	22,443,355	4.8	30,299,475	4.7
Other revenues	2,141,327	0.7	4,842,184	1.0	4,368,655	0.7
Total revenues	307,496,644	100.0	463,490,943	100.0	640,775,755	100.0
Expenses						
Cost of sales	164,185,604	53.4	251,211,041	54.2	361,893,490	56.5
Cost of services	6,892,873	2.2	8,736,586	1.9	11,115,654	1.7
Selling expenses	81,507,616	26.5	102,571,952	22.1	180,872,270	28.2
Administrative expenses	39,766,337	12.9	48,293,385	10.4	57,388,258	8.9
Management benefit expenses	8,602,267	2.8	8,256,063	1.8	13,419,014	2.1
Finance costs	3,417,341	1.1	5,973,957	1.3	7,669,024	1.2
Total expenses	304,372,038	99.0	425,042,984	91.7	632,357,710	98.7
Profit before share of profit (loss) from investments in jointly controlled entity	3,124,606	1.0	38,447,959	8.3	8,418,045	1.3
Share of profit (loss) from investments in jointly controlled entity	60,227	0.0	-	0.0	-	-
Profit before income tax	3,184,833	1.0	38,447,959	8.3	8,418,045	1.3
Income tax expense	469,673	0.2	7,047,356	1.5	392,873	0.0
Profit for the year	2,715,160	0.9	31,400,603	6.8	8,025,172	1.3
Other comprehensive gain (loss) – Actuarial gain (loss) on defined employee benefit plan – net of tax	-	-	(940,620)	-0.2	2,004,242	0.3
Income tax relating to components of other comprehensive income	-	-	188,124	0.0	(400,848)	-0.1
Total comprehensive income for the year	2,715,160	0.9	30,648,107	6.6	9,628,566	1.5
Primary earnings per share (Baht)	0.58		0.10		0.02	
Primary earnings per share (Baht) (at the par value of 0.25 baht per share)	0.01		0.10		0.02	
Primary earnings per share (Baht) (Fully-diluted at 480 million shares)	0.01		0.07		0.02	

3. Statement of Cash Flows

Statement of Cash Flows	31 December 2013 (Reclassified)	31 December 2014	31 December 2015
	Baht	Baht	Baht
Cash flow from operating activities			
Profit before income tax	3,184,833	38,447,959	8,418,045
Adjustment for:			
Depreciation and Amortization	6,707,902	7,863,112	9,099,955
Loss on written of fixed assets	369,300	328,572	11,697
Gain on sales of fixed assets	2	-	
Impairment loss on assets	-	-	418,830
Unrealized loss on exchange rate	1,480,330	201,883	5,481,922
Share of profit (loss) from investments in jointly controlled entity	(60,227)	-	-
Goodwill amortization	267,597	-	-
Loss on decline in value of inventories	454,896	2,700,470	6,006,200
Bad debts and allowance for doubtful accounts (reversal)	3,247,827	(1,984,117)	1,536,111
Finance costs	3,417,341	5,973,957	7,669,024
Interest income	(451,060)	(679,438)	(1,108,459)
Employee benefit obligation	191,580	200,297	624,737
Provision expenses after sale	954,842	761,068	753,671
Expenses for share-based payment transactions	2,498,975	564,962	-
Profit from operating activities before change in operating assets and liabilities	22,264,138	54,378,725	38,911,733
Decrease (increase) in operating assets			
Trade and other receivables	(12,706,313)	(9,966,856)	(31,675,983)
Receivables for financial lease contracts	(835,810)	242,910	(829,074)
Inventories	(42,493,093)	(70,358,216)	(68,289,431)
Other current assets	(4,600,507)	(1,464,834)	(7,256,071)
Other non-current assets	1,028,800	(972,510)	-
Increase (decrease) in operating liabilities			
Trade and other payables	11,205,528	32,529,456	56,248,223
Other current liabilities	82,111	(154,225)	214,426
Cash generated (paid) from operations	(26,055,146)	4,234,450	(12,676,177)
Interest paid	(3,304,540)	(5,886,798)	(7,290,177)
Income tax paid	(3,890,019)	(4,254,009)	(4,759,207)
Net cash used in operating activities	(33,249,705)	(5,906,357)	(24,725,561)

Statement of Cash Flows	31 December 2013 (Reclassified)	31 December 2014	31 December 2015
	Baht	Baht	Baht
Cash flow from investing activities			
Increase in deposits at financial institution pledged as collateral	(9,310,116)	(15,965,938)	(7,575,687)
Increase in short term loan to related party	-	-	-
Cash paid for investment for subsidiary	(43,063)	-	-
Cash received from sale of fixed assets	-	25,069	287,062
Purchases of fix assets	(7,476,989)	(11,245,325)	(19,297,095)
Deposit for purchases of fix assets	-	(2,296,221)	-
Purchases of intangible assets	(16,822)	(2,865,470)	(854,523)
Interest received	431,339	659,353	1,019,250
Net cash used in investment activities	(16,415,651)	(31,688,532)	(26,420,993)
Cash flows from financing activities			
Increase (decrease) in bank overdrafts and short term loan from financial institution	44,871,569	43,989,003	(52,202,512)
Increase in long term loan from financial institution	-	955,600	298,792
Repayments of long term loan from financial institution	(73,574)	(198,589)	(389,636)
Repayments of liabilities under finance lease contracts	(733,017)	(426,457)	(1,726,858)
Cash receipts from increase of share capital	25,600,000	20,000,000	30,000,000
Proceeds from premium on share	-	-	186,000,000
Transaction costs for issue of common shares	-	-	(7,869,667)
Dividends paid	(22,999,200)	(28,000,000)	-
Net cash provided by financing activities	46,665,778	36,319,557	154,110,119
Net increase (decrease) in cash and cash equivalents	(2,999,578)	(1,275,332)	102,963,565
Cash and cash equivalents at beginning of the year	5,439,021	2,439,443	1,164,111
Cash and cash equivalents at end of the year	2,439,443	1,164,111	104,127,676
Supplemental disclosure of cash flow information			
Non cash item – Purchase of vehicles under finance lease contracts	494,393	-	4,239,087

4. Financial Ratios

Financial Ratios	31 Dec 2013	31 Dec 2014	31 Dec 2015
	Baht	Baht	Baht
LIQUIDITY RATIO			
Current ratio (times)	1.25	1.13	2.00
Quick ratio (times)	0.35	0.26	0.87
Cash flow current ratio (times)	-0.34	-0.04	-0.12
Receivable current ratio (times)	5.99	7.98	8.02
Avg. debt collection period (days)	60.06	45.12	44.89
Inventory turnover ratio (times)	4.69	3.16	2.49
Avg. selling period (days)	76.68	113.83	144.58
Payable current ratio (times)	6.11	4.92	5.73
Loan repayment period (days)	58.95	73.20	63.70
Cash Cycle (days)	77.80	85.75	125.77
PROFITABILITY RATIO			
Gross profit margin on sales (%)	41.43	42.41	40.29
Gross profit margin on service (%)	72.46	61.07	63.31
Operating profit margin (%)	1.44	8.63	1.84
Other profit margin (%)	0.70	1.04	0.68
Cash to profit margin (%)	-755.57	-14.92	-211.00
Net profit margin (%)	0.88	6.77	1.25
Return on equity (%)	3.34	32.41	3.69
EFFICIENCY RATIO			
Return on assets (%)	1.50	11.73	1.85
Return on fixed assets (%)	41.55	134.77	38.56
Asset turnover (times)	1.70	1.73	1.48
FINANCIAL POLICY RATIO			
Debt to equity ratio (times)	1.53	1.95	0.68
Interest coverage ratio (times)	3.89	8.75	3.28
Commitment coverage ratio (cash basis)(times)	-1.06	-0.14	-0.11
Dividend payout ratio (%)	847.07	89.17	0.00

Management's Discussion and Analysis

Masterkool International Public Company Limited would like to report on the operating results of the Company and its subsidiary for the year 2015; 12 months ended December 31, 2015 which was approved by the Board of Directors Meeting No. 1/2016 arranged on February 23, 2016 as detailed below:

Overview of the operating results for the year 2015; 12 months ended December 31, 2015

Million Baht

	2015	2014	Increase (decrease)	
	(12 months)	(12 months)	Amount	%
Revenues from sales	606.11	436.21	169.90	38.95
Revenues from services	30.30	22.44	7.86	35.03
Other income*	4.37	4.84	(0.47)	(9.71)
Total revenues	640.78	463.49	177.29	38.25
Cost of sales	361.89	251.62	110.27	43.82
Cost of services	11.12	8.74	2.38	27.23
Selling and administrative expenses	238.26	150.45	87.81	58.36
Management benefit expenses	13.42	8.26	5.16	62.47
Finance cost	7.67	5.97	1.70	28.48
Net profit	9.63	30.65	(21.02)	(68.58)
Earnings per share (baht per share)	0.02	0.10	(0.08)	(75.00)

*Other income such as interest income, government grants, etc.

● Revenue

Performance for the year 2015, revenue totaled 640.78 million baht which increased from the same period of last year in the amount 177.29 million baht, representing 38.25% growth. The leading product is still evaporative air coolers for several years; and continues to grow through the expansion of distribution channels. The two important distribution channels are Modern Trade and Export. These two channels have higher growth rates comparing to other channels of the same product lines. The key factors of the growth are the quality of products which continuously improved; and product designs which meet the needs of the market. Besides, the company has consistently focused on direct marketing activities to draw target customers' attention and acceptance on products which deemed to be a good alternative of air cooling. For international markets, we have focused on new area of markets; especially AEC since 2014 onwards; which resulting orders commencing in the summer of 2015 until the present.

- **Cost of sales and services**

In the year 2015, the Company's cost of sales and services stood at 373.01 million baht, an increase from the same period of last year at 112.65 million baht or equivalent to an increase in the rate of 43.27%, which is based on growth of sales and services. It can be seen that the rate of increase of the costs more than the rate of increase in revenue; mainly coming from two factors. Firstly, the increase in the exchange rate of the US dollar, as the main currency in product import, the rate has strengthened steadily since the beginning of 2015 until the end of the year. Secondly, Portfolio of the international sales has had a significant growth. The international sales' gross profit is not very high; but at the same time, other costs are very low. In conclusion, the expansion of international sales will lead a good impact in long-term stability of the company and a good solution in terms of reducing the risk of foreign exchange; due to the company's trading in the form of foreign currency. Moreover, it can be diversification of the customer base.

- **Selling and administrative expense**

The overall results for the year 2015, the Company had selling and administrative expenses at 238.26 million baht, an increase over the same period of last year at 87.81 million baht, or an increase of 58.36%. The major expense came from exchange losses resulting from product imports in dollars have appreciated steadily since the beginning of 2015 until the end of 2015. Besides, the company had spent on marketing expenses in the first quarter of 2015 to create awareness of the product among the target customers; including costs resulting from product sales through modern trade channel; and employee expenses on product consultants on branches. Moreover, the company had run activities with exclusive dealers (strategic partner) and some other key trading networks for 2016 business goals.

- **Profitability's**

At the end of the year 2015, the profit stood at 9.63 million baht, equivalent to 1.50% of sales, while net profit for the same period of last year equals to 30.65 million baht, representing 6.61% of sales. The main reason that affected the profitability was the exchange losses incurred during the nine months of 2015; included expenses from the sale of products through modern trade channels which the company launched the promotion as a competitive strategy and the marketing expenses on activities with the exclusive dealers.

Financial Status

- **Assets**

As at December 31, 2015, the Company had total assets of 547.03 million baht, up from 227.10 million baht at December 31, 2014; representing an increase of 70.99%; mainly caused by:

Current assets valued at 433.06 million baht or 79.16% of the assets that mainly comprise of:

- Cash and cash equivalents valued 104.13 million baht at 31 December 2014; increased from 31 December 2014 in amount of 102.96 million baht. The cash flow primarily derived from the capital raise of the company in September 2015 which valued 216 million baht.
- Account receivables of 84.17 million baht or 15.39% of total assets; increased in 30.22 million baht or 56.03 when comparing to 31 December 2014. The main receivables at the ending of 2015 were account receivables from international customers and local dealers.
- Inventories as of 31 December 2015 which prepared for peak season of sales in 2016 valued 230.92 million baht or 42.21% of total assets; increased in 16.35 million baht or an increase of 34.25%.

Non-current assets valued 113.97 million baht or 20.84% of total assets which mainly were:-

- Pledged deposits with financial institutions of 48.42 million baht or 8.82% of total assets; increased from 2014 in amount of 7.58 million baht or 18.63% which based on expansion of limit of short term loan and overdraft loan; including L/C for product import according to 2016 business plan.
- Property, plant and equipment were 54.58 million baht or 9.98% of total assets; increased from the end of 2014 in amount of 20.33 million baht or 59.36%. The value increased from the investment of new evaporative air cooler mold and vehicles for product delivery and customer services.

● **Liabilities**

As of 31 December 2015, the company had total liabilities of 220.77 million baht or 40.36% of total assets; increased from 31 December 2014 in amount of 9.35 million baht or 4.42% as details below:

Current liabilities at 217.05 million baht or 39.68% of total assets comprised of:

- Bank overdrafts and short-term loans from financial institutions of 84.89 million baht, representing 15.52% of total assets decreased from the end of the year 2014 in the amount of 49.24 million baht, representing 36.71% which was due to repayment of short-term loans with the proceeds from the capital increase to reduce interest costs.
- Trade payables and other payables of 126.25 million baht or 23.08% of total assets increased in the amount of 58.79 million baht or 87.16% when compared to 2014; for product import to cover the peak selling in 2016 as planned.


- **Shareholders' equity**

As at December 31, 2015, the Company's shareholders amounted to 326.26 million baht, representing 59.64% of total assets. An increase from year-end 2014 of 217.76 million baht in shareholders' equity increased due to the Company has increased the registered capital of 30 million baht and premium on shares of 178.43 million baht. The Company had net profit from operation at 9.63 million from operations in the year 2015.

Report of Board of Directors Responsibility for the Financial Statement

The Board of Directors of the Company is aware of our responsibilities in the governance of the company; as well as financial statements and regulatory financial reporting, as shown in the annual report. The Board has governed in the preparation of financial statements to be in accordance with Thai Generally Accepted Accounting Principles and adequate disclosure in the notes to the financial statements; including a review of the financial report, monitoring of internal control to ensure that the accounting records are accurate, complete and timely action is taken to prevent fraud or irregularities.

The Board of Directors is of the opinion that the Company's internal control system is satisfactory and ensuring the reliability of financial statements of the Company as at December 31, 2015 which the auditor of the Company audited the financial statements according to Thai Generally Accepted Accounting Principles; and expressed the opinion that the financial statements and results of operations Thai Generally Accepted Accounting Principles.



(Assoc. Prof. Dr. Prakrit Tangtisanon)
Chairman



(Mr. Noppachai Veeraman)
CEO

Audit Committee Report

The Audit Committee of Masterkool International Public Company Limited is composed entirely of three independent directors, who hold respective professionalities, qualifications and experience named as following:

- | | |
|---------------------------------------|---------------------------------|
| 1. Mr. Sanpat Sopon | Chairman of the Audit Committee |
| 2. Assoc.Prof.Dr. Prakit Tangtisanon | Member |
| 3. Mr. Mongkol Kasaemsun Na Ayudthaya | Member |

The Audit Committee has performed our duties as set out in the Charter of the Audit Committee and the Board of Directors has authorized; according to the requirements of the Stock Exchange of Thailand. In 2015, the Audit Committee has convened four times of Audit Committee meetings to review and discuss the essence of operation with the executives, the internal auditor and the external auditor regularly as briefly shown as follows;

1. Financial statements review

The Audit Committee has held meetings with the external auditor and the internal auditor quarterly and annually without the presence of the executives; unless the details required, the executives to be considered to provide any further information before presenting to the Board of Directors.

For financial reports of the year 2015, the Audit Committee considered that the Company's financial report has been prepared properly in accordance with Thai Generally Accepted Accounting Principles; and adequate disclosure in the notes to the financial statements.

2. Connected Transaction Review

The Audit Committee has considered the report and the disclosure of information about connected transactions i.e. transactions which may cause of conflict of interest is correct and sufficient; besides meets the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.

3. Risk Management Review

The Audit Committee has reviewed the policy and risk management plan of the company; including the report on the implementation of risk management plan; by meeting with the management of the company and providing guidelines and suggestions for improvement of action.

4. Corporate Governance Review

The Audit Committee has reviewed overall operations to ensure compliance with corporate governance policy, regulations, business ethics, and corporate code of conducts; and comply with good corporate governance principles to reassure all concerned stakeholders

5. Internal Control and Internal Audit Review

Acc-Plus Consultant Co., Ltd was hired to perform an independent internal audit of the Company. The Audit Committee considered the internal audit plan, results of the audit; and results of following-up audit regularly.

For 2015, the Audit Committee considered that the audit results of 2015 found no significant deficiencies occurred in the Company's internal control.

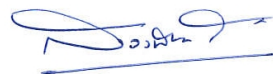
6. Appointment of Auditor and Determination of Audit Fee

The Audit Committee has reviewed the external auditor by appropriate knowledge, skills, qualifications and experience and proposed the "PricewaterhouseCoopers ABAS Ltd. (PwC)" to the Board of Directors for consideration to proposing to the shareholders' meeting. BPR Audit and Advisor Co., Ltd, the external auditor for year 2015, is unable to continue serving the Company for another year.

Summary Report of the Audit Committee

The Audit Committee has duties and responsibilities as approved by the Board of Directors; and acted with full knowledge and ability with prudence and being adequately independent for the benefit of all stakeholders which treated equally.

The Committee is of the opinion that the financial statements of the Company are accurate and in accordance with generally accepted accounting standards. The Company manages its risks, internal control and internal audit properly by compliance with the law, the principles of corporate governance and other requirements in business operations.



(Mr. Sanpat Sopon)

Chairman of Audit Committee

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Message from the Chairman

Masterkool International Public Company Limited has steadily expanded its operations and businesses for several years by consistent focusing on its innovation. We have continuously launched our new products, i.e. evaporative air coolers and misting fans to market; likewise organization improvement to increase our efficiency and effectiveness resulting achievement over fourteen years through economic challenges; both in national and global levels.

On behalf of the Board of Directors, I would like to sincerely thank our valued customers, business partners, employees and other stakeholders in all aspects of support and being our driving force to our success. I would like to ensure that the Board of Directors strictly adheres to good corporate governance with integrity, honest and prudence in creating sustainable growth of the Masterkool.



(Assoc. Prof. Dr. Prakrit Tangtisanon)

Chairman

Message from the CEO

Masterkool: “Real leader in Modern Cool; High Cool, Real Save”

The above motto implies the commitment of the leadership and expertise of Masterkool for creating a new alternative of cooling and power saving over 14 years. Masterkool has created variety of innovations of misting fans and evaporative air coolers with continuously growth of sales throughout the years. In addition to our pride, Masterkool has become the listed company of the Market for Alternative Investment (mai) in September 2015.

Our performance in 2015, Masterkool continues its sales growth of 38% compared to 2014 by expansion of its sales channels and the launch of its new model of cooling fan. Anyhow, the business profits had decreased which effected from the currency exchange rate fluctuations; besides increasing of the sales and marketing expenses. The management has taken these issues as the serious risks to their accounts and found the clearer picture to prevent those risks.

My team and I are confident and believe in the potential of Masterkool in areas of leadership for new cooling and expertise of product and service innovations for continuous value-adding of business. Moreover, the strong opportunity in cooling business and our consistent innovations provides a room for our continuous growth.

I, on behalf of the management and all employees of Masterkool, would like to thank shareholders, the Board of Directors, dealers, business partners and all those involved for your continued patronage and support.



(Mr. Noppachai Veeraman)

CEO

Vision and Mission



Vision

MASTERKOOL is the certain leader of new generation cooling system that removing hot condition without using air conditioner or fan, including being a sustainable organization for customers, suppliers, employees, shareholders, and communities

Mission

Create “MASTERKOOL” brand awareness for good perception of corporate customers and retail customers, and achieve highest share in Thailand misting fan and air cooler market.

Standards and Awards



ISO THAILAND



BEST PRODUCT 2002



BEST THAILAND OWNED BRAND 2008



BAI PO BUSINESS AWARD
2009



Logistics Development Award
2013
Ministry of Industry



Thailand Trusted Quality 2014
Department of International
Trade Promotion



Innovation Awards 2015
Innovation and Technology
Assistance Program: ITAP

Board of Directors



Assoc. Dr. Prakrit Tangtisanon

Age 73 Years

- Chairman of the Board
- Independent Directors
- Audit Committee Member
- Nomination and Remuneration Committee Member

Appointed on 8 November 2013

Educational Qualification

- Honorary Doctorate Degree, Tokai University, Japan
- Master of Communication Engineering, Faculty of Engineering, The University of Electro-Communications, Japan
- Bachelor of Communication Engineering Program, Faculty of Engineering, Tokai University, Japan

Director Training

- Certificate Course for Director Accreditation Program (DAP 185/2014), Thai Institute of Directors (IOD)

Proportion of shareholding in the company No Shareholdings

Work experience in 5 retroactive year period

- 2013 – Present Chairman of the Board, Independent Directors, Audit Committee Member and Nomination and Remuneration Committee Member, Masterkool International Public Company Limited
- 2008 – 2012 Executive Director, Japan International Corporation Agency (JICA)



Mr. Sanpat Sapon

Age 61 Years

- Director
- Independent Director
- Chairman of Audit Committee
- Nomination and Remuneration Committee Member

Appointed on 8 November 2013

Educational Qualification

- Master of Business and Administration, Western Michigan University, United State of America
- Bachelor of Law, Ramkhamhaeng University

Director Training

- Certificate Course of Role of the Chairman Program (RCP 30/2013) Thai Institute of Directors (IOD)
- Certificate Course of The Executive Director Course (EDC 1/2012), Thai Institute of Directors (IOD)
- Certificate Course for Directors Accreditation Program (DAP 49/2004), Thai Institute of Directors (IOD)

Proportion of shareholding in the company No Shareholdings

Work experience in 5 retroactive year period

- 2013 - Present Director, Independent Director, Chairman of Audit Committee, and Nomination and Remuneration Committee Member Masterkool International Public Company Limited
- 2013 - Present Chairman of the Board, Planet Communication Asia Public Company Limited
- 2010 – 2014 Expert Director, Software Industry Promotion Agency (Public Organization) (SIPA)

Board of Directors



Mr. Mongkol Kasamsun

Na Aydhya

Age 55 Years

- Director
- Independent Director
- Audit Committee Member
- Chairman of Nomination and Remuneration Committee

Appointed on 8 November 2013

Educational Qualification

- Master of General Management (Administrative Studies), Southeastern Oklahoma State University, USA
- Bachelor of Agricultural Engineering Program, Kasetsart University

Director Training

- Certificate Course for Director Accreditation Program (DAP 70/2008), Thai Institute of Directors (IOD)

Proportion of shareholding in the company No Shareholdings

Work experience in 5 retroactive year period

- 2013 – Present Director, Independent Director, Chairman of Nomination and Remuneration Committee and Audit Committee Member, Masterkool International Public Company Limited
- 2014 - Present Director of Private Teacher Aid Fund, Private Teacher Aid Fund, Ministry of Education
- 2012 – 2014 Advisor and Subcommittee Member, National Innovation Agency
- 2012 – 2012 President, Thai Social Enterprise Office
- 2011 – 2011 Deputy Managing Director, Secondary Mortgage Corporation
- 2010 – 2010 Vice Chief Executive Officer of Accounting and Finance, International Engineering Public Company Limited



Mr. Kritsana Thaidumrong

Age 52 Years

- Director

Appointed on 8 November 2013

Educational Qualification

- Master of Business Administration Program, Thammasat University
- Bachelor of Engineering, Electric Power Engineering Program, King Mongkut's Institute of Technology Ladkrabang

Director Training

- Certificate Course for Director Accreditation Program (DAP 191/2014), Thai Institute of Directors (IOD)

Proportion of shareholding in the company Total 24,604,828 Shares, Percentage 5.13

Work experience in 5 retroactive year period

- 2013 - Present Director, Masterkool International Public Company Limited
- 2014 - Present Director, Protective Coating Company Limited
- 2011 - Present Director, Bangkok Tire Trading Company Limited
- 2008 - Present Director, Bangkok Tire Refinery Company Limited
- 2008 - Present Director, B.B. Battery (Asia) Company Limited
- 2007 - Present Director, Folding Gate Company Limited
- 2006 - Present Director, Metis Air Corporation Company Limited
- 2005 - Present Director, Germanic Technology Company Limited
- 1994 - Present Director and Chief Executive Officer, Site Preparation Management Company Limited

Board of Directors



Mr. Noppachai Veeraman

Age 52 Years

- Director
- Chairman of Executive Committee
- Managing Director

Appointed on 3 June 2002

Educational Qualification

- Bachelor of Electronics and Electrical Engineering Program, King Mongkut's Institute of Technology Ladkrabang

Director Training

- Certificate Course for Director Accreditation Program (DAP 185/2014), Thai Institute of Directors (IOD)
- Certificate Course for Director Accreditation Program (DAP 82/2010), Thai Institute of Directors (IOD)

Proportion of shareholding in the company Total 126,932,260 Shares, Percentage 26.44

Work experience in 5 retroactive year period

- 2002 – Present Director, Chairman of Executive Committee and Managing Director, Masterkool International Public Company Limited
- 2011 – Present Director, Innov Green Solution Company Limited



Mr. Fung Meng Hoi

Age 55 Years

- Director
- Appointed on 3 June 2002

Educational Qualification

- Bachelor of Business Administration Program, Ottawa University, United States of America

Director Training

- Certificate Course for Director Accreditation Program (DAP 189/2014), Thai Institute of Directors (IOD)

Proportion of shareholding in the company Total 81,168,945 Shares, Percentage 16.91

Work experience in 5 retroactive year period

- 2002 – Present Director, Masterkool International Public Company Limited
- 2003 - Present Managing Director, SenseTech Sdn. Bhd.

Board of Directors



Mr. Nuntawat Kham-em

Age 52 Years

- Director
- Executive Director
- Deputy Managing Director
- Assistant Managing Director of Finance and Accounting Functional Line

Appointed on 26 March 2014

Educational Qualification

- Master of Business Administration Program, Faculty of Commerce and Accountancy Chulalongkorn University
- Bachelor of Business Administration Program, Faculty of Commerce and Accountancy, Chulalongkorn University

Director Training

- Certificate Course for Director Accreditation Program (DAP SEC/2014), Thai Institute of Directors (IOD)

Proportion of shareholding in the company Total 2,000,000 Shares, Percentage 0.42

Work experience in 5 retroactive year period

- 2014 - Present Director, Executive Director, Deputy Managing Director and Assistant Managing Director of Finance and Accounting Functional Line , Masterkool International Public Company Limited
- 2014 - Present Director, Innov Green Solution Company Limited
- 2012 - 2014 Independent Advisor
- 2008 - 2012 Finance and Accounting Department Manager, MF Auto (Thailand) Company Limited



Miss Sunanta Wanwat

Age 41 Years

- Director
- Executive Director
- Assistant Managing Director of Customer Service and Business Functional Line

Appointed on 8 November 2013

Educational Qualification

- Master of Electronic Commerce Program, Faculty of Business Administration, Sripratum University
- Bachelor's Degree, Marketing Program, Faculty of Business Administration, Payap University

Director Training

- Certificate Course for Director Accreditation Program (DAP 105/2013), Thai Institute of Directors (IOD)

Proportion of shareholding in the company Total 5,142,857 Shares, Percentage 1.07

Work experience in 5 retroactive year period

- 2013 - Present Director, Executive Director and Assistant Managing Director of Customer Service and Business Functional Line, Masterkool International Public Company Limited
- 2011 - 2013 Assistant Managing Director of Customer Service and Business Functional Line, Masterkool International Public Company Limited
- 2011 - Present Director, Innov Green Solution Company Limited
- 2006 - 2010 Commercial Development Manager Masterkool International Public Company Limited

Board of Directors



Miss Phornphan Nilprasit

Age 51 Years

- Director
- Executive Director
- Assistant Managing Director of Logistics Functional Line

Appointed on 8 November 2013

Educational Qualification

- Bachelor of Finance Major, Faculty of Economics, Ramkhamhaeng University

Director Training

- Certificate Course for Director Accreditation Program (DAP SEC/2014) Thai Institute of Directors (IOD)

Proportion of shareholding in the company Total 1,285,714 Shares, Percentage 0.27

Work experience in 5 retroactive year period

- 2004 – February 2016 Director, Masterkool International Public Company Limited
- 2004 – Present Executive Director, Masterkool International Public Company Limited
- 2011 - Present Assistant Managing Director of Logistics Functional Line, Masterkool International Public Company Limited
- 2003 - 2004 Manager of Asset Management Department, Masterkool International Public Company Limited

Company Secretary



Miss Mallika Trakoolthai

Age 48 Years

- Executive Director
- Company Secretary

Appointed on 8 November 2013

Educational Qualification

- Bachelor in English Program, Faculty of Humanities, Srinakharinwirot University

Director Training

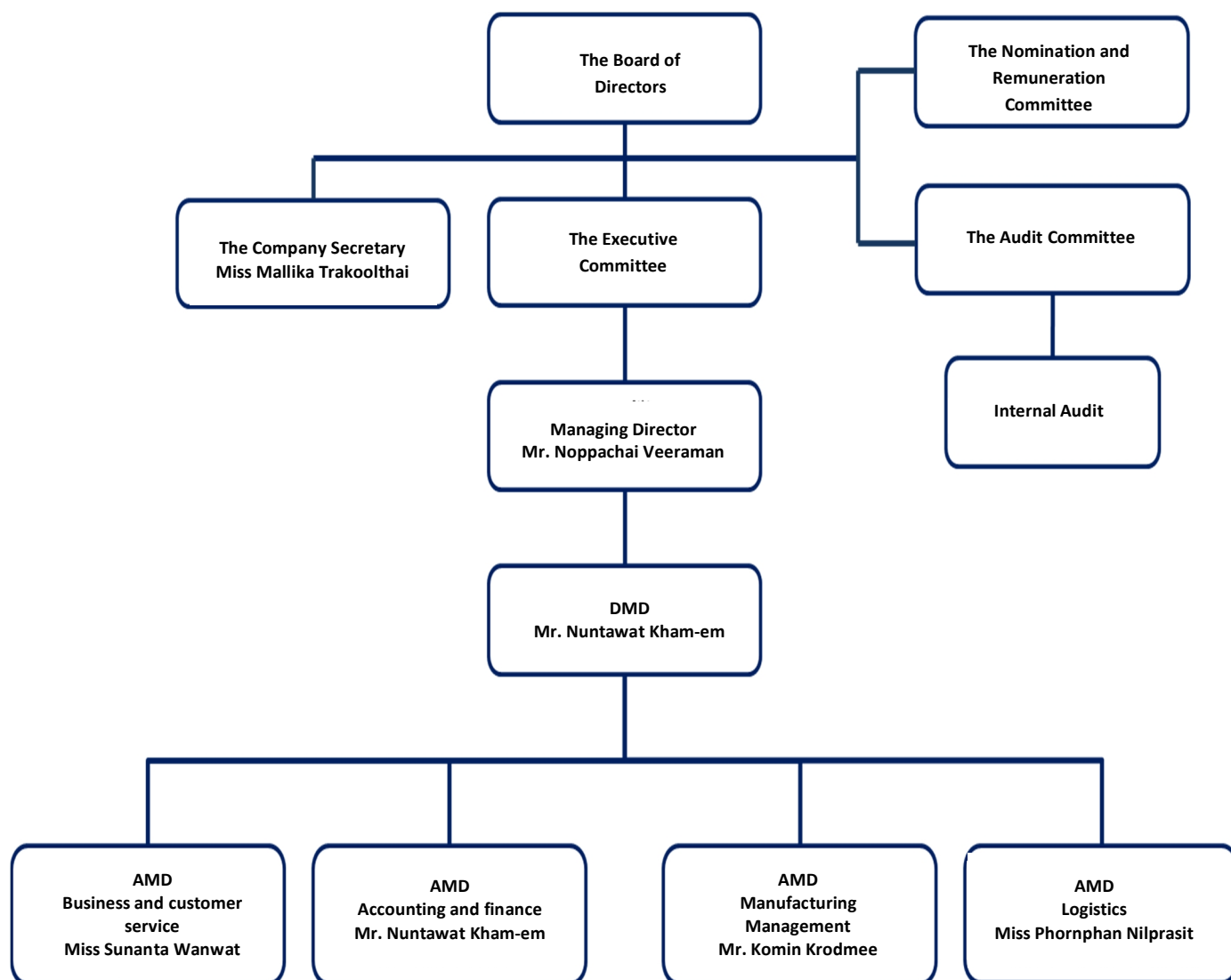
- Fundamental Practice for Corporate Secretary (FPCS) Course, Batch No. 28, Thai Listed Companies Association
- Basic Law of Listed Companies Course, Batch No. 10, Thai Listed Companies Association
- Certificate Course for Executive, Management Development Program, Thailand Management Association

Proportion of shareholding in the company Total 1,285,714 Shares, Percentage 0.27

Work experience in 5 retroactive year period

- 2013 - Present Executive Director and Company Secretary Masterkool International Public Company Limited
- 2010 – 2013 Director and Assistant Managing Director of Organization Development Functional Line, Masterkool International Public Company Limited
- 2008 - 2009 Freelance Translator and Special Lecturer for Governmental Durable Goods Auction
- 2545 - 2550 Assistant Managing Director of Organization Development Functional Line, Masterkool International Public Company Limited

Organization Structure



**The Company hires ACC-PLUS Consultant Company Limited to perform internal audit of the Company and its subsidiary. Miss Wanna Maluengnont (Managing Director of ACC-PLUS Consultant Company Limited) is a leader of internal audit team.*

Policy and Business Overview

Masterkool International Public Company Limited (“Company”) was established on June 3, 2002 by Mr. Noppachai Veeraman and friends. Its main business relies on supply of cooling products, i.e. air cooler, misting fan, and industrial fan under the brand of “MASTERKOOL” and “Cooltop”. The business includes services and rental cooling for outdoor area, design and installation of cooling system inside a plant or warehouse, after-sale warranty, and maintenance. At present, the Company sells the products through more than 200 domestic distributors locating nationwide and also sells in modern retail stores such as Makro, Homepro, Megahome, and Thai Watsadu, totally 204 stores as of December 31, 2015, together with online sale via famous websites such as Lazada, 24shopping, and Tarad.com. Moreover, the Company exports its products under the brand of “MASTERKOOL” to more than 30 countries worldwide. In 2015, the Company has export sale at 18.5% of total revenue from sale and service.

In addition, the Company has 99.98% shares in 1 subsidiary, Innov Green Solution Company Limited (“Subsidiary” or “ingreen”). Ingreen is a seller and service provider of ozone system that can be applied in various system, e.g. indoor cooling system, washing system for efficiency increase, energy saving, and chemical reduction, including use with pipe water system to reduce organic used in water which cause cancer. Moreover, the Subsidiary also researches and develops ozone vegetable washer and import ozone show deodorizer. Both are sold under the brand of “ingreen” and start selling through modern trade store from the third quarter of 2014 onwards, although in 2014, its sales was only 0.9% of total revenue from sale and service.

1. Vision, Objective, Goal or Business Strategy

Vision

MASTERKOOL is the certain leader of new generation cooling system that removing hot condition without using air conditioner or fan, including being a sustainable organization for customers, suppliers, employees, shareholders, and communities.

Mission

Create “MASTERKOOL” brand awareness for good perception of corporate customers and retail customers, and achieve highest share in Thailand misting fan and air cooler market.

Goal

To achieve “Masterkool” brand awareness, being well-known, recognize, and top of mind brand as a leader of misting fan and air cooler manufacturing, and get the top market share in Thailand.

Business Strategy

To achieve the business goal, the Company focuses on three following strategies

- 1) Marketing strategy: run marketing activities via multimedia continuously
- 2) Branding strategy

2.1) Corporate Branding: To be the leader of each product under slogan “**Real leadership for modern cool**”. For example, being the first brand in Thailand that has good knowledge and makes own product design and development by expertise who deeply understands in product and market, with ready-for-sale products and service

2.2) Product Branding: To focus on core function of products in term of cooling and energy saving as a new choice of cooling products under slogan “**High cool in real save**”

3) Customer satisfaction strategy: The Company surveys for customer satisfaction for sale or after-sale service by using questionnaires, phone call survey, then use the result as reference in product and service development.

2. Key Milestones

2002 – 2010	<p>Masterkool International Public Company Limited (“Company”) was established on June 3, 2002 by Mr. Noppachai Veeraman and friends. Its initial capital was Baht 2,000,000 with 200,000 ordinary shares at par value of Baht 10 per share. The Company's major businesses are manufacturing and sale of misting fan by being the first company that makes research and development for misting fan to solve the problem for any place that is unable to install air conditioner.</p> <p>The Company increased its capital 4 times from Baht 2,000,000 to Baht 44,400,000 in 2009, comprising of 4,440,000 ordinary shares, at par value of Baht 10 per share by offering to the existing shareholders to support business expansion. Regarding the 4th capital increase, the Company sells 440,000 ordinary shares to K-SME at value of Baht 20 per share (par value is Baht 10 per share).</p> <p>In 2008, the Company achieves Prime Minister's Export Award 2008 in the category of Thai-Owned Brand.</p> <p>In 2009, the Company and the three shareholders entered into joint-venture agreement and shareholders agreement between the shareholders and K-SME (refer to the details in article 9.3 shareholders agreement). Moreover, the Company started import air cooler for sale in Thailand.</p>
2011	<p>The Company joined establishment of Innov Green Solution Company Limited (“ingreen”) with unrelated person with initial capital of Baht 1,000,000 for 10,000 shares at par value of Baht 100 per share. The Company holds 49.99% shares of ingreen to run ozone product business.</p>
2013	<p>The Company made the 5th capital increase of Baht 44,400,000 by increasing from 4,440,000 ordinary shares at par value of Baht 10 per share to 7,000,000 ordinary shares at par value of Baht 10 per share by offering and allocating to the existing shareholders, directors, management, and some employees at par value of Baht 10 per share.</p>

The Company bought 5,000 ingreen shares (par value of Baht 100 per share) from the existing shareholders who have no relationship with the Company at the book value as of the buying date. Thus, the Company shares in ingreen became 99.98% and ingreen became the Company's Subsidiary

1 2557

The ordinary meeting of shareholders no. 2/2014, dated September 9, 2014 had the resolution to allow the Company performing the following activities.

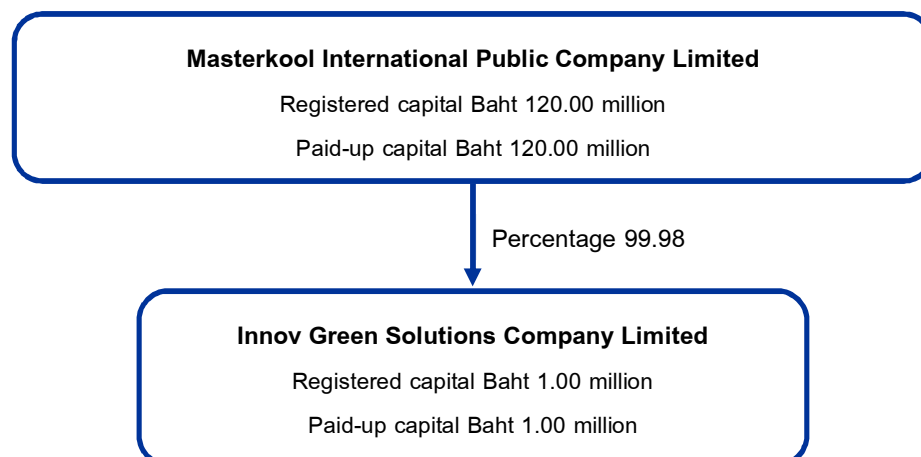
- Transformed to Public Company Limited
- Changed the par value from Baht 10 per share to Baht 0.25 per share
- Increased registered capital from Baht 70,000,000 of 280,000,000 ordinary shares at par value of Baht 0.25 per share to Baht 120,000,000 of 480,000,000 ordinary shares at par value of Baht 0.25 per share. The details of allocation are as follows.
 - 80,000,000 ordinary shares were allocated to the existing shareholders at the current shareholding ratio.
 - 120,000,000 ordinary shares were allocated to general people

The Company made the 6th paid-up capital increase from Baht 70,000,000 of 280,000,000 ordinary shares at par value of Baht 0.25 per share to Baht 90,000,000 of 360,000,000 ordinary shares at par value of Baht 0.25 per share by offering the existing shareholders at the current shareholding rate at the par value of Baht 0.25 per share.

2015

The Company was listed on the Market for Alternative Investment (mai) and offering new shares to the public for the first time (IPO) in the service industry with KOOL securities code on September 23, 2015.

3. Shareholders' structure as of December 31, 2015



4. Relationship with major shareholders' business: The Company runs its business without and relationship with major shareholders' business

Business Operations

1. Revenue structure by products

Type of revenue	2013		2014		2015	
	Mil.Baht	%	Mil.Baht	%	Mil.Baht	%
Revenue from evaporative fan sale	159.20	51.8	339.19	73.2	522.39	81.5
Revenue from misting fan sale	85.94	27.9	56.78	12.3	43.31	6.8
Revenue from industrial and ventilation fan sale	24.77	8.1	32.25	7.0	30.47	4.8
Revenue from spare part and ozone product sale	10.41	3.4	7.98	1.7	11.18	1.7
Total revenue from sale	280.33	91.2	436.21	94.1	607.35	94.8
Revenue from service ^{1/}	25.03	8.1	22.44	4.8	29.06	4.5
Total revenue from service	305.36	99.3	458.65	99.0	636.41	99.3
Other revenue ^{2/}	2.14	0.7	4.84	1.0	4.37	0.7
Total revenue	307.50	100.0	463.49	100.0	640.78	100.0

^{1/} Revenue from service include rental fee, maintenance and warranty fee, ozone system service

^{2/} Other revenues include government subsidy, interest revenue, profit (loss) from exchange rate, and profit (loss) from sale of property

2. Products or Service Characteristics

The Company's products can be categorized into 2 types those are 1) heat reduction and ventilation products such as misting fan, evaporative fan, and industrial and ventilation fan, 2) ozone system products, such as ozone system for big air conditioner, washer, pipe water, vegetable washer, show deodorizer. In addition to sale of those products, the Company also provides rental service, consultancy and installation service, and offering choice that suitable for customer's demand and budget. The followings are details of those products.

2.1 Heat reduction and ventilation products

a) Misting Fan

Misting fan is a cooling system comprises a fan and a misting generator operates based on sudden evaporating of mist that agglomerates with heat in the air. This system can help reduce ambient temperature around 5 – 15 degree Celsius and also reduce heat in part line, machine heat, and electrostatics to meet manufacturing standard. It can also reduce dust, odor, and smoke for natural fresh air. It is suitable for outdoor or ventilating building. The misting fan is sold under the brand of "MASTERKOOL" with 2 systems.

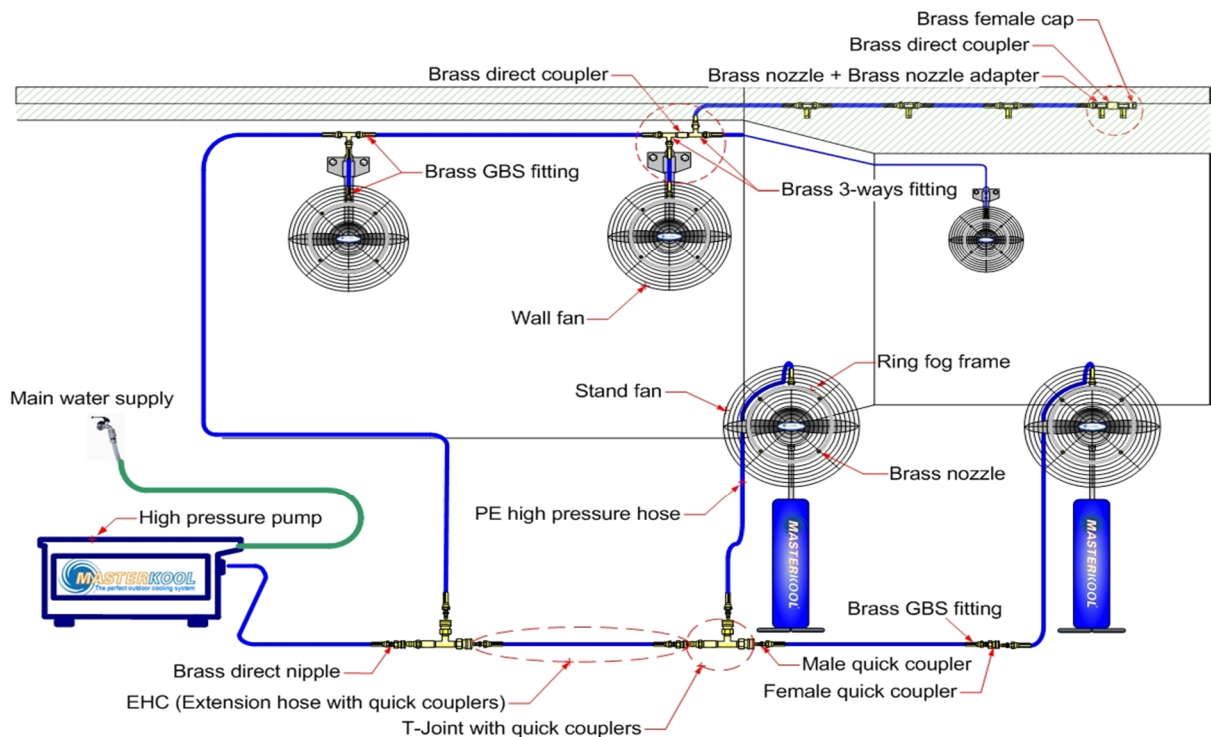
- High Pressure system

High pressure misting fan comprises high pressure water pump, fan, and small misting nozzle. The Company has total 4 sizes of high pressure misting fan for sale, i.e. 20 inch, 24 inch, 26 inch, and 30 inch with around 6 models. The fan has small spray head for generating 5 micron mist that can absorb heat from the air very well. The high pressure misting fan is available for sale in either table type, or wall type, or

mobile type, or system type that is suitable for outdoor, clear area, or ventilating building. The fan is produced at the Company's factory at Panasnikom by using either import parts or domestic parts



Example of high pressure misting fan



Example of cooling system with high pressure misting fan

- Centrifugal Force system

Centrifugal force misting fan using centrifugal force for generating 8 – 15 micron mist with adjustable size and be able to set spraying time. The centrifugal force misting fan is available for sale in either table type, or wall type, or mobile type, in the size of 24 inch or 26 inch, for around 3 models.

Moreover, the Company's centrifugal force misting fan obtains the petty patent no. 5664, provided for the misting fan using centrifugal force systems obtain, by the Department of Intellectual Property, Ministry of Commerce.

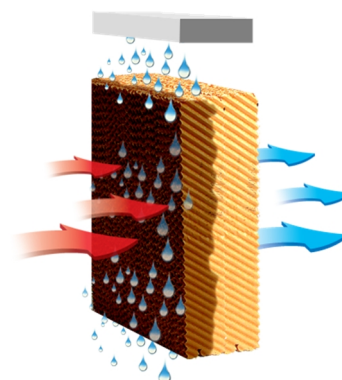


Example of centrifugal force misting fan

b) Evaporative Fan

The Company starts importing evaporative fan for sale in 2009. The evaporative fan is a new innovation fan for generating cool air without mist and wet. It is also saver then using air conditioner around 40 – 60% by using new technology that can evaporate water through cooling pad for heat reduction. This technology uses water as heat exchanger with air, then can reduce ambient temperature around 4 – 15 degree Celsius, increase internal circulation for more pure air. The evaporative fan is designed for using with general air conditioner. It not only has high efficiency in cooling and energy saving, but also has ozone sterilization system that can clean the air.

At present, the Company sells either mobile type or wall type of evaporative fan under the brand of “MASTERKOOL”. they are suitable for using as air conditioner in house, shop, outdoor, and suitable for factory, warehouse, large building. The Company designs some models by itself and applies for design patent with the Department of Intellectual Property, Ministry of Commerce. There are some models those were produced by outsource in China for either domestic sale or export, while some are imported for sale



Cooling pad is a key function of evaporative fan



U-Kool Model MUK-30



U-Kool Model MUK-18



U-Kool Model MUK-16



U-Kool Model Ukool 03



I-Kool
MIK-70EX



I-Kool
MIK-35EX



I-Kool
MIK-25EXN



I-Kool
MIK-20EX



Masterkool
Evap 06

Evaporative fan



Example of evaporative fan (MUK) those are installed in a factory

รุ่น	CTE-06	MIK-20EX	MIK-25EXN	MIK-35EX	MIK-70EX
ปริมาณลม	830 m ³ /hr	2,000 m ³ /hr	2,000 m ³ /hr	3,500 m ³ /hr	7,000 m ³ /hr
ครอบคลุมพื้นที่	10 - 15 ตร.ม.	15 - 20 ตร.ม.	15 - 20 ตร.ม.	25 ตร.ม.	50 ตร.ม.
ลดอุณหภูมิ	4-7 °C	5-15 °C	5-15 °C	5-15 °C	5-15 °C
กำลังไฟฟ้า	85 W	120 W	120 W	155 W	320 W
แหล่งจ่ายไฟฟ้า	220 V/50 Hz	220 V/50 Hz	220 V/50 Hz	220 V/50 Hz	220 V/50 Hz
กระแสไฟฟ้า	0.55 A	0.77 A	0.77 A	1.0 A	2.0 A
ค่าไฟฟ้า	30 สตางค์/ชม.	42 สตางค์/ชม.	42 สตางค์/ชม.	54 สตางค์/ชม.	1.12 บาท/ชม.
ความจุถังน้ำ	7.5 ลิตร	23 ลิตร	23 ลิตร	45 ลิตร	93 ลิตร
ใช้งานต่อเนื่อง	8 - 12 ชม.	5 - 9 ชม.	5 - 9 ชม.	5 - 8 ชม.	10 - 17 ชม.
อัตราการระเหยของน้ำ	0.6 - 0.9 ลิตร/ชม.	2.6 - 4.6 ลิตร/ชม.	2.8 - 4.8 ลิตร/ชม.	5.6 - 9.0 ลิตร/ชม.	5.5 - 9.3 ลิตร/ชม.
ระดับเสียง	≤ 55 dB	≤ 52 dB	≤ 52 dB	≤ 58 dB	≤ 62 dB
ชนิดของพัดลม	Sirocco	Axial	Axial	Axial	Axial
ระดับแรงลม	3 ระดับ	3 ระดับ	3 ระดับ	3 ระดับ	3 ระดับ
มุมการส่าย	90°	90°	90°	90°	90°
ขนาดช่องจ่ายลม	29 x 17 ซม.	35 x 35 ซม.	35 x 35 ซม.	44 x 44 ซม.	57 x 57 ซม.
ปริมาณแผ่นทำความเย็น	2,760 ซม.ซม.	18,530 ซม.ซม.	18,890 ซม.ซม.	25,500 ซม.ซม.	76,500 ซม.ซม.
ขนาดตัวเครื่อง	39 x 30 x 74 ซม.	48 x 34 x 87 ซม.	52 x 36 x 93 ซม.	51 x 55 x 128 ซม.	87 x 57 x 138 ซม.
น้ำหนักสุทธิ	6.3 กก.	10.5 กก.	13 กก.	21 กก.	42 กก.
น้ำหนักขณะทำงาน	13.8 กก.	33.5 กก.	36 กก.	66 กก.	135 กก.
คุณสมบัติพิเศษ	- แผ่นทำความเย็น 50120 - แถบแผ่นจกทำความเย็น - ไม่ต้องเติมน้ำแข็ง	- แผ่นทำความเย็น 5090 3 ด้าน - ไอโซนฆ่าเชื้อโรคในน้ำ - เตือนและตัดปั๊มเมื่อน้ำหมด - หน้าจอแสดงผล LED - รีโมทคอนโทรล - ตั้งเวลาปิดอัตโนมัติ	- แผ่นทำความเย็น 5090 3 ด้าน - ไอโซนฆ่าเชื้อโรคในน้ำ - เตือนและตัดปั๊มเมื่อน้ำหมด - หน้าจอแสดงผล LED - รีโมทคอนโทรล - ควบคุมความเร็วอัตโนมัติ	- แผ่นทำความเย็น 5090 2 ด้าน - ไอโซนฆ่าเชื้อโรคในน้ำ - เตือนและตัดปั๊มเมื่อน้ำหมด - หน้าจอแสดงผล LED - รีโมทคอนโทรล - ตั้งเวลาปิดอัตโนมัติ - ก่อต่อน้ำตรง	- แผ่นทำความเย็น 5090 3 ด้าน - ไอโซนฆ่าเชื้อโรคในน้ำ - เตือนและตัดปั๊มเมื่อน้ำหมด - หน้าจอแสดงผล LED - รีโมทคอนโทรล - ตั้งเวลาปิดอัตโนมัติ - ก่อต่อน้ำตรง

Product information of mobile type evaporative fan

ชื่อสินค้า	U-Kool 30 Top U-Kool 30 Down	U-Kool 18 Top U-Kool 18 Down	U-Kool 16 Side	U-Kool 16 Side	U-Kool 03	U-Kool 16 Mobile
รุ่น	MUK-30-T MUK-30-D	MUK-18-T MUK-18-D	MUK-16-S	MUK-16-S	MUK-03	—
ปริมาณลม	30,000 m ³ /hr	18,000 m ³ /hr	16,000 m ³ /hr	16,000 m ³ /hr	3,500 m ³ /hr	16,000 m ³ /hr
ความกดอากาศ	366 (Pa)	190 (Pa)	160 (Pa)	160 (Pa)	30 (Pa)	160 (Pa)
Output (KW)	3.0	1.1	0.75	0.75	0.165	0.75
แหล่งจ่ายไฟฟ้า	380 v 50Hz	220 v 50Hz	220 v 50Hz	220 v 50Hz	220 v 50Hz	220 v 50Hz
กระแสไฟฟ้า	7.1 A	5.6 A	5.6 A	5.6 A	1 A	5.6 A
ชนิดพัดลม	Axial	Axial	Axial	Axial	Axial	Axial
ชนิดมอเตอร์	3-phase 2-speed	Single-phase various speed	Single-phase various speed	Single-phase various speed	Single-phase various speed	Single-phase various speed
ความเร็วลมในการใช้น้ำ	30-40 ลิตร	15-25 ลิตร	12-20 ลิตร	12-20 ลิตร	5-7 ลิตร	12-20 ลิตร
ความจุถังน้ำ	55 ลิตร	40 ลิตร	18 ลิตร	18 ลิตร	13 ลิตร	200 ลิตร
ระดับเสียง	≤ 80 เดซิเบล	≤ 76 เดซิเบล	≤ 65 เดซิเบล	≤ 65 เดซิเบล	≤ 57 เดซิเบล	≤ 75 เดซิเบล
ขนาดเครื่อง	T 1,250x1,250x1,426(mm) D 1,265x1,265x1,310(mm)	T 1,170x1,170x1,052(mm) D 1,170x1,170x960(mm)	1,030x1,030x833(mm)	1,030x1,030x833(mm)	590x480x590(mm)	—
ขนาดช่องจ่ายลม	770x770(mm)	655x655(mm)	555x555(mm)	555x555(mm)	440x440(mm)	555x555(mm)
น้ำหนักสุทธิ	T 152 กิโลกรัม D 125 กิโลกรัม	T 90 กิโลกรัม D 84 กิโลกรัม	55 กิโลกรัม	55 กิโลกรัม	15.5 กิโลกรัม	—
น้ำหนักขณะทำงาน	T 207 กิโลกรัม D 180 กิโลกรัม	T 130 กิโลกรัม D 124 กิโลกรัม	73 กิโลกรัม	73 กิโลกรัม	28.5 กิโลกรัม	—
ระบบทำความเย็นอัตโนมัติ	✓	✓	✓	✓	✓	✓
ระบบจัดการน้ำเมื่อแรงดันน้ำต่ำ	✓	✓	✓	✓	✓	✓
OZONE	✓	✓	✓	✓	✓	✓

Product information of wall type evaporative fan (MUK)

c) Industrial and Ventilation Fan

- Industrial Fan

The Company sells and supplies industrial fan, made of high durability materials, under the brand of “MASTERKOOL” and also sells industrial fan under the brand of “Cool Top”, which is a fighting brand with lower price. The industrial fans sold under either brand have 3 size options, i.e. 20 inch, 24 inch, and 30 inch, available in either table type or wall type. The fan can be adjusted to swing up to 90 degree, 3 wind levels, covering area of 30 – 50 square meters for ventilation and cooling purpose.



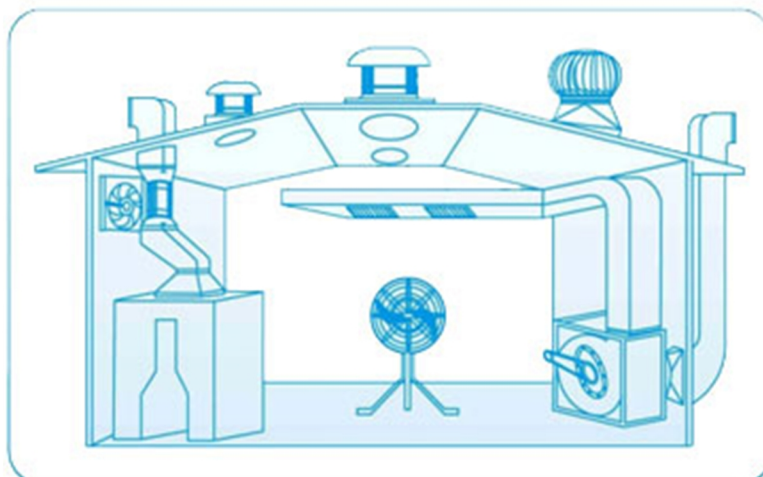
Industrial Fan

- Ventilation Fan

The Company sells and supplies ventilation fan for controlling ventilation direction in desired area, e.g. exchanging the air outside and inside, blowing the air inside to outside, or controlling circulation or movement of the air to cover all area in a building. The Company applies a ventilation fan in cooling system installed to our customers.



Example of ventilation fan



Example of ventilation fan



MASTERKOOOL Ventilation

ผู้นำพัฒนาระบายอากาศ เหมาะสำหรับทุกพื้นที่
ที่ต้องการอากาศถ่ายเท โดยเฉพาะโรงงานอุตสาหกรรม

- 1 ให้ปริมาณลมสูงกว่า 3 เท่า
- 2 แข็งแรงทนทานมาตรฐานส่งออก
- 3 ปกป้องภัยด้วยระบบ Thermal Fuse
- 4 ตัดการทำงานอัตโนมัติเมื่อใช้งานเกินกำลัง
- 5 มีฝาครอบมอเตอร์ป้องกันน้ำเข้า

รุ่น	CTS-20 CTW-20	CTS-24 CTW-24	CTS-30 CTW-30
ขนาดพัดลม	20 นิ้ว	24 นิ้ว	30 นิ้ว
ปริมาณลม	7,800 m ³ /hr	11,100 m ³ /hr	17,400 m ³ /hr
ครอบคลุมพื้นที่	30 ตรม.	40 ตรม.	60 ตรม.
กำลังไฟฟ้า	130 W	150 W	230 W
แหล่งจ่ายไฟฟ้า	220 V/50 Hz	220 V/50 Hz	220 V/50 Hz
ความเร็วรอบมอเตอร์	1,400 rpm	1,400 rpm	1,400 rpm
ค่าไฟฟ้า	46 สตางค์/ชม.	53 สตางค์/ชม.	81 สตางค์/ชม.
ระดับเสียง	≤ 55 dB	≤ 62 dB	≤ 75 dB
ระดับแรงลม	3 ระดับ	3 ระดับ	3 ระดับ
มุมการส่าย	90°	90°	90°
ความสูง (ตั้ง)	163 ซม.	170 ซม.	187 ซม.
น้ำหนัก (ตั้ง/แขวน)	17.7 กก. / 9.5 กก.	18.2 กก. / 10.7 กก.	23 / 13 กก.

Product information of industrial fan

d) Rental service

The Company provides equipment, products, or system for reducing hot and making cool for outside a building or outdoor, where cannot install air conditioner, suitable for any event. The Company's rental service also includes other equipment to provide one-stop service, which includes consultancy service and offering suitable options for each customer, run by skill and expert engineers

In addition, the Company provides rental service for other products such as misting fan, evaporative fan, industrial fan, fog generation, and other related equipment such as air conditioner, stage, tent, table, chair for outdoor activities, e.g. party, sport day, publication, etc.

e) After-sale service

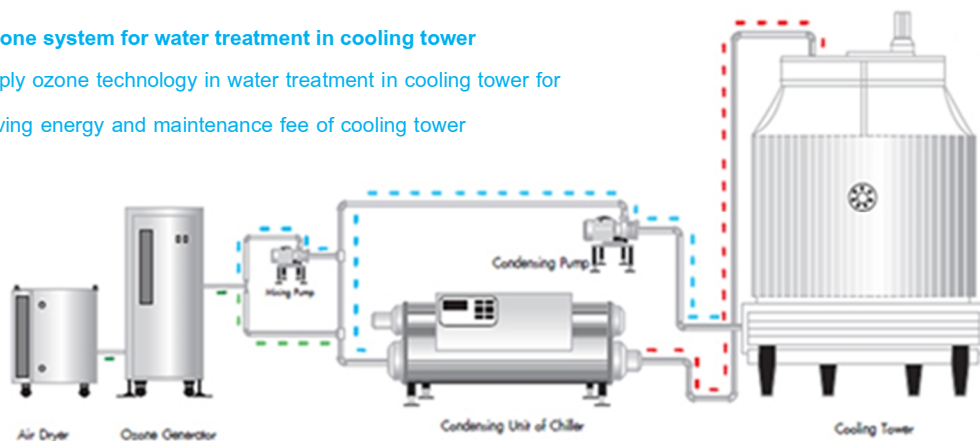
The Company has 1-year warranty that provides repair and replacement of spare parts free of charge. At the end of 2014, the Company has service center nationwide by contacting our Call Center at 02 953 8800. The Company also allows warranty renewal, including annual maintenance package for out-of-warranty products.

2.2 Ozone system product

- 3 The Company has the policy to let its subsidiary; Innovgreen Solution Company Limited, operate the business of rental service, supply, provide energy saving and environment conservative products, including service for ozone generator system used for energy saving and environment conservation, e.g. water treatment, sterilization system. As ozone will dissolve to oxygen after reaction with other substance, there is no residual chemical and ozone can prevent new generating dreg by holding Carboic acid and Calcium in the water. Moreover, ozone can remove existing dreg in the system without using any chemical for dreg reduction and sterilization.
- 4 With the above qualification of ozone, the Company can apply ozone with cooling tower of air conditioner in large building and cloth washer of the hospital. This can effectively help in cost reduction of energy and chemical. At present, the Company has revenue from sale, cost saving, and rental. The key customers are big department stores, hotels, hospital. In addition, the ozone system can be applied for other function, such as Chlorine and carcinogen reduction, water treatment and stylization, pipe water quality improvement by reducing inorganic compound in water which is one of carcinogen.

Ozone system for water treatment in cooling tower

Apply ozone technology in water treatment in cooling tower for saving energy and maintenance fee of cooling tower



Ozone system for cloth washing machine

Combine ozone technology with washing technique for developing cloth washing system for saving energy and cost.





Ozone system for pipe water production

Use ozone technology for producing pipe water as it could reduce organic compound in water that may generate carcinogen, and can dissolve color, smell, and toxic from chemical.

In addition to big ozone system, the Company also adapts ozone application for utilizing in new appliances. The first one is an automatic ozone vegetable washer, which applies ozone technology for making fruit and vegetable fresh, clean, and free from germ and residual chemicals. It is designed by the Company, then outsource to other countries for production. The Company has submitted application for design patent of automatic ozone vegetable washer with Department of Intellectual Property. Another one is shoe deodorizer that the Company tries to import for sale. It can apply ozone for killing bacteria quickly, then can kill any bacteria in shoes effectively. Those products are sold under the trademark of “ingreen” in modern trade and in the Company since August 2014 onward.



Ozone vegetable washer



Shoe deodorizer

3. Marketing and Competition

3.1 Business Strategy

The Company sets its goal to be one leader of misting fan and evaporative fan manufacturing with the highest market share in Thailand, under the slogan of “Masterkool Real leader in Modern Cool”. Our product is an option that combines benefits of fan and air conditioner together. It can make cooler air than a fan and save electricity than an air conditioner, under the slogan of “High Cool Real Save”, for being No. 1 of eco cooler manufacturer.

The Company focuses on design and selects qualified and high efficient products with warranty and customer service center nationwide, so that we can make customer satisfaction. The Company set key operation strategies as follows.

1) Marketing and Advertising Strategy

The Company strives on marketing and advertising strategy by focusing on publication of “MASTERKOOL” logo and other products through various channels and uses many activities continuously. The promotion and advertising policy and example of activities and channels can be summarized as follows.

- a) The Company always post advertisement of its website (www.masterkool.com) to make all customers reach information and create their awareness about the Company and its products. Moreover, the Company also use website www.masterkool-direct.com for direct sale.
- b) The Company publishes advertisement through some publishing to create more brand awareness, such as brochure, book, corporate book, and newspaper column.
- c) The Company launches some advertisement to promote the Company and its products via television, radio, and billboard, e.g. advertisement through MCOT radio station, Greenwave radio, Sa Ked Kao plan of Channel 7, FIVE morning news of Channel 5, and large billboard on Rama II road
- d) The Company makes publication and communication through social media as follows.
 - Facebook Page ^๔ <http://www.facebook.com/MasterkoolFan>
 - YouTube ^๔ <http://www.youtube.com/user/masterkoolfan>
 - LINE (Line ID: Masterkool-Direct)
- e) The Company has publication via booth and events, either local or international, continuously.
 - Local booth, i.e. Thailand Industrial Fair, HomePro Expo, BAAN LAE SUAN Fair (House and Garden Fair), and Red Cross Fair.
 - International booth, i.e. Canton Fair (China), Thailand Week Hanoi 2015 (Vietnam), and Thailand Week Mumbai 2015 (India)
- f) The Company focuses on social activities e.g. providing the Company’s evaporative air coolers to temples, religious places, and schools.
- g) Launching sales promotion or commercial discount for customers

In addition to the above channels, the Company also concerns about direct approach to customers to create more awareness. The Company assigns some officers to work at the department in modern trades for promotion, suggestion, and creation of product and brand awareness. Currently, modern trade customers are the main segment who generates the most revenue for the Company because the large distribution channels covering all regions of Thailand; can approach consumer directly, and likely to have more branches continuously. Tentatively, the number of branches will be increased continuously. Moreover, in 2015 the Company will place its product in new modern trade, such as Thai Watsadu.



Media Advertising



Booth at Canton Fair (China)

2) Product Development and Selection Strategy

The Company always aware of consumer demand, thus it not only creates brand awareness but also produces and develops quality product to meet consumer's requirement and suitable for the brand. The Company continuously runs survey of consumer demand and makes comparison study among competitors' products for better quality. Initially, the Company mainly sold misting fan, however, consumer concerns about mist that can make them wet or sick. Thus, the Company started finding and developing evaporative fan that

has not mist, including ozone system that can sterilize to relieve consumers' concern. Lastly, the Company has developed moisture control system in evaporative fan to set suitable moisture while using evaporative fan.

In addition, the Company has research, development, and selection procedure to get the required products as per customer demand with good cooperation of team and by jointly work with King Mongkut's Institute of Technology Ladkrabang in some projects. The Company also has product and service control process by selecting reliable manufacturers who have production standard according to the Company's regulation. The Company shall perform random testing regularly to ensure that consumers shall receive quality and qualified products those meet their requirement. As a result, customers accept and rely on the Company, then cause word-of-mouth and create the Company's reputation, which attract new customer. As per the above reason, the Company always focuses on development and selection of quality products to meet customers' requirement.

3) Pricing Strategy: Reasonable price

The Company has pricing strategy to set the product price suitably with product quality and keep competitiveness. The Company positions its product as good quality and worthwhile for consumers, including provision of after-sale service, warranty, having 9 repair and service centers nationwide. This makes the Company different from some small competitors those focuses on low price product with a few repair center. In addition to quality and service, the Company also has pricing strategy that concerns its target group, i.e. home user and corporate user or warehouse. The Company may consider the price of products with high competition and sale in comparison with similar model of competitors. The Company believes that good quality and suitable pricing can be one factor that makes the Company and its brand be acceptable in both local and international market of evaporative fan.

4) Sales and Distribution Management Strategy

While having good quality with reasonable price product, the Company will consider the procedure to deliver good products to customer and also product distribution. There are 4 distribution channels those are direct sale, modern trade and website, dealer, and agent. At present, the highest sale comes from modern trade that can approach customer easily and has many branches nationwide. As customer can test the product efficiency before making decision, it may effect on buying decision. Now the Company sells its products through modern trades such as Makro, Homepro, BigC Jumbo, Megahome, and Thai Watsadu, totally 470 branches nationwide.

However, one key success factor of selling product through modern trade is the service of product consultant (PC), who provides product information directly to customers. The Company has the policy to assign one PC for each branch of modern trades where sell the Company's products and enhance knowledge and skill development, including set up the following management system for more than 200 product consultants.

- Provide training before work so that they can have some knowledge and understand the products, then can offer and suggest suitable products for customers
- Set appropriate goal and compensation for motivation.
- Monitor sales' performance closely to support and help them solve some problem, including arrange monthly meeting for information exchange and build up good relationship
- Set up daily information transfer system about sale and inventory to increase efficiency of inventory management and marketing plan

5) After-sale and customer satisfaction strategy

Generally, the Company shall provide 1-year warranty for customers because it concerns about product quality, after-sale service, and customer satisfaction as they are key factor to create product reliability, reorder, and word-of-mouth, resulting to high sales in the future. The Company deems customer satisfaction as key target, thus it make satisfaction survey either by using questionnaire or via phone call then use analysis result for making product and service development plan

3.2 Target customers

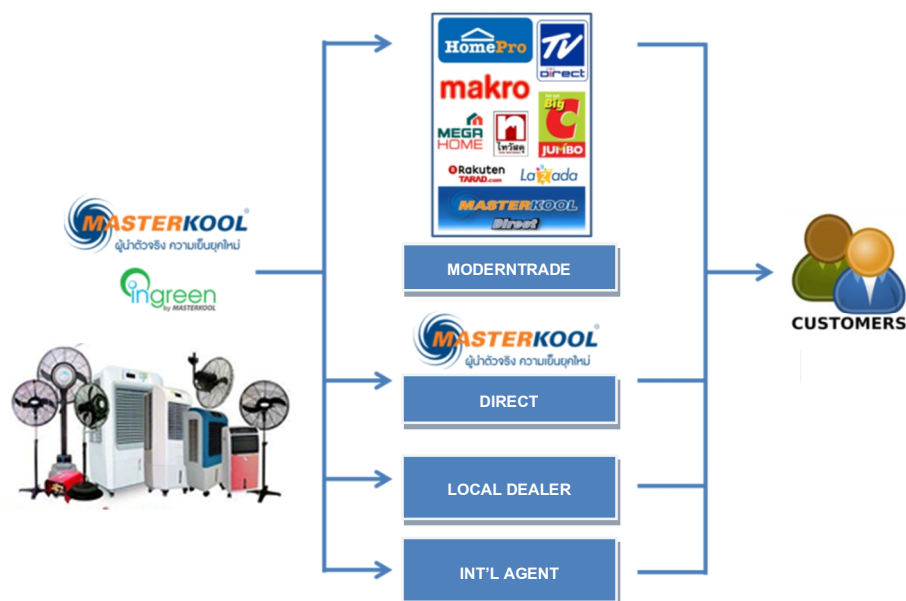
The Company has various target groups, i.e. industrial, public sector, education institute, hotel, hospital, department store, touring place, restaurant, home appliance customers, etc. The target group can be categorized by products as follows

Products	Target Customers
Misting fan	Outdoor activities, touring places, hotel, restaurant, outdoor area, temple, sport field, factory, etc.
Evaporative fan	Individual customers, touring place, hotel, restaurant, hospital, temple, sport field, factory, school, warehouse, etc.
Ventilation Fan and industrial Fan	Touring place, restaurant, hospital, temple, sport field, factory, warehouse, etc.
Ozone system	Department store, hotel, hospital, pipe water plant, Individual customers (for ozone vegetable washer and ozone shoe deodorizer) etc.

There are 2 groups of local customers; corporate customers and individual customers. Misting fan products, either high pressure misting fan or centrifugal force misting fan, have the target group as organizations those have outdoor area, such as touring place, hotel, restaurant, outdoor activity area, animal farm, temple, sport field, factory, etc. For big evaporative fan used in system, ventilation fan, and industrial fan, the target groups are organizations with clear area and require ventilation such as factory, warehouse, touring place, restaurant, temple, indoor stadium. Moreover, mobile evaporative fan also have the target from individual home use to corporate customers.

3.3 Sale and distribution channel

The Company sells the products mainly through 4 channels, i.e. direct sale, modern trade, dealer, and agent.



1) Direct Sale

The Company also sells all products to any customers through its shop locating in front of the Company's building at 12/16-17 and 20, Tessaban Songkroa Road, Lad Yao, Chatuchak, Bangkok and through salesman. Most customers are organization, such as customers who have outdoor activities, factory, warehouse, hotel, hospital, school, government office. In 2015, the Company had direct sale at 21.1% of sale and service revenue.



The Company's shop

2) Modern Trade

The Company sells misting fan, evaporative fan, mobile industrial fan, ozone vegetable washer, and ozone shoe deodorizer through modern trade where the most customers are individual. The Company categorizes modern trade into 2 types

- a) Selling through modern trade with showing place that customers can touch and trial products, including aware of product efficiency before buying. The examples of those modern trades are Home Pro, MAKRO, Mega Home, Big C Jumbo. During 2013 – 2015, number of modern trades those allow the Company placing goods are shown in the below table.

Categorized by modern trade	30 April 2013 (Stores)	30 April 2014 (Stores)	30 December 2015 (Stores)
Home Pro	20	58	71
MAKRO	19	47	65
Mega Home	-	4	5
Thai Watsadu (start selling in 2015)	-	-	19
Global House	-	-	30
Big C Jumbo	-	3	10
Boonthavorn	-	-	4
Total	39	112	204

- b) Selling through catalog, brochure, and website such as TV Direct, 7-Catalog (www.24shopping.co.th) www.masterkool-direct.com www.lazada.co.th www.tarad.com www.pantavanij.com เป็นต้น

In 2015, the Company sells through modern trade at 43.2% of revenue from sale and service. Thus, it can be considered as the most sale channel of the Company.



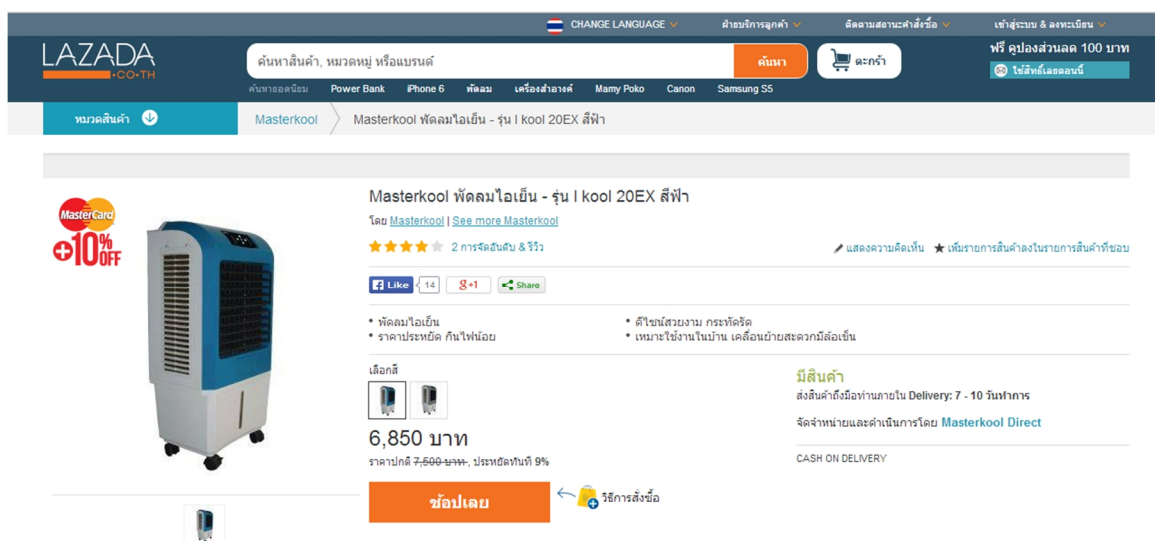
Sale on the Company's website



Sale via modern trade



Sale via website tarad.com



Sale via website lazada.co.th

3) Dealer

The Company appointed dealers to be local distribution channel for all products sold domestically, including either mobile or fixed misting fan, evaporative fan, or industrial fan, and after-sale service and rental service. The dealers' customers include individual and corporate. The Company has dealer nationwide as shown in the following table.

Numbers of Dealers	31 Dec 2013	31 Dec 2014	31 Dec 2015
Dealers	144	283	211

Dealers shall be awarded mainly by considering the competency to meet the target, shop size, financial status, and payment capability. The Company shall follow up and evaluate dealers' performance regularly to ensure that they can meet the sale target. The Company shall set credit approval, payment period, and discount by considering payment profile, sales target, repayment capability, working capital, guarantee properties, and other factors. In 2015, the Company sells through dealers at 17.1% of revenue from sale and service.



Example of dealer's shop



Example of dealer's website

4) Agent

To sell the products in international market, the Company has agents who understand customers' demand in each area. The Company started selling in the first country, which is Greece, in February 2004. At the end of 2015, the Company sells through agents in more than 37 countries worldwide, such as Japan, German, Spain, Australia, India, Singapore, Vietnam, Myanmar, Cambodia, and Malaysia. In 2015, the Company sells through agents at 18.5% of revenue from sale and service.

Number of agents in 2013 – 2015, categorized by territory

Number of agents by territory	31 Dec 2013	31 Dec 2014	31 Dec 2015
	(Places)	(Places)	(Places)
Asia (exclude Thailand)	19	23	13

Middle East	6	3	6
Europe	2	8	8
Africa	4	4	6
South America	2	2	2
Pacific Peninsula	4	3	2
Total	37	43	37



Example of Agent

4. Industry and Competition

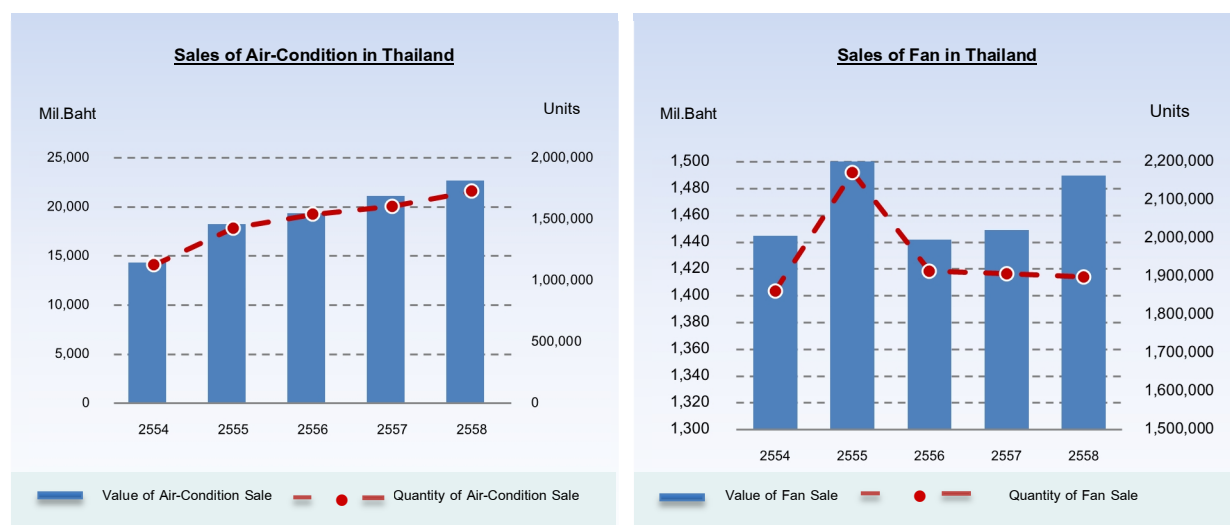
4.1 Industry Information

The Company's main business is sale of evaporative fan and misting fan, those are new options for cooling and energy saving. This market expands rapidly during the past 2-3 years, especially evaporative fan, because it uses new technology that has no information about market value. However, the management presents that evaporative fans are mainly imported from other countries, especially China, because of lower cost. Summary of import value of medium to large evaporative fans during the past 3 years are as follows.

Import statistic of medium to large evaporative fan	2013	2014	2015	Growth rate (%)	
	(Mil.Baht)	(Mil.Baht)	(Mil.Baht)	2013-2014	2014-2015
Evaporative fan import value of	141.46	189.48	156.91	34.0	-17.2

Source: Custom department

The information of Custom Department said that 2014 import value of medium to large evaporative fan are 189.48 Million Baht, 34.0% growing up from 2013. This because evaporative fan is a new product group for replacement of air conditioner or fan with strong benefit of better temperature reduction than fan and energy saver than air conditioner. In addition, hot weather of Thailand make brand new products be popular easily, thus evaporative fan has very high growth rate. Whereas, total import value in 2015 is 156.91 Million Baht, 17.2% going down from 2014 affected from overall economy since ending of 2014. In 2015, growth rate of the industrial sector increased to only 0.1% according to the information of the Office of the National Economic and Social Development Board.



Source: The Office of Industrial Economics

In addition, if considering industry overview of air conditioner, which is a product almost similar to the Company's products, it is found that during the past 5 years, sale of air conditioner in Thailand tended to expand continuously. In 2011, domestic sale of air conditioner were 1.12 million units, value 14,364 Million Baht. In 2015, domestic sale of air conditioner were 1.72 million units, value 22,701 Million Baht. By quantity, Cumulative Average Growth Rate ("CAGR") of domestic sale of air conditioner from 2011 – 2015 are 8.92%. If consider the sale value, CAGR is 9.59%.

When considering domestic sale of fans, which are another group of products those are similar to the Company's products, it is found that either quantity or value of fan sale during the past 5 years has a little change. This may cause by saturated condition of fan market. However, comparing between value of fan market and air conditioner market, it is found that in 2015 fan market has less value than 10% of air conditioner market.

4.2 Competitors

The entrepreneur who sells either misting fan or evaporative fan which is key product of the Company can be considered as competitors. The Company has many competitors because low investment, high growth

rate, and high gross profit, especially evaporative fan, which is more popular during the past 2-3 years. Currently, it deemed the key products that cause major revenue for the Company. However, the Company's products have strong advantage in quality and have ozone system for sterilization, including moisture control system then can reduce temperature suddenly when using them. Moreover, "MASTERKOOL" brand is outstanding and acceptable in the market in term of quality cooler with long-term sale of misting fan for more than 10 years. Most competitors of the Company are small companies. Any competitors those have similar level of revenue to the Company always focus on variety kind of electrical appliances without strong intention in market penetration of evaporative fan or misting fan. Ultimately, there is not any competitor who has world class brand and sell products in the same category as the Company. The following companies can be deemed as the Company's competitors.

When comparing between the Company's revenue and its competitors', it can be concluded that the Company is one of leader in evaporative fan and misting fan those are produced intentionally and continuously for more than 10 years according to the slogan of "Masterkool Real Leader for modern cool"

4.3 Industrial trend and future competition

Evaporative fan, which is key product of the Company, is deemed as optional products between general fan, which cannot help reduce ambient temperature during great hot weather, and air conditioner, which make cool weather in a building in exchange with huge amount of electricity charge and high product price. Evaporative fan adapts new innovation to meet consumer need in such issue by providing cool with less electricity charge, comparing to air conditioner. It does not use hazardous chemicals those can harm environment. In addition, evaporative fan is a new product that has just been presented to consumers, thus it has more opportunity to grow up in the future.

The management considers that the market of evaporative fan likely to grow up continuously with its new innovation that can meet consumer demand, provide cooler weather than general fan, and saver than air conditioner. Meanwhile, misting fan is less popular than evaporative fan. Most customers are organizations, such as hotel, school, restaurant, factory, animal farms. Moreover, the management considers that the market of misting fan will grow up in lower rate than the market of evaporative fan and may be replaced by evaporative fan, which has better qualification. However, some place match with using misting fan rather than evaporate fan, such as outdoor activity, beer garden, and sport field.



Key impact of evaporative fan and misting fan sale

1) Growth of modern trade

Distribution channel is one of key factors that effects on business growth, especially growing and high demand business. At present, an important and popular distribution channel is modern trade. Thus, growth and expansion of modern trade creates more distribution channel and opportunities of domestic sale.

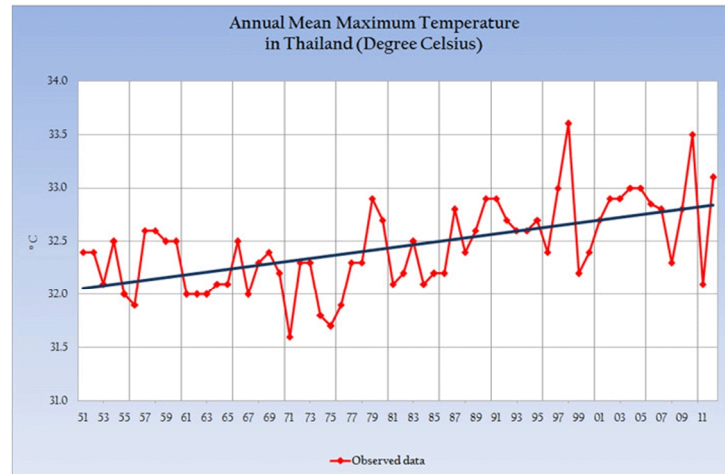
Modern Trade	2012	2013	2014	2015	Grow Rate (%)		
	Branch	Branch	Branch	Branch	2012-2013	2013-2014	2014-2015
Tesco Lotus	146	157	163	170	7.5	3.8	4.3
Big C	113	119	121	125	5.3	1.7	3.3
Makro	57	64	79	82	12.3	23.4	3.8
Homepro	53	64	71	77	20.8	10.9	8.5
Thai Watsadu	23	35	40	45	52.2	14.3	12.5
Mega Home	-	2	4	7	n/a	100.0	75.0
Total	392	441	478	506	12.5	8.4	5.9

Source: Gathering from retails' website and annual report

From 2012 to 2015, number of modern trade branches increase continuously from 392 branches in 2012 to 506 branches in 2015, or equivalent 8.9% increase; it was deemed a major part of sale growth of products place in such modern trade, including evaporative fan, misting fan, and industrial fan.

2) Weather

The growth of evaporative fan and misting fan market in Thailand subjects to hot weather and higher temperature; especially in summer starting from February to June which is hottest and has the highest sale. In addition, from information of Thai Meteorological Department, it is showing that average temperature of Thailand tends to increase along for more than 10 years.

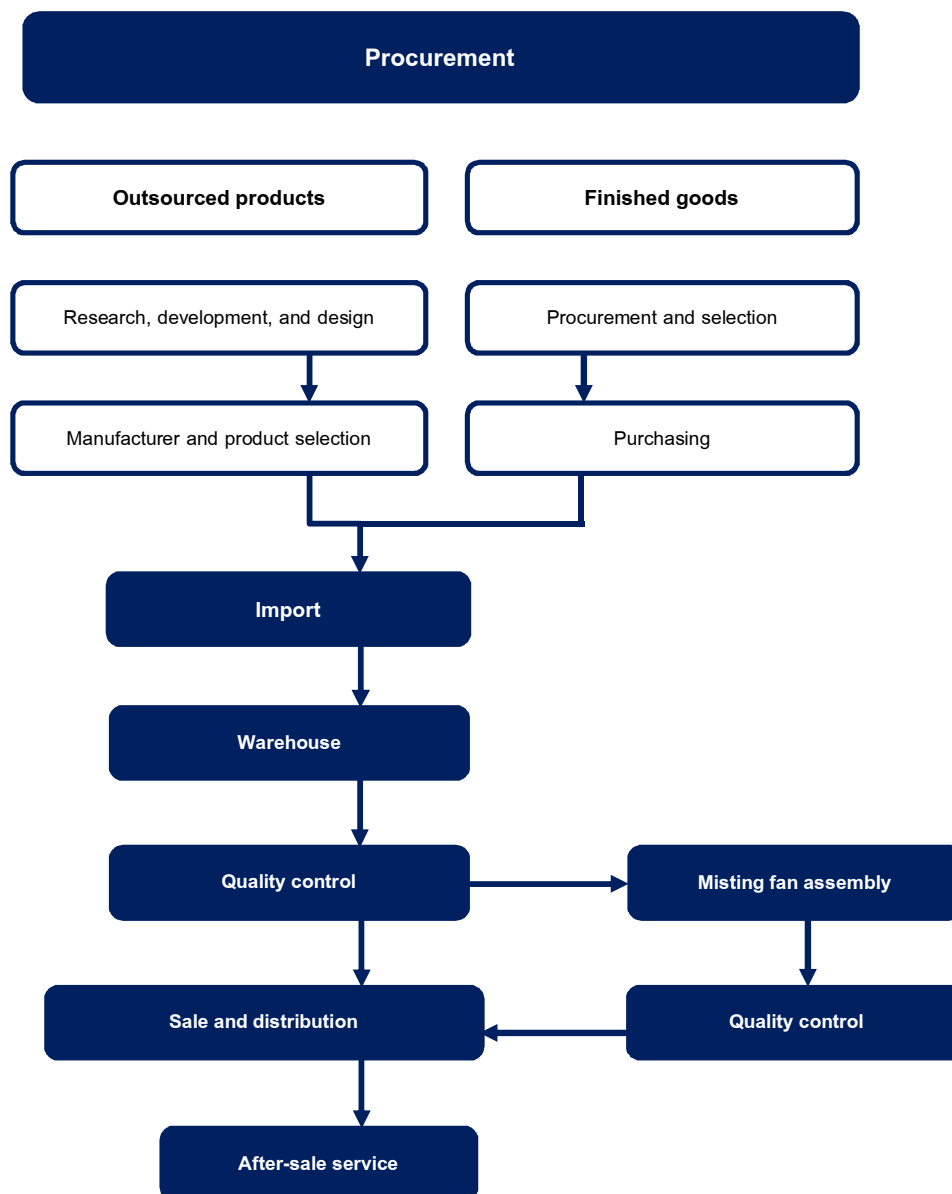


Source: Thai Meteorological

Average highest temperature from 1991 to 2012 show that it is higher continuously. See average line, it is found that the highest temperature of 32.1 degree Celsius in 1991 increase to 32.7 degree Celsius in 2012, or equivalent Cumulative Average Growth Rate at 0.03%, which is related to cooler manufacturing business.

5. Procurement of Product and Service

The Company has the following procedures for product procurement.



5.1 Raw Material, Assembly Part, and Finished Goods Procurement

The Company always concerns about product quality. Its research and development department researches and develops manufacturing process and new innovation to launch quality products and to maintain its leading position of new optional product for cool under the slogan of “Real Leader of Modern Cool”. However, considering manufacturing cost of some products can see that it is not feasible to invest because many factors, such as high investment in machine or equipment, require high competency and experience of machine operator and labour. Thus, the Company decides to produce parts for assembly or order finished goods for sale, provided that purchased products shall have similar quality and standard as the Company’s and under reasonable cost.

Regarding procurement of raw material, assembly part, and finished goods, the Company divided them into own designed products and finished goods. Most of finished goods and their parts are purchased from supplier in China by concerning both quality and price, including supply reliability, delivery, and competency of manufacturer. The Company has set procurement procedure systematically by registering supplier under approval of administration department (Approved Vendor List) and compare among prices offered from many supplier for optimum benefits of the Company.

- **Designed Products**

The Company invents, researches, and designs products by referring to information from many sources, e.g. sale volume, customers' opinion, and the management's guideline. After that the Company selects and hires international outsource based on required quality and qualification under the lower cost than local production. The designed products can be categorized into 2 types as follows.

1. Finished goods for mobile evaporative fan (Masterkool I-Kool) and ozone vegetable washer. After outsource from other country produces the products by compliance with the Company's specification, the Company shall import them with package. In addition, the Company makes agreement to have its 'outsourcing' guarantee quality of mobile evaporative fan. If the product fails to comply with the quality specify by the Company, then the Company is entitled to claim the 'outsourcing'.
2. Part for assembly for misting fan that the Company purchases parts from many suppliers and assembly at the factory.

- **Finished Goods**

In term of finished goods, the Company will procure and select quality products from international suppliers by using the Company's brand and import finished goods with package. The examples of finished goods imported for sale are mobile evaporative fan, industrial and ventilation fan, and ozone shoe deodorizer. Moreover, the Company also import big evaporative fan for installation in system, which is in the range of U-KOOL Model MUK-30 MUK-18 and MUK-16. The Company will assembly and install at site as per agreement with customer.

For brand new products, if they are subjected to permit of Thai Industrial Standards Institute (TISI), the Company will proceed with TISI and may require sending sample for testing according to standard and examine quality control system at the manufacturing plant, including plant visit. If the product's quality and the manufacturing plant meet standard, TISI will issue the permit for the Company. However, TISI can monitor the result after permission by sampling products on sale and visit the plant time by time.

5.2 Product Import

When the products are ready, suppliers or the Company will hire a shipping agent who has export license, subjecting to agreement between the Company and manufacturer. The Company will always monitor products' quality to ensure that the products have certain quality and qualification as specified by the Company.

The Company manages transportation risk by identifying in the agreement that the Company acknowledge the products when they are shipped. In case the agreement has not the Clause of acknowledge, the Company will apply for transportation insurance to prevent some damage.

When the products are delivered to the port, the Company will hire custom clearance officer to make custom clearance and take goods from the port and deliver finished goods to warehouse and assembly parts to the Company's factory.

5.3 Warehouse Management

After goods are delivered to the Company warehouses: there are 2 locations; Panasnikom and Pathumthani. A warehouse supervisor will check goods quantity to be matched with the number notified by the manufacturer. The Company manages the warehouse by using information system. The products will be counted before storage and upon withdrawal, and monitored the inventory by using such information system. In case the inventory is lower than designed level, the Company will purchase the product for replenishment to avoid shortage and any effect on sale. In addition, the Company will make physical check of the products in warehouse on monthly basis by reconcile with the system.

The Company manages warehouse starting from sales forecast to set purchasing plan and manufacturing plan. The Company also set safety stock used for manages product quantity to be in appropriate level. In case product quantity is lower than minimum, the Company will purchase or produce additional product to comply with purchasing plan and maintain minimum safety stock. The Company will adjust safety stock level twice a year in May and November to maintain inventory level and ensure their sufficiency for summer sale.

5.4 Quality Control

The Company, by quality control department, will examine finished goods and assembly parts of misting fan when arrival the Company warehouse by checking readiness and completion. For finished goods with package, the Company will do random check. Moreover, the Company has the policy to provide 1-year warranty to customer, and then the Company shall be responsible for repair product until it completely works

However, the Company has claimed either failure product or part to ask the manufacturer compensate to the Company at goods price or deliver replacement. Moreover, the Company specifies in the agreement that the manufacturer shall warranty mobile evaporative fan. If the product fails to meet specified quality, the Company is entitled to claim the manufacture.

5.5 Product Assembly

For misting fan, after its parts pass quality checking, the Company will bring them for assembly at the Company's own factory at Panasnikom, under the standard of ISO 9001:2008. After assembly, the Company will examine the quality again before storage at the Company's warehouse for delivery to customer.

5.6 Product sale and distribution

- **Product sale**

The Company sells its products through many distribution channels, i.e. direct sale, modern trade, dealer, and agent.

- **Product distribution**

The Company distributes products to customers and distribution channels by either the Company's truck and via delivery service. The Company hires 3 delivery service providers by paying delivery charge per distance, weight, and volume of products. If there is any damage during transportation, the service providers shall compensate any damage to the Company.

5.7 After-sale service

The Company has 1-year warranty that provides repair and replacement of spare parts free of charge. At the end of 2014, the Company has service center nationwide by contacting our Call Center at 02 953 8800. The Company also allows warranty renewal, including annual maintenance package for out-of-warranty products

6. Environment Impact

- None -

Risk Factors

Important Risk Factors may affect the Company' business or return on investment of investors and impact abatement guideline or risk protection guideline can be concluded as follows:

1. Risk of the Company's Business Engagement

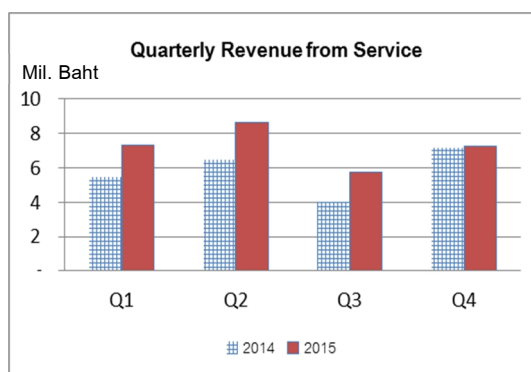
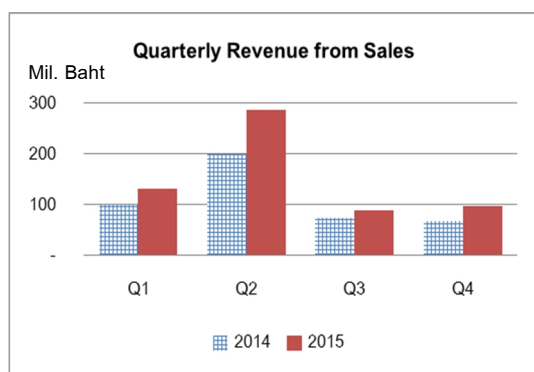
1.1 Risk from Business Competition that may have higher tendency

The Company's business competition may tend to be intensified from increase in market demand in air-conditioner substituted product group since today, Air Cooler and Mist Fan products have been well known more by market, particularly Air Cooler market with tendency of high growth rate, resulting in market entry of several entrepreneurs and being direct competitor with the Company and possibly directly affecting the Company's turnover.

Nevertheless, the Company's continuous marketing has affected "MASTERKOOL" brand generally acceptable in the market about cooling product in open area. In addition, the Company's executives are experienced in business doing in the air-conditioner substituted product group for more than 10 years. The Company has also had business alliances for business dealings for long time. Moreover, several distribution channels have been existent including distribution through more than 200 modern retail shops, distribution through over than 210 local dealers, and distribution through over than 30 foreign dealers worldwide. The Company's marketing strategy mainly emphasizes on product quality, having Research Department performing duty in design, regular development and improvement of the Company's product efficiency in order to respond the customer demand. This has resulted in popularity on the Company's products and differentiation from other competitors. Moreover, the Company believed that the size of air-cooling market has still had the opportunity for considerable growth. Thus, due to product quality and strong brand, the Company believed that it will be able to operate its business under competition that may be increased without significant effect on the Company's overall operation.

1.2 Risk from Fluctuation of Revenue During the Year

The Company's main products are mostly the product for heat reduction and cooling. Therefore, the Company's revenue from sales in the year has mostly fluctuated according to season. Every year, the Company has had maximum sales volumes in summer period around February to June, resulting in higher turnover of the Company in the first half of the year than the second half of the year with maximum revenue in Quarter 2.



The Company has realized on risk from such fluctuation. Then, there has been measure for risk support by offering heat extracting and temperature reducing system to be used in the project works in industrial plant, warehouse, or big retail shop for use as substitute of the use of air-conditioner consuming high electricity quantity. Normally, installation has been carried out for the entire year. This group of customers has been the direct customers of the Company, resulting in fewer fluctuation of direct distribution channel with most of customers as corporate customers than other distribution channels. Moreover, revenue from the Company's services has also seasonally fluctuated lesser than revenue from sales a lot. Thus, if the products are sold for large-scale project works more; the Company will have more revenue from services and maintenances that are independent on season. In addition, the Company has invented and supplied new products besides the products used for heat reduction to compensate decreased revenue in Q3 and Q4 such as ozone vegetable washer and ozone shoe deodorizer using ingreen Brand. They have been commenced for distribution on August 2014, including increase in proportion of revenue from sales in foreign customers with summertime different from Thailand. However, the above measure can help abate the impact occurred from fluctuation of revenue during the year to be lowered. However, if the investor annually considers and compares the Company's turnover, the fluctuation of revenue during the year occurred from season will not have significant impact.

1.3 Risk from dependency of a major manufacturing contractor and product distributor exceeding 50% of the Company's product purchase volumes

The Company has had a major manufacturing contractor and product distributor of Air Cooler Product in foreign country. In 2015, the Company's product purchase volumes from such manufacturing contractor and distributor of Air Cooler Product was estimated to be around 71.45% of total of product ordering volumes in 2015 which was the manufacturing employment for Mobile Air Cooler in I-Kool family. Thus, in case that there is any cause making such major manufacturing contractor cannot produce or deliver product to the Company, it may result in short supply of the product in the market and opportunity loss in product sales. This will affect the Company's turnover.

However, the Company always assesses product demand and plans production orders in advance. In case of forecast for high product demand, the Company will prepare products in advance to prior-support these demands in order to support sales in summer since Q3 of former year. This will help abate the impact in case that the product manufacturing contractor cannot deliver products to the Company on schedule. Moreover, the Company also prepares plan to support manufacturing discontinuity from such major manufacturing contractor through employment of other manufacturer for replacement, having the same nature of product manufacturing capability. The Company then believed that the impact from dependency of major manufacturing contractor will not significantly affect the Company's turnover.

1.4 Risk from being imitated for product design

The Company's products are mostly the products related to innovation with regular invention and improvement of new products both in product invention and design. The opportunity for being imitated for the Company's product design by its competitors results in the Company's disadvantage from selling products invented by the Company. However, the Company has already applied the request for patent or petty patent for products designed or invented by the Company with Department of Intellectual Property, Ministry of Commerce

so that the Company is the holder of that patent or petty patent. If anyone infringes Patent Act, B.E. 2522 (1979), the Company can perform legal action.

1.5 Risk from inventory damage

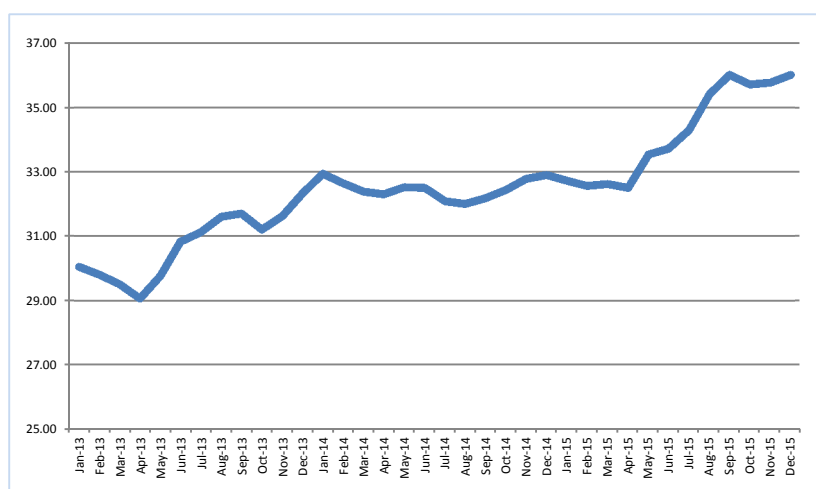
In the period of around Q4 to Q1 of every year, the Company prepares many finished products in warehouse to support sales in summer period. If damage is occurred with product such as fire, earthquake or other disasters, the Company shall recognize loss derived from product damage as well as opportunity loss in selling of products. However, as at the end of 2015, the Company's inventory quantity was Baht 230.92 Million. Nevertheless, the Company has stored finished products in 2 warehouses including Phanat Nikhom Warehouse and Pathum Thani Warehouse for diversification of risk from such circumstance. Moreover, the Company has insured inventory in order to reduce risk occurred from product damage with total coverage limit for Baht 105.85 Million.

2. Financial Risk

2.1 Risk from Fluctuation of Foreign Currency Exchange Rate

The fluctuation of foreign currency exchange rate has affected the Company's turnover due to the Company's business engagement mostly by import of products from foreign countries and mainly payment of products in USD currency while the Company's main revenue is in Baht currency. In case that USD is increased or Baht is devalued, it will result in higher product costs while the Company cannot increase selling price with the business partners right away, causing loss from exchange rate by the Company and affecting the Company's overall operation. Nevertheless, the Company has had the part of revenues in USD currency from sales to foreign dealers. In 2014 and 2015, the Company had revenue from foreign countries for Baht 70.22 Million or estimated to be 15.3% of revenue from sales and services, and Baht 117.75 Million or estimated to be 18.5% of revenue from sales and services, respectively. However, with the Company's nature of business with both revenue and expense in USD currency, the Company then has operated its business with risk management from exchange rate at the same time (Natural Hedge). This will help abate the impact from fluctuation of exchange rate at a certain level.

In 2015, the Company's loss from exchange rate was Baht (10.24) Million. Currently, the Company has closely monitored the change in USD value and mainly managed risk from fluctuation of foreign currency exchange rate using Foreign Exchange Forward Contract. However, the Company will consider financial cost in making Foreign Exchange Forward Contract together with fluctuation of exchange rate in the market for consideration on entry to make Foreign Exchange Forward Contract.



Foreign Exchange Rate Referring USD (Baht per USD) in the Period of 2012 – 2014

Source: Bank of Thailand