



รายงานประจำปี 2560

ANNUAL REPORT 2017



Table of Contents

02 Vision and Mission	
03 Letter from Chairman of the Board and Letter from Chairman of the Executive Committee	
05 Key Financial Information	
06 General Information	
07 Company Background and Milestone	
10 Important Events and Activities in 2017	
14 Type of Business	
20 Risk Factors	
25 Connected Transactions	
31 Profiles of the Directors, the Executives and Company Secretary	
42 Shareholding Structure	
44 Management Structure	
48 Organization Structure	
49 Human Resource Development Policy	
	50 Remuneration of Directors and Executives
	53 Dividend Policy
	54 Corporate Governance
	74 Internal Control and Risk Management
	76 Social Responsibility
	86 Industry Overview and Competition
	96 Revenue Structure
	97 Management Discussion and Analysis of Results of Operations
	101 Letter from the Audit Committee
	103 Financial Statements
	115 Notes to Financial Statements
	147 Remuneration of Auditors

Note: For further information of the Company, please see the Annual Registration Statement (Form 56-1) of the Company published on www.sec.or.th or the Company's website www.ziga.co.th

Vision and Mission

“INCREASE BUSINESS VALUE WITH INNOVATION”

Mission

- Make innovated steel products adding product value and initiate a niche market with suitable rust protection technology.
- Move forward the Company with information technology enhancing efficiency to become innovated organization managing supply chains and cost reduction.
- Research and develop the instant modular retail unit: I-Retail, to increase product value and become less dependent on labor force suitable for the aging society.



SMART

Smart – Work Smart: We have to understand and improve our work for better results with creativity and practical use of tools such as IT, to increase capability and connect the Company with the changing world.



ENERGETIC

Energetic – Active to run fast: The faster the world changes, the faster the Company have to react. We have to be ready with the power to change.



SPIRIT

Spirit – Never give up: To overcome obstacles, we need a spirit to fight. In crisis there is an opportunity for those with originality. With the right attitude, no matter how the world changes, we will be able to accustom to it.



SHARING

Sharing – We can grow together: We share knowledge and support each other to accomplish the organization's objective. Like a family, we share the same value of sharing with community, society and environment. With sharing, together we can achieve sustainable growth of the organization, society and the world we are living.

Letter from Chairman of the Board

Mr. Sawai Chatchairungruang

Chairman of the Board

Ziga Innovation Public Company Limited



For the past year, overall Thai economy has been expanded majorly due to foreign demand for exports. Demand for export goods in several categories were in upward trend as the economy of trading partners has started to recover. Furthermore, infrastructure investment such as double-track railways, skytrains, motorways, airport expansion, and Eastern Economic Corridor (EEC), helped increase confidence of private sector encouraging domestic private investment.

In 2017, the Company has experienced major changes in its strategies which the Company's vision, mission and objective of the business have been reviewed to be consistent with its current business operation and long term achievement. To achieve the goal, the Company has been following its management framework consisting of core business strategy, management strategy, and new business development.

In addition to the strategic review, the Company focused on creating understanding and trust in the Company's operation. The Company's executives have met with investors to build trust in the Company including its strategies, operating procedure, and the executives' competency in production and project management to launch the project commercially on-time.

As for 2018, the Company is focusing on consistently expanding its business to achieve strong and sustainable growth. The Company also emphasizes transparency of management, anti-corruption and corporate governance, to become an organization with integrity and honesty which will eventually bring benefit to the organization, employees, shareholders and stakeholders in long run.

On behalf of the board of directors, I would like to thank all shareholders and stakeholders, as well as our partners for their support the Company received in the last year, and all executives and employees for their effort contributed to their duties. Lastly, I would like you to trust that the Company will grow steadily and sustainably.

Letter from CEO

Mr. Suppakit Ngamchitcharoen

Chairman of the Executive Committee
Ziga Innovation Public Company Limited



For the past years, Ziga Innovation Public Company Limited has developed and manufactured value added products such as electrical conduit pipes, galvanized steel pipes, and modular construction to diversify its business reaching more group of customers such as high rise buildings, shopping malls and condominiums which demanded for electrical systems. The Company later expanded its business into structural steels used in everyday life such as fences, tents, billboard steel frames, cattle stalls, and greenhouses. Adhere to its business model: better, cheaper and faster, the Company focused on a niche market and provided better, cheaper and faster solutions for customers. When the products satisfy demand of customers, the market of the products can be rapidly expanded, which has been proved from the growth of Ziga's pre-zinc steel pipes that brought reputation and growth for the Company.

Last year was the first year of Ziga as a listed company listed in the Stock Exchange of Thailand (mai). We are aware of and feeling grateful for the trust given from all shareholders. The Company has went through the fluctuation in domestic economy, material price, and foreign exchange, even though the Company had predicted and prepared preventive measures for the circumstance. Steel consumption in Thailand was disturbed from the seasonal effects more than expected and made the last year a challenge for the Company to manage its profits and product segmentation. However, we, Ziga Innovation Public Company Limited, are ready to gear up with determination and dedication. For the last year, the Company showed satisfied level of profits. After the IPO, the Company has developed new products to serve diverse demand and built a new factory to increase production capacity and added the new product line, to offer different products for users

The Company prioritizes an investment in technology for smarter production, planning and cost reduction which are key factors as the Company is competing in the manufacturing industry that requires high level of adaptation in competition. After the Company has increased the production capacity, we are confident that the Company will be able to generate satisfied level of growth in sales and profits. With determination, dedication and improvement which are DNA of the Company, we have never cease to improve and challenge with new business opportunities, to move forward in Industry 4.0 which innovation and technology are the catalysts for change.

Key Financial Information

(Unit : Million Baht)

Financial Status	2015	2016	2017
Assets			
Current Assets	358,232	402,307	1,026,449
Non-Current Assets	219,756	224,137	255,534
Total Assets	577,988	626,444	1,281,983
Liabilities			
Current Liabilities	256,933	248,095	460,945
Non-Current Liabilities	63,980	63,007	38,789
Total Liabilities	320,913	311,103	499,734
Shareholders' Equity	257,075	315,341	782,249

Operating Result

Revenue from Sales	679,996	919,784	882,235
Total Revenue	689,681	941,669	909,950
Net Profit	68,603	226,126	131,676
Basic Earnings Per Share (Baht)	0.45	0.59	0.28
Weighted Average Number of Shares (Thousand Share) **	153,205	385,355	470,520

**Par value was adjusted to 0.50 Baht per share for comparison

Financial Ratio

Liquidity Ratio (times)	1.39	1.62	2.23
Gross Profit Margin (%)	18.63	35.97	22.97
Operating Profit Margin (%)	13.91	31.95	19.21
Net Profit Margin (%)	9.95	24.01	14.47
Return On Equity (%)	44.32	79.01	23.99
Return on Assets (%)	12.90	37.55	13.80
Debt to Equity Ratio (times)	1.25	0.99	0.64

General Information

Company Name	: Ziga Innovation Public Company Limited
Symbol	: ZIGA
Head Office	: 999/9, 10, 11 Moo 9 Nai Khlong Bang Pla Kot Sub-District, Phra Samut Chedi District, Samut Prakarn 10290
Type of Business	: Manufacturing and distribution of pre-zinc structural steel and electrical conduit
Registration Number	: 0107559000265
Tel.	: (662) 816 – 9315 – 6
Fax.	: (662) 816 – 9315 – 6 ext. 444
Company Website	: http://www.ziga.co.th
Registered Capital	: 260,000,000 Baht / 520,000,000 shares (par value of 0.50 Baht each)
Paid-up Capital	: 260,000,000 Baht / 520,000,000 shares (par value of 0.50 Baht each)
Company Secretary	: Ms. Tanida Kriangpanitch Tel (662) 816-9315 ext. 212 Email: tanida@ziga.co.th
Investor Relationship	: Ms. Tanida Kriangpanitch Tel. (662) 816 – 9315 ext. 212 Email ir@ziga.co.th

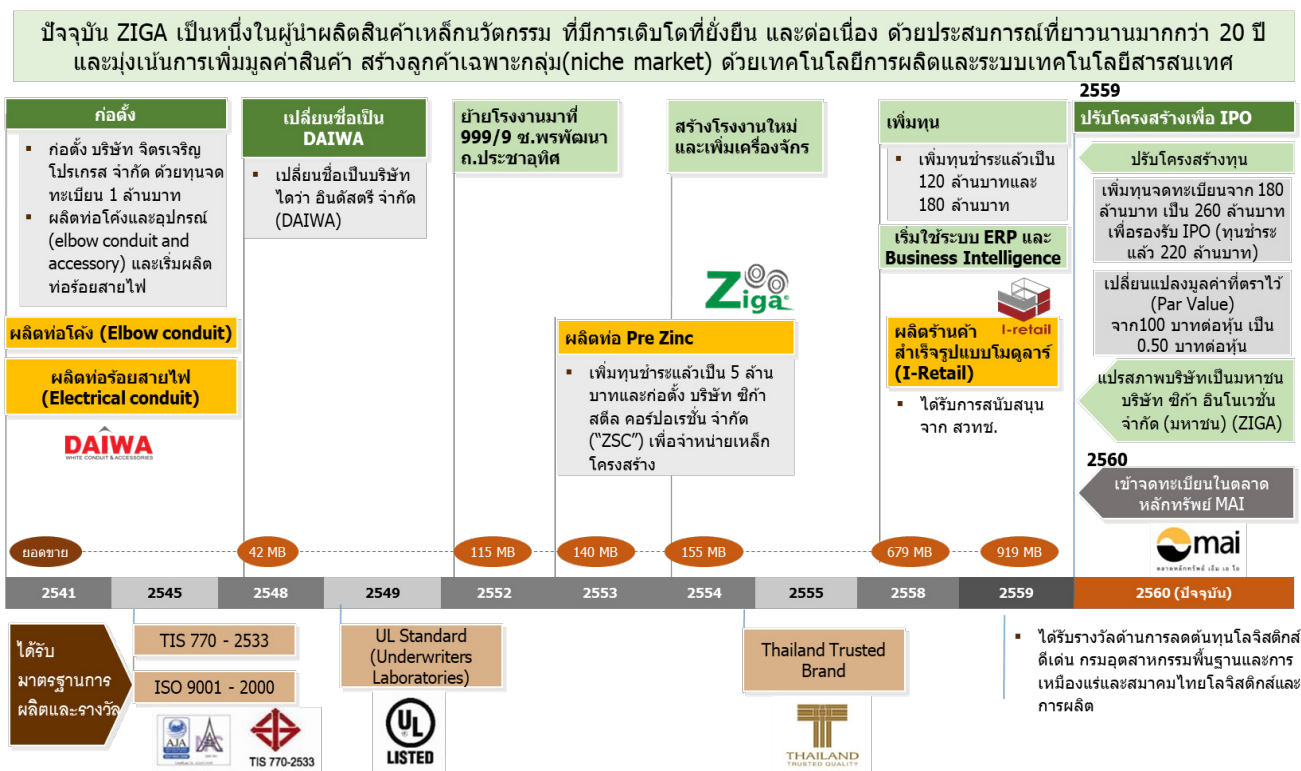
Securities Registrar

Company	: Thailand Securities Depository Co., Ltd.
Head Office	: 14 th floor, the Stock Exchange of Thailand 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400
Tel.	: (662) 009 - 9999

Auditor

	: Mr. Paiboon Tunkoon CPA No. 4298 or
	: Mr. Kajornkiet Aroonpirodkul CPA No. 3445 or
	: Mr. Chanchai Chaiprasit CPA No. 3760
Company	: Pricewaterhousecoopers ABAS Ltd.
Head Office	: 179/74-80 South Sathorn Road, Thung Maha Mek, Sathorn, Bangkok 10120
Tel.	: (662) 344 - 1000
Fax	: (662) 286 - 5050
Website	: http://www.pwc.com

Company Background and Milestone



- 1998 : Jitjareon Progress Co., Ltd was founded with a registered capital of 1 million Baht divided into 10,000 shares at par value of 100 Baht, to manufacture elbow conduit and accessories and commenced electrical conduit production.

- 2002 : Certified with TIS 770-2533 and ISO 9001:2000

- 2005 : Changed the Company's name to Daiwa Industry Co., Ltd. ("the Company" or "DAIWA")

- 2006 : Certified with Underwriters Laboratories standard

- 2009 : Relocated to 999/9 Soi Pompatana Prachautid Road

- 2010 : Increased the registered capital to 5 million Baht for working capital

	:	Ziga Steel Corporation Co., Ltd (“ ZSC”) was established for pre-zinc structural steel distribution. ZSC commenced its business by selling hot-dipped galvanized steel sheet and later manufactured and distributed structural steel.
• 2011	:	Constructed new factory and production line
• 2012	:	Increased the registered capital to 30 million Baht for working capital.
	:	Received Thailand Trusted Mark award.
• 2014	:	ZSC ceased its business and transferred its structural steel distribution business to DAIWA.
• 2015		
July	:	Increased the registered capital to 120 million Baht
September	:	Commence the new business; the instant modular retail unit, under the brand “I-Retail”. The product received a support from the National Science and Technology Development Agency (NSTDA) under the Industrial Technology Assistance Program (ITAP).
November	:	Increased the registered capital to 180 million Baht
December	:	Delivered the first modular retail unit to be installed at Bangchak gas station.
• 2016		
January	:	Certified with ISO 2001 : 2015
June	:	The Company transformed into a public company and changed its name from “ Daiwa Industry Co., Ltd” to “ ZIGA Innovation Public Company Limited” in order to prepare for listing.
	:	The Company changed its par value from 100 Baht each to 0.50 Baht each, and increased the registered capital from 180 million Baht to 212 million Baht divided into 424 million ordinary shares at par value of 0.50 Baht each.
		The 64 million newly issued shares would be allotted to the public.
August	:	The Company decreased its registered capital from 212 million Baht to 180 million Baht since the unpaid capital must be deducted before capital increase.

- : The Company increased the registered capital from 180 million Baht to 260 million Baht by allotting 80 million shares to its existing shareholders totaling 40 million Baht for production capacity expansion, and 80 million shares for the initial public offering.

September : The existing shareholders paid 40 million Baht for the increased capital resulting in the Company's paid-up capital to be increased to 220 million Baht.

- : Received awards relating to logistic cost reduction from Department of Primary Industries and Mines and Thai Logistics and Production Society.

• 2017

August : The Company was listed on the Stock Exchange of Thailand which the trading commencement date was 17 August 2017.

September : Received Thailand Trust Mark award.

October : Received the Total Innovation Management Awards 2017.

Important Events and Activities in 2017

February

- Mr. Suppakit Ngamchitcharoen, Chairman of Executive Committee was invited as a guest lecturer at KMUTT Knowledge Exchange (KX) in the Eco - Design for Healthy and Environmental - Friendly Living seminar, as a part of the Architectural Innovation and Building System for Sustainable Living.



March

- Me. Praphan Charoenprawat, President of mai Stock Exchange visited Ziga Innovation Public Company Limited and gave advices and souvenirs to the management of Ziga Innovation Public Company Limited.
- Ziga Innovation Public Company Limited collaborated with academic staff from Chula System Engineering, Chulalongkorn University, to arrange a seminar encouraging the members of construction industry to apply innovation and grow their businesses in ASEAN.



May

- Mr. Suppakit Ngamchitcharoen, Chairman of Executive Committee and Mr. Vorachart Tuaychareon, Managing Director of Finnex Advisory Co., Ltd.—as a financial advisor of the Company, welcomed a company visit from representatives of the Securities and Exchange Commission and the Stock Exchange of Thailand.
- Ziga Innovation Public Company Limited, with Mr. Suppakit Ngamchitcharoen, Chairman of Executive Committee, collaborated with academic staff from Chulalongkorn University to arrange a seminar “Systematic Innovation for Sustainable Neighborhood” at Siam Paragon Shopping Center. The seminar was to exchange knowledge benefitting to engineers and architects, and entrepreneurs in construction industry, construction material industry, as well as property development industry. The seminar was to emphasize the important of labor and human resource, and the application of information technology to increase efficiency of working process, to be ready for changes.



July

- Mr. Suppakit Ngamchitcharoen, Chairman of Executive Committee, and Mr. Vorachart Tuaychareon, Managing Director of Finnex Advisory Co., Ltd.- as a financial advisor of the Company, together with Ms. Pantita Sae Aeng, Assistant Managing Director and Mr. Thanasom Sawadpanit, Vice President of Capital Market Dept., Thanachart Securities Plc., arranged a roadshow presenting the Company's information to investors regarding the IPO of 130 million common shares of the Company. The roadshow was overwhelming success.



August

- Ziga Innovation Public Company Limited celebrated its commencement trading in mai Stock Exchange, at Sugree Kaewcharoen Hall, 3rd floor B Building, the Stock Exchange of Thailand.



Awards



Ziga Innovation Public Company Limited was honored to be 1 of 21 best innovated organizations for the year 2017 and received Total Innovation Management Awards 2017, from the project of innovation support for listed companies. The project was to encourage innovation in corporations for sustainability of listed company. The awarding ceremony was held at BITEC Convention and Exhibition Centre.

6 October 2017

BITEC Convention and Exhibition Centre



Ziga Innovation Public Company Limited received Thailand Trust Mark certification at Burachaiyakorn room, the Ministry of Commerce. The certification was to certify product quality representing that products and services of Ziga Innovation Public Company Limited are qualified with creditable standards which indicating its quality. The certification was under the support of the Department of International Trade Promotion, the Ministry of Commerce of Thailand.

18 September 2017

The Ministry of Commerce



Type of Business

Ziga Innovation Public Company Limited is the manufacturer and distributor of pre-zinc structural steel pipes and pre-zinc electrical steel conduit.

Steel is widely used metal because its strength and low price in compare to other metals. There are multiple processes in steelmaking divided into 3 major processes; upstream, midstream and downstream. The Company's products are classified as downstream steel product as follows;

Upstream Steel Industry:

Process: Smelting iron ore to remove impurities from iron

Product Output: Pig iron and sponge iron

Manufacturer in Thailand: None



Midstream Steel Industry:

Process: Melting pig iron and scrap steel to improve their properties and chemical components creating steel which will be molded into semi-finished goods

Product Output: Steel bullet, steel bloom and steel slab

Manufacturer in Thailand: There are approximately 16 manufacturers such as Millcon Steel Plc. or G J Steel Plc. etc.



Downstream Steel Industry:

Process: Chemical processing using semi-finished steel product as materials through 2 major processes

Primary process

Process: Reducing and change the shape of steel billet, steel bloom and steel slab

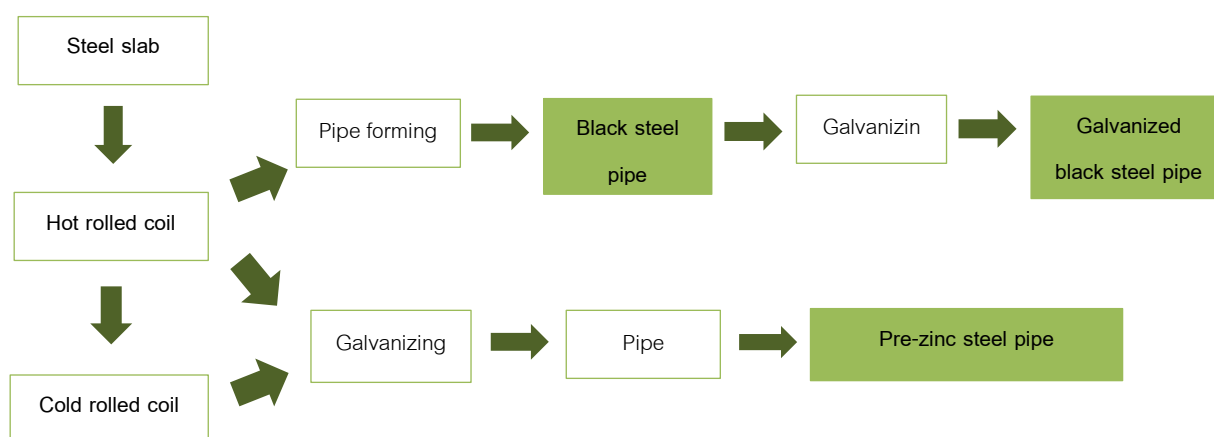
Product Output: Hot rolled coil, steel bar, structural steel etc.

Secondary process

Process: Manufacture, process and add a finishing touch to the product, making steel into desired shapes and properties. The processes are divided into multiple steps such as cold rolling, welding, galvanizing etc.

Product Output: Cold rolled galvanized steel, steel pipe, C-shape steel beam etc.

Without protection, steel exposed to air will eventually rust. Several methods are used for rust protection which galvanizing is one of commonly used methods. Zinc coating deposited on the surface protects steel from outside environment, and prevent rusting for a long time. Galvanizing process can be applied before (pre-zinc) or after forming process. The Company chooses pre-zinc coating by using galvanized steel coil made of hot or cold rolled steel that applied with continuous hot-dip galvanizing process in accordance to TIS 50-2548 standard. The hot-dip process applies zinc coat to steel coil creating uniform thickness of zinc layer.



A picture describing making process of black steel pipe, galvanized black steel pipe and pre-zinc steel pipe

Compared to rust preventive paint, galvanizing thoroughly protects steel surface from rust and corrosion for longer period resulting in cheaper maintenance cost. Factory controlled galvanizing has better pollution control measures than in-house galvanizing which excess zinc might leaks out to water resources. Thus, galvanization is environment friendly process and extends product lifespan longer than rust preventive paint.

The Company produces 2 categories of product from pre-zinc steel. The details of each product are as follows;

Product Group 1 Pre-zinc structural steel under the brand “ZIGA”




The Company makes structural steel pipes or general purpose pipes suited for light weight structures. The product is commonly called water pipes because black steel pipes made of hot rolled steel were galvanized for rust prevention and used as plumbing materials in water supply lines. However, plastic pipes are now used in plumbing instead and galvanized black steel pipes are used for other applications such as furniture, handrail, tent, plant nursery house, cattle stall etc. However, because galvanized black steel pipes are not made specifically for those applications, there are many limitations such as excessive thickness causing the pipe hard to bend, uneven pipe texture, and excessive coating thickness etc. The

Company therefore introduced galvanized steel pipes specifically designed for general purpose structures. The pipes are produced in different thickness suitable for different purposes for customers to choose. Beautiful polished texture of the pipe makes it suitable for furniture or loft-style products. Therefore, the Company's products are the replacement of galvanized black pipes with moderate thickness used in general purpose structures. The Company's structural steel pipes are not designed for large-scale building which require heavy-duty structure. The Company is one of the pioneers in the structural steel market and the name Ziga becomes well-known.

Not only is a difference in product, the product quality strictly controlled. The Company has a good quality control system because, for structural steel, the Company uses the same production control as the electrical conduit pipe production line which is certified with TIS and UL standard.

The Company launched the production and distribution of structural steel on 2011, starting from round structural steel pipe with available sizes from 0.5 inch to 5 inch. The Company then produced structural rectangular tube and structural lip channel steel. Structural rectangular tubes are commonly used as roof structures or beams and structural lip channel steels are commonly used as purlins. However, both type of structural steel tubes are applicable for many type of structures. Both structural steel tubes have yet to be commercial products.

The Company's pre-zinc structural steel pipes have various applications which different pipe thickness is available for different usages as represented in different color as follows;

Type		Thickness	Size	Application
Ziga Red Pipe		Thin (Electrical Metallic Tubing: EMT)	½ - 2 inch	For non-load bearing structures such as handrails, fences etc.
Ziga Yellow Pipe		Medium (Intermediate Metal Conduit: IMC)	½ - 4 inch	For medium load bearing structures such as tents, scaffolds, furniture etc.
Ziga Blue Pipe		Thick (Rigid Steel Conduit)	½ - 5 inch	For heavy load bearing structures requiring extra strength or pressure resistance such as cattle stalls, plumbing, or plant nursery houses etc.

Product Group 2: Pre-zinc electrical conduit under the brand “DAIWA”

The Company manufactures pre-zinc electrical conduit under the brand “DAIWA”. Electrical conduits are tubes used to protect electrical wiring from external damages such as bumping and chemical damages etc. The conduits also protect fire damage caused from short circuit which electric spark and heat are limited within the tubes. Moreover, conduit electrical wiring can be replaced easily. The Company offers 5 categories of electrical conduits as follows;

Type	Thickness	Size	Application
	Electrical Metallic Tubing (EMT)	½ - 2 inch	Indoor electrical wiring
	Intermediate Metallic Conduit (IMC)	½ - 4 inch	Outdoor electrical wiring
	Rigid Steel Conduit (RSC)	½ - 6 inch	For underground or concrete encasement
	Elbow Conduit	½ - 4 inch	For corner fitting
	Expansion Joint	½ - 5 inch	Connecting 2 conduits together to increase the length of conduit tubes

In addition to these 2 major products, the Company also sales instant modular retail units and inferior grade tubes as follows;

Instant Modular Retail Units

This is an innovated product of the Company developed to support customer's business. The Company found that retail shops are obstructed with construction problem causing a delay due to human resource and environment factors, such as labor shortage, and rain that halts the construction etc. The instant modular retail unit is a factory-built retail shop. The shop's structure is divided into parts and assembled at the shop's location. The instant modular retail unit allows shop owner to control time and quality of the building since most of construction are processed in the factory, which are environment friendly. The module is built with quality control and requires less construction time. The project was supported by the National Science and Technology Development Agency (NSTDA) under the Industrial Technology Assistance Program (ITAP) and a collaboration with the academic staff proficient in architecture from King Mongkut's University of Technology Thonburi.

Instant modular retail unit manufacturing and distribution

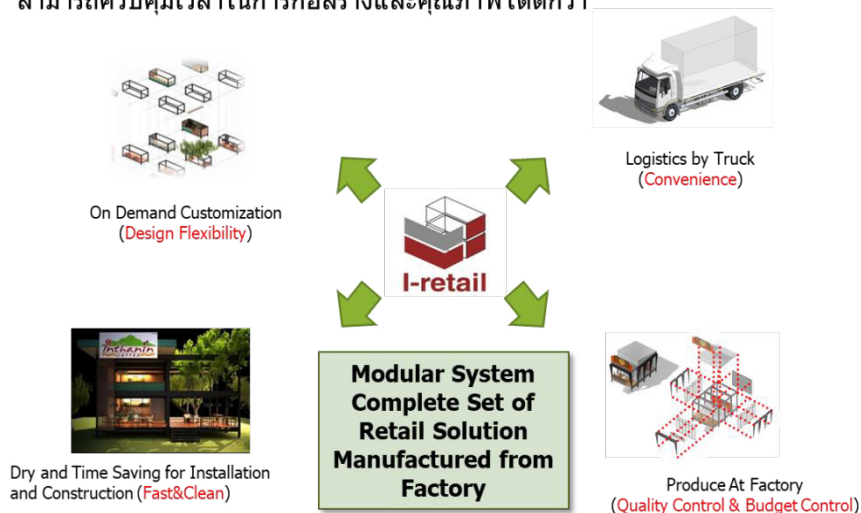
The Company has researched and developed an instant modular retail shop under the brand “I-retail”.

The instant modular retail shop is a semi-instant shop building which the shop structure is constructed and divided into parts from the factory and assembled on the site. This method allows better time management and quality control for the construction.

ธุรกิจผลิตและจำหน่ายร้านค้าสำเร็จรูปแบบโมดูลาร์

บริษัทได้มีการศึกษาและพัฒนาร้านค้าสำเร็จรูปแบบโมดูลาร์ (modular) ภายใต้เครื่องหมายการค้า I-retail

ร้านค้าสำเร็จรูปแบบโมดูลาร์ เป็นการสร้างร้านค้าสำเร็จรูป โดยการสร้างโครงสร้างหลักเป็นส่วนๆ จากโรงงานแล้วจึงนำไปประกอบที่สถานที่ใช้งาน ทำให้สามารถควบคุมเวลาในการก่อสร้างและคุณภาพได้ดีกว่า



Risk Factors

The risk factors that may significantly affect the Company's business are as follows;

1. Risk from fluctuation in raw material price

Raw materials used in the Company's products are galvanized steel coils which contributed to more than 90% of goods and services purchased from 2016 to 2017. The price of steel acquired depends on the commodity price in global market which might affect the Company's performance if the product price cannot be increased to reflect increasing price of raw materials.

However the Company has set the price margin to prevent unfavorable effect of raw material price fluctuation. Moreover, in case of a sharp rise in raw material price, the Company can negotiate with customers for price increase to some degree. Since the Company does not have a policy on market speculation and acquires steels only for product manufacturing, only small quantity of raw materials are affected.

Risk management measures

However the Company has set the price margin to prevent unfavorable effect of raw material price fluctuation. Moreover, in case of a sharp rise in raw material price, the Company can negotiate with customers for price increase to some degree. Since the Company does not have a policy on market speculation and acquires steels only for product manufacturing, only small quantity of raw materials are affected.

2. Risk from anti-dumping policy of the government

The Department of Foreign Trade has introduced the anti-dumping policy to protect domestic industries from market-dumping strategy of overseas competitors setting the price of product lower than its cost or lower than other competitors in the market. If the Company's primary raw material; zinc-coated steel, is considered to be market-dumping product, import tax for the raw material will be increased to match the market price which, as a result, the Company will suffer from increasing cost of raw material and may as well the Company's profit. Hot dipped pre-zinc steel imported from China, Taiwan and Korea has been investigated for market-dumping since 9 September 2016 and the investigation will take not over than one year. However, as of 31 December 2017, the investigation result has not been reported.

Risk management measures

However, a rise in import tax for hot dipped galvanized steel will affect all manufacturers in the country, the Company's competition capability will not suffer. Moreover the Company is considering to import

the raw material from other countries which are not affected by the anti-dumping policy to lessen the risk of increasing raw material cost.

3. Risk from fluctuation in foreign exchange

Key raw materials of the Company are imported in USD. The Company spent 359 – 705 million Baht, converted into USD, for imported raw materials during 2015 – 2017. Hence, the Company is unavoidable from the risk of foreign exchange fluctuation. In case of high fluctuation in THB exchange rate to other currencies, the Company's revenue and profit, when converted into THB, will be affected substantially and causes the Company to have profit/loss from exchange rate if the exchange rate between the accounting record date and the THB conversion date are significantly different. In 2015, the Company recorded a loss of 4.71 million Baht from exchange rate while in 2016 the Company recorded a profit of 5.52 million Baht from exchange rate. As for 2017, the Company had 9.32 million Baht of profit from exchange rate.

Risk management measures

In order to limit the risk, the management regularly observes the movement of foreign exchange rates to be able to instantly counteract when the fluctuation occurred. The Company as well makes forward contracts, based on the management's decision, to reduce the risk from foreign exchange.

4. Risk from interest rate change

As of the end of 2015, 2016 and 2017, the Company had liabilities from trust receipts and loans from financial institutes in the amount of 294.93 million Baht, 246.90 million Baht and 284.58 million Baht respectively, and financial cost for those periods were 11.32 million Baht, 11.34 million Baht and 11.37 million Baht respectively. Some loan agreements were charged with floating interest rate, therefore in case of a rise in interest rate, the Company will inevitably have more burden on interest payment.

Risk management measures

Nonetheless, once the Company becomes a listed company in the Stock Exchange of Thailand, the capital raised from IPO will be utilized as working capital instead of the loans from financial institutes which will reduce an inferior effect from the change of interest rate.

5. Risk from key customer dependency

The Company distributes its products through capable distributors and retailers to thoroughly make market coverage. The distributors and retailers typically have chain stores or partners in different areas which helps the Company's products to reach end-users. In 2016 and 2017, the Company sold its products to the distributor whose amount accounted for 30% of the Company's sales of each period. Thus the Company has a dependency risk of this distributor.

Risk management measures

However, the key customer is a regular customer having business contacts with the Company for more than 5 years and are in good relationship with each other. Hence, the Company believes that as long as it can maintain the quality of products and services, the customer will continue to be a value customer of the Company. The Company as well is increasing customer base to diverse the risk and increase product distribution.

6. Risk from key supplier dependency

The Company acquires of galvanized steel more than 30% of its total purchase value of goods and services from 2 suppliers. In 2015, the purchase from one of the suppliers contributed 50% - 60% of total purchase value of goods and services, and in 2016 the purchase from 2 suppliers contributed to 30% - 40% of total purchase value of goods and services. As for 2017, the Company purchased 30% - 70% of total purchase of goods and services from 2 suppliers. The Company purchases its supplies from these 2 suppliers operating in China because of the price, delivery and quality of supplies.

Risk management measures

However, the Company has several qualified suppliers, including domestic and oversea suppliers, in the approved vendor list. Even though in a circumstance that the Company cannot acquires galvanized steel supplies from the 2 key suppliers, it can procures the supplies from other vendors.

7. Risk from market entry of new competitors

As in the present, there is no player in steel market focusing on pre-zinc structural steel pipes as their main product because the market for this product type is relatively small comparing to entire structural steel pipe market, which makes an investment not worthwhile enough. However, there is possibility that in the future, other companies may change their business policy and offer the same product as the Company which will inevitably affect the Company's market share.

Risk management measures

However, the Company has voyaged, as one of the pioneers, into the market of pre-zinc structural steel pipes for more than 5 years and became a veteran of this product type. The Company's products are as well widely accepted by customers including the brand recognition. Hence the Company believes that it will not substantially affect by the entry of new competitors.

8. Risk from unable to extend the land rental agreement with the major shareholder

The Company rents the land which the factory located from the major shareholder who is a director and executive of the Company. The machinery installed in the factory is mainly for the pre-zinc steel conduit production line. In 2016 and 2017, the machinery's capacity contributed to less than 10% of the Company's total production capacity. However, in the future it is possible for the Company to have a risk from unable to

extend the rental agreement for the land which will lessen production capacity and cause a loss on the buildings and building improvement location the land, which as of 31 December 2017 have a book value of 3.58 million Baht, as well as demolition and uninstallation expenses.

Risk management measures

However, the machinery installed on the location is the old one and has not been utilized much in production. The rental agreement can be extended automatically for the first 2 terms; each term equals 3 years long which as a result makes the contract valid for 9 years, and the rate of rent will be increased 10% every 3 years. The Company has the first right to buy the land if the landowner wish to sell it.

9. Risk from major shareholders influencing the management policy.

After listing in the Stock Exchange of Thailand, the Company's major shareholders who are the Company's executives, and including Dee Ngam Holding Co., Ltd. hold 62.60% of fully-paid shares of the Company. The executives also hold a position of the Chief Executive Officer and the authorized directors of the Company. Therefore, the group of shareholders can mostly control the Company's management and vote casting—for the appointment of directors or other agendas requiring majority vote of shareholders, except for the matter requiring three-fourth of votes from shareholders attending the meeting and having voting rights, as specified by laws or the Company's regulations. Thus, other shareholders attending the meeting and having voting rights might be unable to collect votes to monitor or balance the management authority of the major shareholders.

Risk management measures

The Company's management structure composed of the board of directors and 4 sub-committees consisting of the board of directors, the audit committee, the executive committee, and the risk management committee. Each committee has a definite scope of duties and responsibilities which makes the Company's managerial system become standardize and easy for monitoring. Moreover, the management structure consists of 3 independent directors who are proficient and able to review the Company's operation to create transparency and balance of power to a certain level. Moreover, the Company has specified a practice for connected transaction with the Company's director, major shareholder, controlling person, or a person with a conflict of interest. Those persons are not authorize to approve the connected transaction, which reduces the possible risk of the Company.

10. Risk from inability to register a trademark

The Company has filed an application to register its trademark for the conduit products; as in the part 2.5 "Assets utilized in the business", and are currently in approval processes by relevance department which has to consider whether the Company's trademark resembles with other trademarks that has been

used publicly or has been previously submitted for registration (Please see more details in the Trademark Act B.E. 2534) In case the trademark cannot be registered, or the Company cannot continue to use the trademark or has been filed a lawsuit against according to the Trademark Act B.E. 2534, the Company's business might be interrupted.

Risk management measures

However, according to the Company's initial observation, there is not any trademark that resembles with the Company's, for the same product type. The Company has used the trademark for more than 10 years and has never receive a notice to suspend the trademark. Therefore, the Company believes that the trademark registration will be approved or the Company can proceed any action required by the registrar in order to make the registration successful. Moreover, if there is any circumstance that cause the Company to be unable to use the trademark, other trademarks registered by the Company can be used as a substitute. The Company's revenue from sales of products using the trademark is only approximately 10% of total sales in 2017. Hence, the issue is not considered as significant threat for the Company's performance.

Connected transactions

Ziga Innovation Public Company Limited has entered into transactions with a person with possible conflict of interest with the Company which the relationship and details of the transactions can be summarized as follows;

Relationship

Person with possible conflict of interests	Relationship
Mr. Suppakit Ngamchitcharoen	<ul style="list-style-type: none"> The Managing Director/Chairman of Executive Committee/ Director/ shareholder of ZIGA holding 30% of paid-up capital of 260 million Baht.
KSL Electric Co., Ltd (“KLS”)	<ul style="list-style-type: none"> A personal company of Mr. Wuthisak Thassatan, a spouse of Mrs. Montha Thassatan, a director/executive/shareholder of ZIGA. Mr. Wuthisak Thassatan is a director and a shareholder of KLS, holding 20% of paid-up capital of 35 million Baht. KLS is a manufacturer and distributor of plastic mold and a distributor of electrical equipment.

Details of connected transactions

The details of connected transaction between the Company and persons/juristic person who might have a conflict of interests with the Company in 2017 can be summarized as follows;

Details of the connected transaction with Mr. Suppakit Ngamchitcharoen

Transaction	Transaction Value (Baht)		Necessity and Justification of the Transaction
	2016	2017	
Land Rent	600,000	600,000	The Company rent a land from Mr. Suppakit Ngamchitcharoen. The property is utilized as the Company's factory location on address No. 999/9. In 2016 and 2017, the rent was 50,000 Baht/month. According to the rental fee assessed by an independent appraisal which was specified in the report dated 15 January 2016, the appropriate rental fee is approximately 51,720 Baht per month. Thus, the Company has specified the rental fee in accordance with the appraisal value, which was reviewed by the Audit Committee and approved by the Board of Directors.

Connected transaction between the Company and KLS Electric Co., Ltd ("KLS")

Transaction	Transaction Value (Baht)		Necessity and Justification of the Transaction
	2016	2017	
- Expense for plastic end cap molding	609,000	-	In 2016, the Company ordered KLS to produce made-to-order molds for plastic end cap, which prevents a pipe tap from damages, for 9 sizes of pipe. Total amount of the order was 609,000.00 Baht. The price and terms of the transactions were compared with other molding manufactures according to the Company's procurement process. The transaction had been reviewed by the Audit Committee and approved by the Board of Directors.
- Expense for plastic end caps	74,266	2,213,937	
- Trade Account Payable			The Company sold scraps to KLS and charged transportation fee for the scraps. The selling price was specified in accordance with the Company's normal sales process. The transaction had been reviewed by the Audit Committee and approved by the Board of Directors.
Brought forward amount	-	79,465	
Additional expense during the period	731,095	2,368,913	
Repayment during the period	(651,630)	(2,102,954)	
Outstanding amount at year end	79,465	265,959	
- Revenue from scrap sales	-	9,084	The Company sold scraps to KLS and charged transportation fee for the scraps. The selling price was specified in accordance with the Company's normal sales process. The transaction had been reviewed by the Audit Committee and approved by the Board of Directors.
- Revenue from transportation	-	748	
- Trade Account Receivable			The Company sold scraps to KLS and charged transportation fee for the scraps. The selling price was specified in accordance with the Company's normal sales process. The transaction had been reviewed by the Audit Committee and approved by the Board of Directors.
Brought forward amount	-	-	
Additional receivables during the period	-	10,520	
Repayment during the period	-	(10,520)	
Outstanding amount at year end	-	-	

Summary of the guarantees between the Company and persons with potential conflict of interest

As of 31 December 2016, the Company did not have any guarantee provided by a person with potential conflict of interest.

Necessity and Reasonability of the Transaction

In 2016 and 2017, the Company has entered into the connected transactions with related persons which the transactions can be divided into 2 groups;

- The Company ordered 9 molds for plastic end caps preventing pipe tap from damage. The Company ordered KLS to produce made-to-order molds for plastic end cap, which prevents a pipe tap from damages, for 9 sizes of pipe. Total amount of the order was 609,000.00 Baht which the Company paid an advance payment of 304,500.00 Baht in Q3/2016 and another payment of 304,500.00 Baht in Q4/2016. Moreover, in 2016 and 2017, the Company ordered KLS to made plastic end-caps in the amount of 79,465 Baht and 2,368,913 Baht respectively. Price and terms of the transactions were compared with other molding manufactures according to the Company's procurement process.
- Rental transaction: The Company rent the land from Mr. Suppakit Ngamchitcharoen, the Company's director and shareholder. The transaction is deemed necessary, justify and does not cause the Company to lose any benefit. The Company has compared the benefit received from buying and renting the land, and made a decision to rent the land because it had lower cost. By renting, the Company did not require to find a source of funds to buy the land from the directors. Thus, the Audit Committee has the scope to approve the transaction with a reason that the rental transaction is necessary and the Company's executives have considered other alternatives while taking the best benefit of the Company into account. Moreover, the property is in advantageous location helping the Company can run its business smoothly.

Measures and Procedures for Approval of Connected transaction

The previous connected transaction of the Company prior to 12 May 2016 has been considered by the Board of Directors. At that time, the Company did not have any policy or regulation regarding the connected transactions. Thus, the Consideration to enter into connected transaction was done while putting the Company's benefits in concern.

At the present, the Company has set up the connected transaction policy, which was approved by the resolution of the Board of Directors' Meeting No. 2/2016 on 12 May 2016. If the Company needs to make a connected transaction with the persons who may have a conflict of interests with the Company, the Company requires an opinion of the Audit Committee regarding the necessity and appropriateness of the transaction. In the event that the Audit Committee is not proficient in the consideration of connected transactions, the Company will appoint independent expert or accounting auditor of the Company to provide an advice regarding the transaction as a reference to support a decision of the Board of Directors and/or the Audit Committee and/or the shareholders, depending on the matters. Whereas the

interested person or the person with possible conflict of interests on the transaction will not eligible to cast a vote for approval on the transaction. The Company's connected transaction policies for each type of transaction are as follows:

- Normal business transaction and a transaction supporting normal business such as buying and selling of products and services etc. The transaction must be conducted with general trading conditions and fair price which will not cause a transfer of interest. The condition of transaction must be comparable to other transactions between the Company and general customers, or the transaction with possible conflict of interest between the Company and general customer, or the transactions comparable to other entrepreneurs in the same business. The Company has set a policy for the Audit Committee to consider and provide an opinion regarding the necessity and reasonability of the transactions every quarter, to comply with the Securities and Exchange Act, regulations, rules, orders or notification of the Stock Exchange of Thailand, the office of Securities and Exchange Commission, and the notification regarding the disclosure of connected transaction.
- Other transactions in addition to normal business transaction and the transaction supporting normal business previously mentioned, such as renting, acquisition or disposal of assets, or financial aid etc. The Company has set up a policy for the Audit Committee to consider and provide an opinion regarding the necessity and reasonability of the transactions. The Company shall comply with the Securities and Exchange Act, regulations, rules, orders or notification of the Stock Exchange of Thailand, the office of Securities and Exchange Commission and the notification regarding the disclosure of connected transaction and the acquisition and disposal of significant assets of the Company. However, the Company does not have a policy to offer financial aid to the connected person or a person who might have a conflict of interest with the Company.

The Board of Directors shall comply with the laws governing securities and stock exchange and the regulations, notifications, orders or requirements of the Stock Exchange of Thailand, and the Securities and Exchange Commission, as well as compliance with the notification regarding the connected transactions and the acquisition or disposition of significant assets of the Company, to ensure that the decision to enter into such transaction will not cause any conflict of interest and benefits to all shareholders. The Company will disclose the connected transactions in the Annual Registration Statement (Form 56-1), the Company's Annual Report (56-2) and the notes to the audited financial statements of the Company.

Tendency for Connected Transaction

The connected transactions that will continue to be carried out in the future are (1) Land rented from Mr. Suppakit Ngamchitcharoen. The new rental contract has a term of 3 years from January 2016 onward. The transaction is necessary for the Company's business, and (2) The Company hired KSL Electric Co., Ltd to produce plastic end caps for steel pipes. The transaction is also necessary for the Company. As for other connected transaction which might be occurred in the future, the Company shall abide by the connected transaction policy of the Company as mentioned previously.

Profiles of the Directors, the Executives and Company Secretary

Independent Director/Chairman of the Board

Chairman of the Audit Committee

Age 58 years

Appointed Date: 9 October 2015

Education Background

- Master of Business Administration, Chulalongkorn University
- Bachelor of Accounting, Thammasat University

Trainings

- Director Certification Program, batch 208/2015
- Ethical Leadership Program, (ELP) batch 1/2017
- BSI, batch 3/2017

Positions in Listed Company

- Independent Director/Chairman of the Board/Chairman of the Audit Committee Ziga Innovation Plc.
- Managing Director CI Group Plc.

Positions in Other Companies

- Director Siam Railway Development Co.,Ltd
- Managing Director CIG (Thailand) Thailand Co., Ltd
- Director De Lamai Co., Ltd

Experiences

2016 - Present	Director	Siam Railway Development Co.,Ltd
2015 - Present	Chairman of the Board/Independent Director Chairman of the Audit Committee	Ziga Innovation Plc.
2017 - Present	Managing Director Chief Financial Officer and Business Development	CI Group Plc.
2012 - Present	Deputy Managing Director Chief Financial Officer and Business Development	CI Group Plc.
2011 - 2012	Managing Director	CI Group Plc.
2008 - 2011	Chief Financial Officer	CI Group Plc.
2010 - Present	Managing Director/Director	CIG (Thailand) Thailand Co., Ltd
2017 - Present	Director	De Lamai Co., Ltd
2010 - 2017	Managing Director/Director	De Lamai Co., Ltd

Shareholding in the Company (As of 31 December 2017) : None

Family relationship with directors and executives: None

Criminal record during the past 10 years: None



Mr. Sawai Chatchairungruang

Independent Director/Director/
Chairman of the Risk Management and Innovation Committee/
Audit Committee

Age 64 years

Appointed Date: 9 October 2015

Education Background

- Master of Management Chulalongkorn University
- Master of Business Administration, NIDA
- Bachelor of Electrical Engineering, Royal Airforce Academy

Trainings

- Director Certification Program (DCP) 118/2009
- Director Accreditation Program (DAP) 78/2009
- Audit Committee Program (ACP)

Positions in Listed Company

- Independent Director/Director/ Chairman of Risk Management and Innovation Committee/Audit Committee
Ziga Innovation Plc.
- Director QTC Energy Plc.

Positions in Other Companies

- Director Thai Organic Social Enterprise Co., Ltd
- Director MDIC Intertrade Co., Ltd
- Chairman of Nomination and Remuneration Committee/Director Samg Khon Keng Co.,
- Director MDIC Holding Co., Ltd

Experiences

2016 – Present	Director	Thai Organic Social Enterprise Co., Ltd
2015 - Present	Independent Director/Director	Ziga Innovation Plc.
	Chairman of Risk Management and Innovation Committee	
	Audit Committee	
2011 - Present	Director	MDIC Intertrade Co., Ltd
2010 - Present	Chairman of Nomination Committee/Director	Samg Khon Keng Co., Ltd
2010 - Present	Director	QTC Energy Plc.
2547 – Present	Director	MDIC Holding Co., Ltd

Shareholding in the Company (As of 31 December 2017) : None

Family relationship with directors and executives: None

Criminal record during the past 10 years: None



Mr. Phonrat Piathanom

Independent Director/Director/Audit Committee

Age 52 years

Appointed Date: 9 October 2015

Education Background

- Executive Mini MBA, Thammasat University
- Master of Marketing, Ramkhamhang University
- Bachelor of Accounting Krik University

Trainings

- Director Accreditation Program (DAP) 126/2016
- Company Secretary Program (IOD) 69/2016

Positions in Listed Company

- Independent Director/Director/Audit Committee Ziga Innovation Plc.

Positions in Other Companies

- Company Secretary / Chief of Internal Audit SPC Precious Metal Co., Ltd

Experiences

2015 - Present	Independent Director/Director/Audit Committee	Ziga Innovation Plc.
2012 - Present	Company Secretary / Chief of Internal Audit	SPC Precious Metal Co., Ltd
2546 - 2012	Company Secretary Chief of Internal Audit / Secretary of Audit Committee	CI Group Plc.
2543 - 2546	Secretary of Vice Chairman of Executive Committee	Saha-Union Plc.
2541 - 2443	Executive Director / Assistant Manager-Internal Audit	Saha-Union Plc.
2536 - 2541	Assistant Vice President of Internal Audit-Compliance	Union Securities Co., Ltd

Shareholding in the Company (As of 31 December 2017): None

Family relationship with directors and executives: None

Criminal record during the past 10 years: None



Mrs. Emorn Chotiyaputta

Director/Risk Management and Innovation Committee/

Chief Executive Committee

Age 41 years

Appointed Date: 21 April 1998

Education Background

- Bachelor of Electrical Engineering, Siam University

Trainings

- Director Certification Program (DCP) 198/2014
- Director Accreditation Program (DAP) 2014
- MDICP batch 15
- Risk Management Program for Corporate Leaders (RCL) batch 17

Positions in Listed Company

- Director/Risk Management and Innovation Committee/ Chief Executive Committee Ziga Innovation Plc.

Positions in Other Companies

- Director Thai Organic Social Enterprise Co., Ltd

Experiences

2016 – Present Director Thai Organic Social Enterprise Co., Ltd

2546 - Present Director Ziga Innovation Plc.

Risk Management and Innovation Committee

Chief Executive Committee

Shareholding in the Company (As of 31 December 2017): 156,050,000 shares (30.01%)

Family relationship with directors and executives: Younger brother of Ms. Valarlak Ngamchitcharoen and the elder brother of Mrs. Montha Thassatan, Ms. Methinee Ngamchitcharoen and Mr. Thiranat Ngamchitcharoen

Criminal record during the past 10 years: None



Mr. Suppakit Ngamchitcharoen

Director/Executive Committee/Managing Director/

Director of Procurement and Import Department

Age 42 years

Appointed Date: 21 April 1998

Education Background

- Bachelor of Communication Arts, Assumption University (First Class Honors)

Trainings

- Director Certification Program (DCP) 198/2014
- Director Accreditation Program (DAP) 2014
- Financial Statements for Directors (FSD) 31/2016
- Board Reporting Program (BRP) 22/2017
- Executive Development Program (EDP) 2017
- Risk Management Program for Corporate Leaders (RCL) batch 17

Positions in Listed Company

- Director/Executive Committee/Managing Director Ziga Innovation Plc.

Positions in Other Companies

- None

Experiences

2015 - Present	Managing Director	Ziga Innovation Plc.
2547 - Present	Procurement and Purchasing Director	Ziga Innovation Plc
2544 - 2546	Brand Manager (Export Department)	Sonus Export Co., Ltd, Thai Martin Group
2542 - 2544	Marketing	Boutique New City Plc.
2540 - 2542	Management Staff	Thailand Iron Works Plc.

Shareholding in the Company (As of 31 December 2017): 10,364,444 (1.99%)

Family relationship with directors and executives: Elder sister of Mr. Suppakit Ngamchitcharoen, Mrs. Montha Thassatan, Ms. Methinee Ngamchitcharoen and Mr. Thiranat Ngamchitcharoen

Criminal record during the past 10 years: None



Ms. Valarlak Ngamchitcharoen

Director/Risk Management and Innovation Committee/
Executive Committee/ Director of Development and Business System Management
Age 35 years

Appointed Date: 9 October 2015

Education Background

- Master of Science in Service Management and Design Warwick University (United Kingdom)
- Master of Engineer in Engineering Management, Chulalongkorn University
- Bachelor of Computer Science, Assumption University

Trainings

- Director Certification Program batch 209/2015
- MDICP batch 15
- Executive Development Program (EDP) batch 18

Positions in Listed Company

- Director/Risk Management and Innovation Committee/Executive Committee
Director of Development and Business System Management
Ziga Innovation Plc.

Positions in Other Companies

- None

Experiences

2008 - Present	Director Risk Management and Innovation Committee Executive Committee ผู้อำนวยการฝ่ายพัฒนาและควบคุมระบบธุรกิจ	Ziga Innovation Plc.
2550 – 2008	นักวิเคราะห์การตลาด	Digital Alchemy Ltd.
2548 – 2550	วิศวกรซอฟต์แวร์	Thomson Reuters Software (Thailand) Ltd.

Shareholding in the Company (As of 31 December 2017) : 15,546,667 (2.99%)

Family relationship with directors and executives: Younger brother of Mr. Suppakit Ngamchitcharoen, Ms. Valarlak Ngamchitcharoen, Mrs. Montha Thassatan, and Ms. Methinee Ngamchitcharoen

Criminal record during the past 10 years : None



Mr. Thiranat Ngamchitcharoen

Director/Executive Committee/ Director of Demand Management Department

Age 39 years

Appointed Date: 9 October 2015

Education Background

- Bachelor of Business Administration, Siam University

Trainings

- Director Accreditation Program batch 126/2016

Positions in Listed Company

- Director/Executive Committee Ziga Innovation Plc.

Positions in Other Companies

- None

Experiences

2015 - Present Director/Executive Committee Ziga Innovation Plc.

Director of Demand Management Department

2012 - Present Director of Sales and Marketing Department Ziga Innovation Plc.

2550 - 2011 Marketing KSL Electric Co., Ltd

2548 - 2010 Marketing SW Internet Co., Ltd

Shareholding in the Company (As of 31 December 2017) : 7,773,333 (1.49%)

Family relationship with directors and executives: Younger sister of Mr. Suppakit Ngamchitcharoen, Ms. Valarlak Ngamchitcharoen, and the elder sister of Mrs. Montha Thassatan, and Mr. Thiranat Ngamchitcharoen

Criminal record during the past 10 years: None



Mrs. Montha Thassatan

Executive Committee/ Assistant Managing Director/
Director of Administration and Human Resource Department

Age 37 years

Appointed Date: 9 October 2015

Education Background

- Bachelor of Electrical Engineering, King Mongkut's University of Technology Thonburi

Trainings

- Family Business Governance (FBG)

Positions in Listed Company

- Executive Committee/ Assistant Managing Director/
Director of Administration and Human Resource Department
Ziga Innovation Plc.

Positions in Other Companies

- None

Experiences

2547 - Present	Executive Committee	Ziga Innovation Plc.
	Assistant Managing Director/ Director of Administration and Human Resource Department	

Shareholding in the Company (As of 31 December 2017) : 15,546,667 (2.99%)

Family relationship with directors and executives: Younger sister of Mr. Suppakit Ngamchitcharoen, Ms. Valarlak Ngamchitcharoen, and Mrs. Montha Thassatan, and the elder sister of Mr. Thiranat Ngamchitcharoen

Criminal record during the past 10 years: None



Ms. Methinee Ngamchitcharoen

Director of Supply Management Department

Age 36 years

Appointed Date: 1 June 2003

Education Background

- Bachelor of Advertising and Public Relations, Ramkhamhaeng University

Trainings

- Preactor Advanced planning and scheduling

Positions in Listed Company

- Director of Supply Management Department Ziga Innovation Plc.

Positions in Other Companies

- None

Experiences

2546 - Present Director of Supply Management Department Ziga Innovation Plc.

Shareholding in the Company (As of 31 December 2017) : None

Family relationship with directors and executives: Cousin of Mr. Suppakit Ngamchitcharoen, Ms. Valarlak

Ngamchitcharoen, Mrs. Montha Thassatan, Ms. Methinee Ngamchitcharoen and Mr. Thiranat Ngamchitcharoen

Criminal record during the past 10 years: None



Ms. Cholatorn Ngamchitcharoen

Director of Accounting and Finance

Age 38 years

Appointed Date: 1 October 2017

Education Background

- Bachelor of Accounting, Rajamangala University of Technology Rattanakosin Borpitpimuk Chakkawad Campus

Trainings

- TFRS (Full) 2015, Minor course 105
(TFRS 10 TAS 27 TAS 28 TFRS 11 TFRS 12)
- TFRS (Full) 2015, Minor course 503
(TAS 12 TSIC 25 (draft) TAS 41)
- Revenue Tax Accounting 2016, the Principles, Problems and Practices
- Tax of the payment made to overseas and oversea tax treaties
- New Auditor's Report and Relating Auditing Standard 2017
- TFRS for SMEs 2017
- A Study on the Accounting Standard regarding Non-Current Assets

Positions in Listed Company

- Director of Accounting and Finance Ziga Innovation Plc.

Positions in Other Companies

- None

Experiences

2017 - Present	Director of Accounting and Finance	Ziga Innovation Plc.
2547- 2017	Senior Auditing Manager	TAS Office Co., Ltd

Shareholding in the Company (As of 31 December 2017) : None

Family relationship with directors and executives: None

Criminal record during the past 10 years : None



Ms. Thitiporn Keawyuang

Company Secretary/Investor Relations

Age 42 years

Appointed Date : 9 October 2015

Education Background

- Bachelor of Human Resource Management, Bansomdej Chaopraya Rajabhat University

Trainings

- Company Secretary Program 68/2016
- CPIAT (Professional Internal Auditor), The Institute of Internal Auditors
- HCME (Human Resource Management)
- MDICP 15, Manufacturing Industrial Development
- Cost Management Optimization
- ISO 9001: 2015 Requirements

Positions in Listed Company

- Company Secretary/Investor Relations Ziga Innovation Plc.

Positions in Other Companies

- None

Experiences

2010 - Present Company Secretary/Investor Relations Ziga Innovation Plc.

Shareholding in the Company (As of 31 December 2017) : None

Family relationship with directors and executives: None

Criminal record during the past 10 years: None



Ms. Thanida Kriangpanit

Shareholding Structure

As of 5 January 2018, the Company has registered capital of 260.00 million Baht with par value of 0.50 Baht each. Paid-up capital of the Company is equal to 260.00 million Baht divided into 520.00 million ordinary shares.

Shareholders

The Company's major shareholders as of 5 January 2018 are as follows;

Shareholders	Shares	Percent
1. <u>The management and families</u>		
1. Dee Ngam Holding Co., Ltd. ^{/1}	80,311,800	15.44
2. Mr.Suppakit Ngamchitcharoen	156,050,000	30.01
3. Miss Tapanee Treemutthaphong	39,991,110	7.69
4. Mr.Thiranat Ngamchitcharoen	15,546,667	2.99
5. Miss Maetinee Ngamchitcharoen	15,546,667	2.99
6. Miss Valarlak Ngamchitcharoen	10,364,444	1.99
7. Mrs. Montha Thassatan	7,773,333	1.49
Total	325,584,021	62.60
2. Mrs.Lek Treemutthaphong	20,728,889	3.99
3. Miss Wipaporn Treemutthaphong	16,316,667	3.14
4. Miss Rattaporn Kammo	15,546,667	2.99
5. Mrs. Hui-Ling Sae Chua	12,955,556	2.49
6. THE BANK OF NEW YORK (NOMINEES) LIMITED	7,883,600	1.52
7. Thai NVDR Company Limited	7,720,455	1.48
8. Mr.Viroj Hudsadinpaisan	3,469,000	0.67
9. Mr. Danai Tempaisarnkul	2,200,000	0.42
10. Mr. Sunipon Patcharakrukanon	2,100,000	0.40
Grand Total	414,504,855	79.70

Company Structure

The Company's major shareholders used to have a shareholding in Ziga Steel Corporation Co., Ltd which is a distributor of the Company's pre-zinc structural steel. Thus, Ziga Steel Corporation Co., Ltd is considered as the company in common control of the major shareholders.

After restructuring, the Company manages the sales of pre-zinc structural steel by itself, and Ziga Steel Corporation Co., Ltd has ceased its business since 31 December 2016.

Relationship with the major shareholders

The major shareholders do not run a business that might conflict with the Company's. However, to prevent a possible conflict of interest in case that the major shareholder; Mr. Suppakit Ngamchitcharoen, might do a business overlapping with the Company's business, the major shareholder have made an agreement with the Company that he will not run the same business as the Company, which are manufacturing and distribution of electrical conduits, structural steels and modular retail units, including future business of the Company. The major shareholder shall not execute any action that competes with the Company's business, or invest in a company or a partnership or become a partner without limit of a limited partnership, or become a director or a person with authority in a company operating the same business which competes with the Company's—neither for personal benefit or not. In the future, if the major shareholder see a business opportunity, he must grant the Company a chance to run the business. The agreement is effective until the major shareholder and his related persons, according to the definition specified in Notification of the Securities and Exchange Commission No. KorChor. 17/2551, have total shareholding of less than 10 percent of the Company's paid-up capital and none of them hold an executive position or a director of the Company.

Management Structure

The Company's management structure comprises of 4 sub-committees; the Board of Directors, the Executive Committee, the Audit Committee, and the Risk Management and Innovation Committee.

Board of Directors

The Board of Directors and the Company's management consist of competent persons who are fully in accordance to the Notification of Capital Market Supervisory Board TorChor 39/2559 Re: Application for and Approval of Offer for Sale of Newly Issued Shares, notified on 16 November 2016.

As of 31 December 2017, the Board of Directors consisted of 7 members as follows;

Name-Surname	Position
1. Mr. Sawai Chatchairungruang	Chairman of the Board/ Independent Director/ Chairman of the Audit Committee
2. Mr. Phonrat Piathanom	Director/ Independent Director/ Audit Committee Chairman of the Risk Management and Innovation Committee
3. Mrs. Emorn Chotiyaputta	Director/ Independent Director/ Audit Committee
4. Mr. Suppakit Ngamchitcharoen	Director/ Risk Management and Innovation Committee/ Chairman of the Executive Committee/ Chief Executive Officer
5. Mr. Thiranat Ngamchitcharoen	Director/ Risk Management and Innovation Committee/ Executive Committee
6. Ms. Valarlak Ngamchitcharoen	Director/ Executive Director/ Managing Director
7. Mrs. Montha Thassatan	Director/ Executive Director

With Ms. Tanida Kriangpanitch as a secretary of the Board of Directors and a company secretary.

Authorized Directors

Mr.Suppakit Ngamchitcharoen or Ms. Valarlak Ngamchitcharoen or Mr.Thiranat Ngamchitcharoen, 2 out of 3 directors jointly sign a contract with a common seal of the Company.

In 2017, the Company held the meeting of the Board of Directors, the Audit Committee, and the Risk Management and Innovation Committee which the attendance of each members are as follows;

Name-Surname ¹⁾	Number of Attendance / Number of Meetings		
	Board of Directors	Audit Committee	Risk Management and Innovation Committee
1. Mr. Sawai Chatchairungruang ²⁾	6/6	4/4	-
2. Mr. Phonrat Piathanom ³⁾	6/6	4/4	2/2
3. Mrs. Emorn Chotiyaputta ⁴⁾	6/6	4/4	-
4. Mr. Suppakit Ngamchitcharoen	6/6	-	2/2
5. Mr. Thiranat Ngamchitcharoen	6/6	-	2/2
6. Ms. Valarlak Ngamchitcharoen	6/6	-	-
7. Mrs. Montha Thassatan	6/6	-	-

Note:

- 1/. The Extra General Meeting of Shareholders No. 9/2558 on 12 November 2015 resolved to appoint 5 additional directors including Mr. Sawai Chatchairungruang, Mr. Phonrat Piathanom, Mrs. Emorn Chotiyaputta, Mr. Thiranat Ngamchitcharoen and Mrs. Montha Thassatan.
- 2/. Mr. Sawai Chatchairungruang was appointed as Chairman of the Board of Directors by the resolution of the Board of Directors meeting No. 9/2558 on 9 October 2015.
- 3/. Mr. Phonrat Piathanom was appointed as a director and an audit committee by the resolution of the Board of Directors meeting No. 9/2558 on 9 October 2015.
- 4/. Mrs. Emorn Chotiyaputta was appointed as a director and an audit committee by the resolution of the Board of Directors meeting No. 9/2558 on 9 October 2015.

Audit Committee

The Board of Directors shall appoint a member of the Audit Committee to support the Board of Directors and review quality and trustworthy of accounting system, internal audit, internal control and financial reporting of the Company.

As of 31 December 2017, the Audit Committee comprised of 3 members as follows;

Name – Surname	Position
1. Mr. Sawai Chatchairungruang	Chairman of Audit Committee
2. Mr. Phonrat Piathanom	Audit Committee
3. Mrs. Emorn Chotiyaputta	Audit Committee

With Ms. Tanida Kriangpanitch as a secretary of the Audit Committee.

Risk Management and Innovation Committee

As of 31 December 2017, the Risk Management and Innovation Committee comprised of 3 members as follows;

Name – Surname	Position
1. Mr. Phonrat Piathanom	Chairman of the Risk Management and Innovation Committee
2. Mr. Suppakit Ngamchitcharoen	Risk Management and Innovation Committee
3. Mr. Thiranat Ngamchitcharoen	Risk Management and Innovation Committee

With Ms. Tanida Kriangpanitch as a secretary of the Risk Management and Innovation Committee.

Executive Committee

As of 31 December 2017, the Executive Committee comprised of 5 members as follows;

Name – Surname	Position
1. Mr. Suppakit Ngamchitcharoen	Chairman of the Executive Committee
2. Mrs. Montha Thassatan	Executive Committee
3. Ms. Methinee Ngamchitcharoen	Executive Committee
4. Mr. Thiranat Ngamchitcharoen	Executive Committee
5. Ms. Valarlak Ngamchitcharoen	Executive Committee

The Executives

As of 31 December 2017, the Company's executives consisted of the following members.

Name – Surname	Position
1. Mr. Suppakit Ngamchitcharoen	Chairman of the Executive Committee
2. Ms. Valarlak Ngamchitcharoen	Managing Director/ Director of Procurement and Import Department
3. Mrs. Montha Thassatan	Director of Demand Management Department
4. Ms. Methinee Ngamchitcharoen	Assistant Managing Director/ Director of Administration and Human Resource Department
5. Mr. Thiranat Ngamchitcharoen	Director of Development and Business System Management Department
6. Ms. Cholatorn Ngamchitcharoen	Director of Supply Management Department
7. Ms. Thitiporn Keawyoung	Director of Accounting and Finance Department

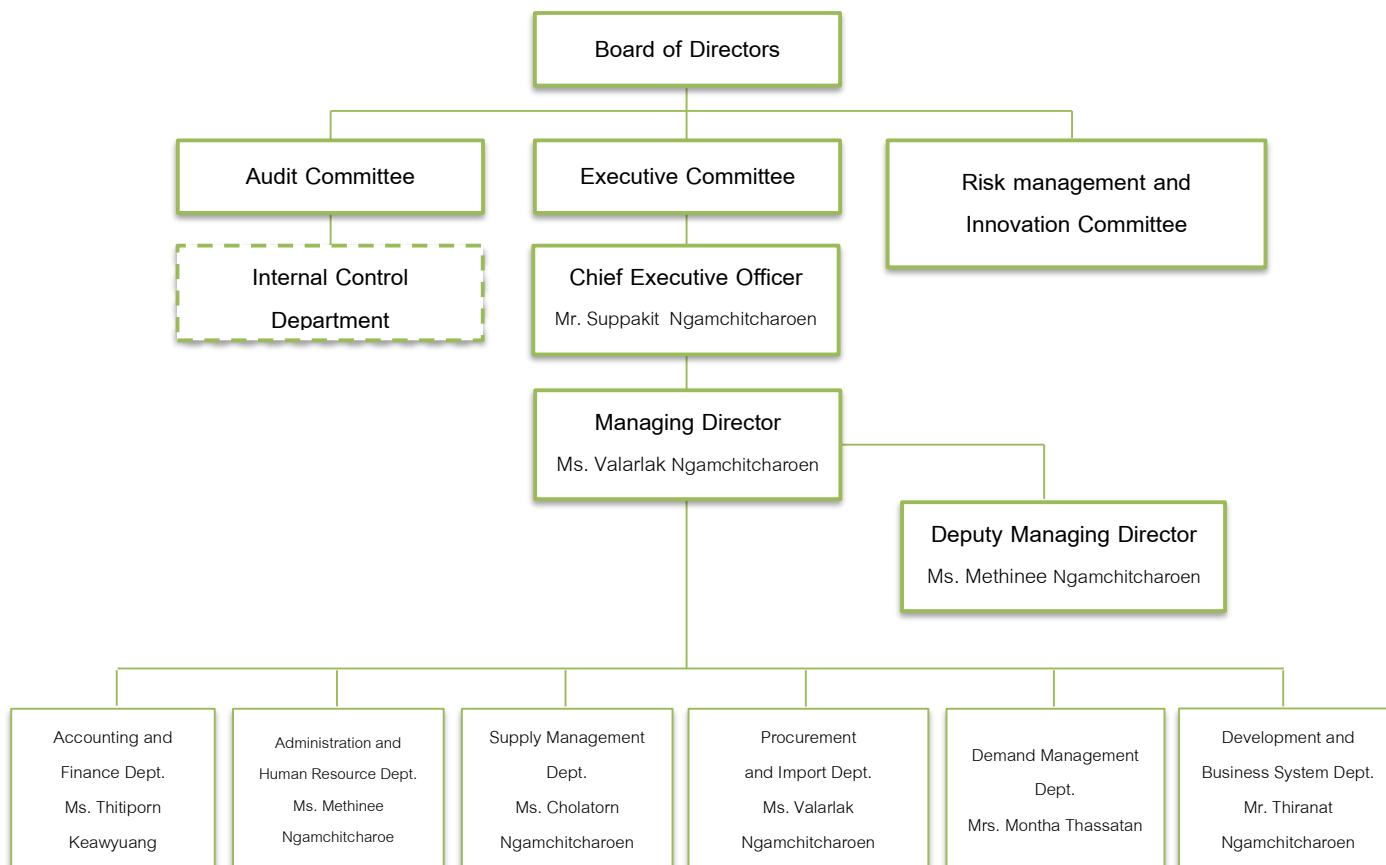
Company Secretary

The Board of Directors has resolved to appoint Ms. Tanida Kriangpanitch as a company secretary from 9 October 2015 onward.

Duties and Responsibilities of the company secretary

1. Prepare and keep the following documents;
 - 1.1 Director registration
 - 1.2 Invitation and report of the Board of Directors' meeting, and the Company's annual report
 - 1.3 Invitation and report of shareholders meeting
2. Keep a report of personal conflicts of interest reported by the directors or the executives, and send a copy of the report, in accordance to the Clause 89/14, to the Chairman of the Board and the Chairman of Audit Committee within 7 days after received by the Company.
3. Perform other tasks as specified by the Capital Market Supervisory Board.
4. Moreover, the company secretary has other duties assigned from the Company or the Board of Directors as follows;
 - 4.1 Provide an advice on related laws and regulations, and recommendation relating to corporate governance, to ensure the activities of the Board of Directors comply with laws.
 - 4.2 Arrange a meeting of the Board of Directors and shareholders
 - 4.3 Communicate with regulatory agencies such as the Securities and Exchange Commission, and oversee information disclosure and disclose the information to the regulatory agencies and public as specified by laws.
 - 4.4 Arrange an orientation for a newly recruited director.
 - 4.5 Other tasks assigned from the Company.

Organization Structure



Human Resource Development Policy

Ziga Innovation Public Company Limited understands that employees are important resource determining the Company's success and sustainable growth of business. Thus, the Company determines to systematically and continuously develop capability of its employees. The Company supported and invested in personnel proficiency development to be ready for technological changes. More importantly, the development is aimed to increase competency regarding efficiency, skills and job expertise of employees and let the personnel, of all levels, share the same attitude. The Company has planned a course of human resource development for all organization levels, and set the career planning and development plan for its employees using trainings, orientations, in-house or external seminars, as well as in-house and external business observations, to encourage the employees to work with their full potential to achieve the Company's goal.

The Company prioritizes human resource development via practices. 2 months of on-the-job training is provided for the new recruits starting from the first day of work while senior employees are trained for coaching. Mentoring system is applied for training and coaching the new recruits including student trainees. Every October the Company arranges a proficiency test for job promotion and add value to its personnel to increase the Company's competitiveness.



Details	Y 2017
Total hours of training	1,068 hours
Average hours of training	12 hours/person
Number of student trainees	6 persons

Director and Executive Remuneration

Director Remuneration

The annual general meeting of shareholders for the year 2017 held on 21 April 2018, approve the remuneration of the board of directors and the audit committee in term of attendance fee with the details as follows;

Position	Remuneration (Baht/person/attendance)
Chairman of the board	15,000
Director	12,000
Chairman of Audit Committee	12,000
Audit Committee	10,000
Chairman of Risk Management and Innovation Committee	5,000
Risk Management and Innovation Committee	5,000

For the year 2016 and 2017, the Company has paid the following remuneration to directors;

		(Unit : Baht)					
		2016			2017		
Name - Surname		Board of Directors	Audit Committee	Risk Management and Innovation Committee	Board of Directors	Audit Committee	Risk Management and Innovation Committee
1 Mr. Sawai	Chatchairungruang	75,000	60,000	-	90,000	48,000	-
2 Mr.Phonrat	Piathanom	60,000	50,000	10,000	72,000	40,000	10,000
3 Mrs.Emorn	Chotiyaputta	48,000	40,000	-	72,000	40,000	-
4 Mr.Suppakit	Ngamchitcharoen	-	-	-	-	-	-
5 Mr.Thiranat	Ngamchitcharoen	-	-	-	-	-	-
6 Ms. Valarlak	Ngamchitcharoen	-	-	-	-	-	-
7 Mrs. Montha	Thassatan	-	-	-	-	-	-

Executive Remuneration

For the year 2016 and 2017, the Company has paid the following remuneration to the executives;

Remuneration	2016		2017	
	Number of persons	Remuneration (M. Baht)	Number of persons	Remuneration (M. Baht)
Salary and bonus	7	10.40	7	11.29
Other remunerations such as position allowance, commission etc.	7	3.41	7	4.58
Total	7	13.81	7	15.87

Other Remunerations

1) Social Security Fund

The Company contributed to the Social Security Fund for 7 executives, amounting to 63.750 Baht.

2) Provident Fund

The Company has established a provident fund for the executives and paid a contribution to the fund in the amount equal to 2 percent of the salary of each executive. At the end of 2017, the Company has contributed to the provident fund for 6 executives in the amount of 114,048 Baht. However, one of the executive had less than 5 years of duration of employment, thus the executive was unable to join the provident fund.

3) Group Endowment Insurance for Retirement (GSE)

The Company allows all employees to participate in the group endowment insurance consist of life insurance and accident insurance. The Company shall paid for the insurance for employees having more than 2 years of duration of employment. The insurance is an endowment for retirement at age 60 years old. In 2016, there were 5 executives joining the insurance program which total amount of remuneration was 22,800 Baht and in 2017, there were 5 executives which the amount was 24,560 Baht.

4) Retirement Program

The Company has established retirement program based on the last salary received prior to retirement, to ensure that employees will receive a pension according to relevance laws. The benefit received will depend on the length of service and the salary the employees received during the last

year before retirement. The Company expects retirement benefits for all executives in 2016 and 2017 to be equal to 1.18 million Baht and 1.38 million Baht respectively.

Number of employees and remunerations

In 2016 and 2017, the Company has employees (exclude the executives) of 88 persons and 90 person respectively. The Company paid remunerations to employees, as specified in the withholding tax form (P.N.D, 1a), totaling 22.83 million Baht and 22.52 million Baht respectively. The remunerations composed of salary, bonuses and commissions etc., with the number of employees as follows;

Department	Employees (person)		Remuneration (million Baht)	
	2016	2017	2016	2017
Accounting and Finance	6	7	3.75	4.12
Human Resource Management and Development	7	10	1.18	1.79
Supply Management	54	50	11.75	9.33
Procurement and Import	1	2	0.26	0.40
Demand Management	15	12	4.07	4.30
Business Development and Control	5	9	1.82	2.58
Total	88	90	22.83	22.52

1) Provident Fund

The Company has set up a provident fund since 30 March 201, with Bualuang Asset Management Company Limited, with the objective to create morale for its employees and to motivate employees to work with the Company in the long run.

2) Retirement Program

The Company had employee benefit obligations which recorded in non-current liabilities, as of 31 December 2016 and 31 December 2017, totaling 2.76 million Baht and 3.70 million Baht respectively. The employee benefit which was the Company's expenses for 2016 and 2017 were 0.63 million Baht and 0.77 million Baht respectively.

Major labor disputes over the past 3 years

-None-

Dividend Policy

The Company has a dividend payout of not less than 50 percent of net profit after tax and provisions based on its separated financial statement. However, the dividend payout might be lower than the specified rate depending on the amount of working capital required for operations, business expansion and other factors related to the Company's business management. The dividend payout must not affect the Company's operating performance, financial status, liquidity, business expansions, future possible necessities, and other factors related to the Company's business management as the Board of Directors deem necessary and appropriate, in concern of the best benefit of shareholders.

The resolution of the Board of Directors regarding dividend payment must be proposed to shareholders meeting for consideration, except for interim dividend which the Board of Directors can approve if the Company's profit is adequate for dividend payment without any interruption to its operation, and reported to the next shareholders meeting.

Dividend payments of Ziga Innovation Public Company Limited for the past 3 consecutive years are as follows;

Dividend Payment	Y 2015	Y 2016	Y 2017
Interim Dividend	14,060,000	150,860,000	70,004,000
Annual Dividend	-	57,000,000	50,000,000
Net Profit per Share	0.45	0.59	0.28
Dividend Payout Ratio	20.49%	91.92%	91.14%

Corporate Governance

Corporate Governance Policy

The Company is aware of the importance of good corporate governance because it will help the Company to achieve its objective and goal along with righteous and transparent business conduct. Moreover, good corporate governance will create acknowledgement and instill a concept of righteous and transparent business conduct among its employees. It represents good management and creates continuous and sustainable growth for the Company, which builds up trust among the Company's shareholders, investors, and stakeholders, resulting in the best benefit to the Company in a long run. Thus, the Company has established good corporate governance policy complying with the Stock Exchange of Thailand's principles of good corporate governance, which are divided into 5 sections as follows;

Section 1: The Rights of Shareholders

The Company acknowledges and respects fundamental rights of shareholders including the right to buy and sell shares, the right to receive dividend, the right to receive adequate information on the Company, the right to participate in a shareholders meeting to vote for company director appointment/ termination, auditor appointment, and for other issues affecting the Company such as dividend payment, an amendment of the Company's regulation and Memorandum of Association, capital increase/decrease etc.

In addition to the fundamental rights previously mentioned, the Company will following the practice to encourage and facilitate shareholders to use their rights.

1. Send an invitation to shareholders meeting to shareholders at least 7 days prior to the meeting, correctly stating the date, time, venue, and meeting agendas, including related information.
2. In case that shareholders cannot attend the meeting, shareholders are allowed to grant a proxy to the Company's independent director or other persons, using any of the proxy forms enclosed with the meeting invitation.
3. The Company shall provide an opportunity for shareholders to freely ask a question, to share their opinions and suggestions.
4. Minority shareholders holding not less than 5 percent of total voting rights can propose an agenda within 90 days prior to the meeting.
5. After the meeting, the Company shall correctly and completely prepare a minute of the meeting for shareholders to review.

After the Company became a public company and listed on the Stock Exchange of Thailand. The Company must specify the Board of Directors' opinion in the Shareholders' Meeting invitation which will be send in advance within the time limit set by SEC or SET to the shareholders. In addition, the shareholders will receive information via the website of the Stock Exchange of Thailand, the Company's website and newspapers in accordance to the Public Company Act. The Company has a policy for all of the Company's directors to attend the shareholders' meeting on a regular basis, especially the Chairman of Sub-committees such as the Chairman of the Audit Committee, to clarify or answer the questions raised by the shareholders at the meeting.

Section 2: The Equitable Treatment of Shareholders

The Company is aware of its duty to take care of the benefits of both major and minor shareholders in a fair and equitable manner, and holds the principle of equitable and fair treatment of shareholders regarding the rights to participate and vote in a shareholders meeting, to receive dividend payment, to be timely and consistently informed of the Company's updates, performance results and managerial policy. In the shareholders meeting, shareholders were granted with the rights to vote; one share for one vote, and in case that shareholders would like to grant a proxy to other person to attend and vote on their behalves, the Company has provide proxy forms which shareholders can specify their intention to vote; whether for approval, disapproval, or abstain, for each agenda item. The notice and invitation to shareholders meeting were sent together with the profiles of 3 independent directors who will be a proxy for shareholders, and the details of the required documents and procedure of proxy granting. Moreover, the Company shall provide voting ballots for every agenda in the meeting, especially for the agenda concerning an appointment of company directors which shareholders can vote for each director individually. The Company shall proceed the shareholders meeting according to the agenda prescribed in the meeting invitation.

Section 3: The Role of Stakeholders

The Company is well aware of the support it has been received from stakeholders which created competency and profit to the Company, resulting in long-term success. Thus, the Company greatly concerns of the right of all groups of stakeholders including shareholders, employees, customers, competitors, suppliers, creditors, as well as community and society. The practices has been set up in concern of the rights and benefit of all stakeholders. The Company also set up a communication channel for the stakeholders to submit their opinions or suggestions which might be beneficial and add value to the Company. The details are as follows;

Shareholders	: The Company strives to operate a business using its knowhow and skills in management to the fullest, with honesty and fairness to both major and minor shareholders, for the best benefits of all shareholders.
Employees	: The Company treats all employee with equality and fairness. Moreover, it offers appropriate remuneration and promotes the development of the employees' capability. Trainings are provided to the employees continuously to improve efficiency of works. The Company also strictly complies with laws and regulations related to its employees and established the provident fund for employees along with other welfare such as health insurance, bonuses, and accident insurance etc.
Customers	: The Company strives to make products and services with quality at reasonable price, and will strictly follow the conditions promised to customers, in concern of safety.
Competitors	: The Company commits to follow the rules and the code of conduct of competition, and avoid dishonest method of destructive competition.
Suppliers	: The Company commits to comply with commercial terms and to sincerely abide by the agreements, without taking an advantage from the suppliers or taking an action which is fraud.
Creditors	: The Company strives to strictly adhere to the terms and conditions of the agreements, regarding the use of funds, repayment term, the maintenance of collateral, and any other matters the Company agreed with the creditors, for mutual benefit.
Society and Environment	: The Company will not do anything that might damage the society, natural resource and environment. The Company will also seek opportunities to support social activities raising awareness of social responsibilities among its employees of all levels, consistently and seriously. The Company also regulates and enforces the compliance with the laws and regulations specified by the regulators.

Report Clues or Complaints

The Company has prepared the measures and communication channels to receive any clues or complaints from all stakeholders. Clues and complaints can be reported to the Company through the following channels;

Letter: Company secretary/ Managing Director / Audit Committee
Ziga Innovation Public Company Limited

999/9, 10, 11 Moo 9 Nai Khlong Bang Pla Kot, Phra Samut Chedi, Samut Prakarn 10290

Tel: 02-816- 9315 ext. 212 (Company Secretary)

Fax: 02-816-9315 #444

Website : www.ziga.co.th

E-mail : tanida@ziga.co.th

Employees can send an e-mail to the company secretary to submit a complaint or a suggestion to the Board of Directors and the Executives.

Contact details of the Audit Committee and the Board of Directors

Stakeholders who wish to contact the Audit Committee and the Board of Directors can submit their complaints to;

Company secretary

Ms. Thanida Kreangpanit tanida@ziga.co.th

Company has set a policy to protect the whistleblower and a policy to keep the confidentiality of information regarding the clues and whistleblowers. The complaints will be taken into investigation process to find out the solutions.

Section 4: Information Disclosure and Transparency

The Board of Directors greatly concerns of accurate, complete and transparent disclosure of financial reports and general information in accordance with the regulations of SEC and SET. The important information affecting the price of the Company's securities and the decision making of investors and stakeholders must be disclosed to all stakeholders equally. After the Company becomes a listed company, the Company has been disclosed information to shareholders and public through the channel provided by SET and the Company's website.

The Board of Directors oversees the Company to ensure that the Company strictly complies with laws, regulations and notifications relating to information disclosure and transparency, with the details as follows;

- Annual Report (Form 56-2) and Annual Registration Statement (Form 56-1)

The Board of Directors has ensured that the Company prepared an annual report (Form 56-2) and an annual registration statement (Form 56-1) with accurate and complete information in accordance with the notification of the Stock Exchange of Thailand. The reports must contain clear

and adequate information representing the Company's operating results in the past year such as the information on organization structure, business, financial status and operating results, management structures, and the performance of the Board of Directors and subcommittees in the past year etc.

- The Company's website

The Board of Directors is aware that in the present, the Company's website is a convenient and trustworthy channel for shareholders and relevance parties to equally access to the Company's information. Thus, the Board of Directors ensures that the Company has disclosed its information, which is downloadable, on the website (www.ziga.co.th), in addition to what disclosed in the annual report, such as the good corporate governance policy, the anti-corruption policy, the code of conduct, financial statements and notes audited/reviewed by the auditors approved by SEC, and important news of the Company.

Section 5: Responsibilities of the Board of Directors

1. Structure of the Board of Directors

The Board of Directors consists of proficient, knowledgeable and experienced persons in executive level of various organizations, so that the directors can use their experience and capability to improve and direct the Company's business efficiently, bringing the best benefit to the Company and its shareholders. The Board of Directors plays an important roles in determining the Company's policy and vision, as well as, supervising and monitoring the management's operation and evaluating the Company's performance in accordance with the plan.

At least one-third of the members of the Board of Directors must be independent directors. The Company currently has 7 directors; 4 executive directors and 3 non- executive directors who are independent directors and the members of the Audit Committee.

Moreover, the Board of Directors has appoint the sub-committees to assist in corporate governance of the Company, with the details as follows;

- 1.1 Executive Committee: Consists of 5 members. The Executive Committee shall determine the Company's direction and business strategy to achieve the Company's goal determined by the Board of Directors, and to make the management become more flexible.
- 1.2 Audit Committee: Consists of 3 members. The Audit Committee shall conduct specific duties within their authority as prescribed in the charter of the Audit Committee and shall report to the Board of Directors for acknowledgement and further consideration. At least one member of the Audit Committee must have adequate knowledge and experience in accounting, to be able to review trustworthiness of the Company's financial statements.

1.3 Risk Management and Innovation Committee: Consists of 3 members. The Risk Management and Innovation Committee shall conduct specific duties within their authority as prescribed in the charter of the Risk Management and Innovation Committee, and shall report to the Board of Directors for acknowledgement and further consideration.

The Board of Directors has specified that the Chairman, the Chief Executive Officer and / or the Managing Director cannot be the same individual, to distinguish the roles and responsibilities between corporate governance and corporate management. The Company has distinctly separated the roles and responsibilities of the Board of Directors and the executives. The Board of Directors is responsible for setting policies and supervising the executives' operation, while the executives is responsible for the Company's management in compliance with the policy. In order to prevent complete authority, the Company has clearly defined its scope of authority within the authority table of the Company.

The Board of Directors has appointed a company secretary to be responsible for the duties as specified in the Securities and Exchange Act.

2. Roles, Duties and Responsibilities of the Board of Directors

The Company requires directors to comply with the Code of Best Practices in accordance with the guidelines issued by the Stock Exchange of Thailand. The Board must understand and be aware of their roles and responsibilities, and must honestly conduct their duties in compliance with the laws, objectives and articles of association of the Company, as well as the resolutions of the shareholders' meeting, in concern of the best benefit of the Company and its shareholders. The Company's Board of Directors is responsible for determining the Company's policies, objectives, business plans, and the Company's budget. The Board of Directors must as well supervise the management to be in accordance with the company policies, plans and budgets set forth efficiently and effectively, for the best benefit of the Company and its shareholders.

Policy on a Conflict of Interest

The Company has set up preventive measures to prevent potential conflicts of interest arising from the transactions between the Company and persons who might have a conflict of interest. The stakeholders of the transaction cannot participate in the approval of such transaction. The Board of Directors must ensure that the Company complies with the Securities and Exchange Act and the relevance regulations, notifications, orders or rules of the Capital Market Supervisory Board and the Stock Exchange of Thailand. The Company must also complies with the regulations on disclosure of connected transactions and acquisition and disposition of the Company's significant assets, and must be strictly adherent to the accounting standards prescribed by the Federation of Accounting Professions

Moreover, the Company shall provide the Audit Committee, or the auditors, or an independent specialist; as necessary, to review and comment on the appropriateness of the price and the

reasonableness of the transactions. The connected transactions will be disclosed in the notes to financial statements audited or reviewed by the Company's auditor, the annual report (Form 56-1) and the annual registration statement (Form 56-2)

Internal Control

The Company recognizes the importance of internal control systems at both management and operational levels, and has clearly defined the scope of duties and authorization in written document to use the Company's properties in the most beneficial way. The Company has defied the separation of duty and separated the roles of transaction approval, bookkeeping, and property storage, to create appropriate check and balance. Moreover, the Company has also defied the internal control for financial system. The financial reports shall be reported to the executives responsible for each division. The internal audit division shall be responsible for reviewing the internal control system and report directly to the Audit Committee.

The Company has set clear business goals which can be measured and compared the actual performance with the target, on a monthly basis, by the management. The management shall evaluate the risk factors found within the Company's operation, then analyze the cause of risks, investigate the cause of risks and determine the countermeasures. Relevant division shall be assigned to continuously investigate such risks and report the progress to the Audit Committee.

3. The Board of Directors Meeting

The Company has a policy for the Board of Directors to arrange a meeting at least once every 3 months which extra meetings can also be arranged as necessary. The agendas of each meeting were clearly set and the invitation letter were sent out at least seven days in advance, to ensure that the Board of Directors had sufficient time to study the information before attending the meeting. The minutes of meeting were prepared in written document, and the minutes which had been certified by the Board of Directors, were stored within the Company, for the Board of Directors and relevant parties to inspect later,

4. Remuneration of Directors and Executives

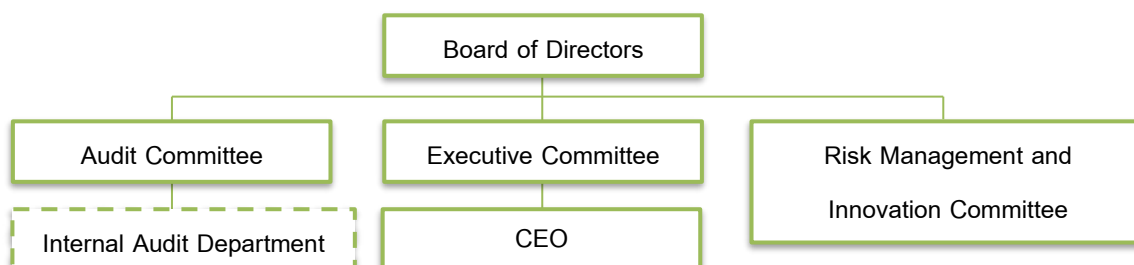
The Company has paid remuneration for directors and executives at appropriate rate sufficient to maintain good directors and executives, without overpayment. The remuneration paid to the directors and executives was at a level comparable to other companies in the same industry. The factors determining remuneration of the directors and executives included experiences and the scope of duties and responsibilities. The remuneration of directors must be approved by the shareholders' meeting. The remuneration of the executives must comply with the principles and policies specified by the Board of Directors and considered from the roles and responsibilities, performance of each executives and the Company's performance.

5. Development of Directors and Executives

The Board of Directors has the policy to promote and facilitate the training and education of personnel involved in the corporate governance of the Company, including the directors, the Audit Committee, the executives and the company secretary, to continuously improve the Company's operation. The training are such as the courses arranged by the Thai Institute of Directors Association (IOD).

Subcommittees

The Company's management structure consists of 4 subcommittees including, the Board of Directors, the Audit Committee, the Risk Management and Innovation Committee and the Executive Committee.



Scope of Duties and Responsibilities of the Board of Directors

The Board of Directors meeting No. 2/2016 held on 12 May 2016 has determined the roles, duties and responsibilities of the Board of Director regarding the Company's management, in accordance with laws, objectives, the articles of association of the Company, and the resolution of lawful shareholders meeting. The roles, and responsibilities of the Board of Directors can be summarized as follows;

1. The board of directors has authorities and obligations according to the Company's articles of association, to manage the Company in accordance to laws, objectives, the articles of association of the Company, and the "Principles of good corporate governance for listed company" specified by the Stock Exchange of Thailand.
2. The board of directors shall determine and review the Company's vision, mission, target, direction, business plan, budget, risk management policy and appropriate internal control.
3. The board of directors shall monitor and supervise the management's operation in accordance to the policies, plans, and budget with efficiency and effectiveness, and shall review the executive remuneration and succession plan.
4. The board of directors shall conduct the Company to comply to the Securities and Exchange Act, the notification of the Capital Market Supervisory Board, the notification of the Stock

Exchange of Thailand including, connected transactions, acquisition and disposal of significant assets, and laws relating to the Company's business.

5. The board of directors shall determine the management structure and has an authority to appoint the Executive Committee, the Chief Executive Officer, and other subcommittees and set the scope of authority of the Executive Committee, the Chief Executive Officer, and other subcommittees as appropriate. The authority granted according to the scope of responsibilities must not cause the Board of Directors, the Chief Executive Officer, and other subcommittees to be able to consider and approve a transaction which such person has a conflict of interest with the Company or subsidiary (if any), except for the approval of transaction which is in accordance with the policies and principles considered and approved by the Board of Directors.
6. The board of directors shall prepare an annual report of the Board of Directors, and be responsible for the preparation and disclosure of financial statements representing the Company's financial status and performance in the past year, and propose the financial to the shareholders meeting for approval.
7. The Board of Directors may authorize one or more directors, or other persons, to act on behalf of the Board of Directors, under a control of the Board of Directors, or may authorize such persons as the Board of Directors deems appropriate within an appropriate period of time. The Board of Directors may cancel, revoke, change or modify such delegation of authority as deemed necessary. However, the delegation of authority must not cause the authorized person to be able to consider and approve a transaction which they, or the person have a conflict of interest with the Company or subsidiary (if any), according to the notification of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand, and/or the notification of relevant organizations, except for the approval of transaction which is in accordance with the policies and principles considered and approved by the Board of Directors
8. The board of directors shall appoint a company secretary to be responsible for several duties on behalf of the Company or the Board of Directors, such as keeping the directors' registration, the invitations to the Board of Directors meeting, the invitations to the shareholders meeting.

Scope of duties and Responsibilities of the Audit Committee

The Board of Directors' meeting No. 2/2016, held on 12 May 2016, resolved to specify the scope of duties and responsibilities of the Audit Committee as follows;

1. Verify that the Company's financial reports are accurate and adequately disclosed.
2. Review the Company's internal control system and internal audit process with a cooperation with the financial auditor and the internal auditor to ensure appropriateness and efficiency of the system. Review independency of the internal audit house and/or the internal auditor who are

- external outsourced, and approve the appointment, transfer, dismiss of the highest authority of the internal audit department and/or the internal auditor who are external outsourced.
3. Review the Company to ensure its compliance regarding the Securities and Exchange Act, the Stock Exchange's regulations or other business relevance laws.
 4. Consider the recruitment and nomination of an independent person as an financial auditor of the Company, as well as propose the financial auditor's remuneration to the Board of Director and participate in the meeting with the financial auditor without administrative personnel at least once a year to consult with the auditor regarding any issue observed from auditing process.
 5. Consider a connected transaction or a transaction with conflict of interest, compliantly with laws and the Stock Exchange's regulations, to ensure that the transaction is reasonable and necessary for the best benefit for the Company.
 6. Consider and approve a charter the internal audit department or regulations regarding internal audit prior to proposing to the Board of Directors for approval.
 7. Approve a plan, scope of internal audit and a budget for internal audit department, to ensure that the internal audit system appropriately covers all systems and financial report disclosure process.
 8. Review an internal audit report and follow-up with any significant issue exposed during internal audit process.
 9. Consider and review the Company's code of conduct prior to proposing to the Board of Directors for approval.
 10. Review the Company's risk management policy with the management regarding the compliance and risk management scheme of the Company.
 11. Review, with the management, the management's discussion and analysis (MD&A) which to be disclosed in the Company's annual report.
 12. Review the acquisition or disposal of the Company's assets which the transaction size requires an approval from the Audit Committee as prescribed by laws, notifications, the Stock Exchange's regulation or the Securities and Exchange Commission's regulations.
 13. Prepare the Audit Committee's report, which to be signed by Chairman of the Audit Committee, and publish in the Company's annual report with the minimum information as indicated in the Notification of the Stock Exchange as follows;
 - a) Opinion of the Audit Committee on the integrity, completeness and trustworthy of the Company's financial reports.
 - b) Opinion on the adequacy of the Company's internal control.
 - c) Opinion on the Company's compliance and law-abiding practices regarding the Securities and Exchange Act, the regulation of the Stock Exchange or other business relevance laws.

- d) Opinion on appropriateness of the accounting audit.
 - e) Opinion on transactions with possible conflict of interest.
 - f) Number of the Audit Committee's meeting and attendance of each member of the Audit Committee.
 - g) Opinion or observation on the overview of the Company which the Audit Committee received during performing their duties according to the charter.
 - h) Other reports that should be disclosed shareholders or investors as deemed by the Audit Committee, under the scope of duties and responsibilities appointed by the Board of Directors.
14. Investigate any issue reported by the financial auditor in case of any uncompliant practices of a director, manager or responsible person according to the Securities and Exchange Act and report the initial investigation result to the Securities and Exchange Commission of Thailand and the financial auditor within 30 days after being reported
15. Other tasks assigned by the Board of Directors, consented by the Audit Committee

Scope of duties, roles and responsibilities of the Risk Management and Innovation Committee

The Board of Directors' Meeting No. 2/2016 held on 12 May 2016 determined that the Risk Management and Innovation Committee had the following scope of duties and responsibilities;

1. Assess the potential risk, including the possible impact on the organization, and support the organization's innovation for sustainability.
2. Determine the risk management and innovation policies cover operational risks and propose to the Board of Directors.
3. Have an authority to appoint the risk management and innovation working group as necessary.
4. Monitor the risk and innovation management, and analyze, evaluate, review and reports systematically.
5. Quarterly propose the Risk and Innovation report and suggestions on the risk management to the Audit Committee and the Board of Directors for acknowledgment and / or consideration.
6. Perform other duties as assigned by the Board of Directors.

The Scope of duties and responsibilities of Executive Committee

The Board of Directors' Meeting No. 2/2016 held on 12 May 2016, determined the Executive Committee to have the authority and duties to manage the affairs of the Company in the normal course of business, including administration, determination of business plan, budget, management structure and the management authority, business management in accordance with economic conditions. The Executive

Committee has to propose to the Board of Directors for consideration and approval, and monitor the Company's operation according to the policies specified by the Board of directors. The key responsibilities and responsibilities are as follows.

1. Operate and manage the business of the Company according to the objectives, regulations, policies, rules, regulations, orders and resolutions of the Board of Directors' meetings and / or the resolutions of the shareholders' meeting
2. Consider the proposal of the management, determine the management structure, management policy, direction, business strategy, business expansion, financial plan, human resource management, and information technology investment, and propose to the Board of Directors' meeting for approval.
3. Appoint the subcommittees, and/or working groups to manage the Company's business operation, and determine duties and responsibilities of the subcommittees and/or working groups, including overseeing the appointed subcommittees, and/or working groups to achieve the goal according to the policies and target.
4. Monitor the Company's performance in accordance with the policy of the Board of Directors and the target, and ensure the quality and efficiency of operations
5. Consider annual budget allocation as proposed by the management before proposing to the Board of Directors for consideration and approval.
6. Approve the transactions relating to normal business of the Company within the limit of not exceed 150 million baht per transaction. However, the transaction value must not exceed the budget approved by the Board of Directors. Approve major capital expenditures as specified in the annual budget or approved by the Board of Directors.
7. Approve other transactions except for borrowing, credit line, loans. The amount of each transaction must not exceed 10 million Baht.
8. Consider entering into the contract relating to normal business operation of the Company. Each transaction must be within 300 million Baht, but not exceed the budget approved by the Board of Directors.
9. Determine organizational structure and authorization, including appointments, hiring, relocation, and termination of employees. Determine salaries, compensations, and bonuses for executive staffs; from the Assistant Managing Director upward, except for the Chief Executive Officer the Managing Director.

10. Authorize one or more persons to perform any act under the control of the Executive Committee, or delegate the authority of the Executive Committee to such person as deemed necessary within appropriate period of time. The Executive Committee may cancel, revoke, change or modify such delegation of authority as deemed necessary.
11. Perform any other tasks as assigned by the Board of Directors.

The delegation of authority and responsibility of the Executive Committee must not allow the delegate of the Executive Committee to be able to approve the transactions which they or persons who may have a conflict of interest (According to the notification of the Capital Market Supervisory Board and / or the Stock Exchange of Thailand, and / or related entities) have a conflict of interest with the Company or subsidiary and/or associated company.

The Executive Committee does not have authority to approve such matter, and has to propose the matter to the Board of Directors' meeting and/or the shareholders' meeting (As the case may be) for further approval, except for the normal business transaction conducted under normal trading conditions which is in accordance with the notification of the Capital Market Supervisory Board and / or the Stock Exchange of Thailand and / or related entities.

Approval Authority of the Board of Directors and the Executives

The Board of Directors' Meeting No. 2/2016 held on 12 May 2016, determined the approval authority of the Board of Directors and the Executives as follows;

Level	Buy/Sell/Transfer of Assets	Buy-sell products/raw material/service which is normal business transaction or relating to normal business transaction, including entering into a trade agreement	Loan contract/Collateral/Financial Obligation
Board of Directors (Majority votes)	From 100 million Baht onward	From 150 million Baht onward	From 300 million Baht onward
Executive Committee		80 million Baht – 150 million Baht	
- Inside the Budget	From 5 million Baht – 100 million Baht		From 5 million Baht – 100 million Baht
- Outside the Budget	Not over than 10 million Baht		Not over than 10 million Baht
Chief Executive Officer		Not over than 80 million Baht	
- Inside the Budget (Approved by the Executive Committee)	Not over than 5 million Baht		Not over than 5 million Baht

Level	Buy/Sell/Transfer of Assets	Buy-sell products/raw material/service which is normal business transaction or relating to normal business transaction, including entering into a trade agreement	Loan contract/Collateral/Financial Obligation
- Outside the Budget *	Not over than 1 million Baht		Not over than 1 million Baht

*Remark :

1. The approval of a transaction, outside the budget, which transaction amount is more than 1 million Baht, must be reported to the Executive Committee in the next meeting, to consider whether the budget needed to be reviewed.
2. If the amount of buying/selling/transferring of assets is paid in installments, the total amount of assets must be considered.

Nomination and Appointment of the Director

The nomination of a person to be appointed as a director of the Company shall be made in the shareholders' meeting. The Board of Directors will make a consideration based on experiences, knowledge, proficiency, and qualifications as specified by laws. Since the Company does not have a Nomination Committee, the nominated person will be considered by the shareholders' meeting according to the rules and procedures prescribed in the Company's articles of association.

Component and Appointment of the Board of Directors

The Component, nomination, appointment, or dismissal of the Board of Directors have been prescribed in the Company's article of associations, which can be summarized as follows;

1. The Board of Directors comprised of not less than 5 directors, and not less than half of the directors must live in Thailand and have a qualification as indicated by laws.
2. The meeting of shareholders shall elect the directors according to the rules and procedures as follows;
 - (1) A shareholder has a number of votes equal to the number of shares held
 - (2) Each shareholder shall use their existing votes to elect one or several persons as directors. In the case of an election of several directors, the number of votes for each director cannot be divided.
 - (3) Persons receiving the highest number of votes in descending order shall be elected as directors, until the number of directors to be elected at that time is met. In the case there are more persons receiving equal number of votes, in descending order, than the number of directors to be elected, the Chairman shall use a casting vote.

3. At the Annual General Meeting of Shareholders, one-third of the directors must retire by rotation. In case that the number of directors cannot be perfectly divided by three, the number of directors to resign must be the closet number. For the first and second year after the registration of the company, the directors shall draw lots for a person to retire by rotation. For later years, the directors with the longest term shall retire. The directors retired by rotation can be re-elected by the shareholders' meeting.
4. A director who would like to resign should submit a resignation letter to the Company. The resignation will be effective once the Company receives the letter.
5. If the position of the director is vacant for any reason other than the retirement by rotation, the Board of Directors may appoint a qualified person, who is not prohibited by the Public Company Act and/or the Securities and Exchange Act, as a replacement in the next meeting, except that the term of the resigned director is less than two months. The person who became the replacement director shall remain in the position of director only for the remaining term of resigned director. The resolution of the Board of Directors shall be composed of not less than three-fourths of the total number of remaining directors.
6. The shareholders' meeting may vote for dismissal of a director before the expiration of their term, by a vote not less than three-fourth of the total number of votes of shareholders attending the meeting and having the right to vote. The total number of shares held by the shareholder voting for dismissal of a director must not less than half of the total number of shares held by shareholders attending the meeting and having the right to vote.

Evaluating the Board of Directors' Performance

The Board of Directors

In 2017, the Company has reviewed the performance of the Board of Directors' using the annual self-assessment of board of directors, for the Board of Directors to assess their performance, problems and obstacles they met during the past year, using the form for self-assessment for Board of Directors as a whole. The directors had to evaluate whether they had fully or partially conducted, or never conduct an action indicating in each question of the form, calculate the scores received and reported to the Board of Directors. In order to perform the assessment with proper criteria, the Company made an amendment on the questions and evaluation criteria of the form, to make the form comply with the Company assessment criteria for the Board of Directors. The Board of Directors has received the assessment results and determine how to practically improve the performance of the Board of Directors based on the suggestion received from the assessment.

Development of Directors and Executives

Board of Directors greatly concerns of the important of training, and attended seminar and relevant courses to continually develop their knowledge, create new ideas which will strengthen the Board of Directors' performance.

Director Training

The Company has directors who have the knowledge and ability to seek knowledge relating to their duties as directors and the Company business. The Company encourages all directors to study and to receive further training to increase the knowledge of directors continuously, and encourage the directors to attend other relevance courses to create a useful perspective which can be applied to the Company's business.

Moreover, the executives of the Company has attended the discussion forum and seminars in various area of knowledge relevant to the Company's operation. The executives was also invited as a guest speakers in various seminars to exchange their knowledge, experiences and opinions with various organizations.

Component and Appointment of the Independent Director

The Board of Directors will jointly consider the qualifications of persons nominated as the independent directors based on the qualifications and prohibited characteristics of the directors according to the Public Company Act, the Securities and Exchange Act, notifications and / or related regulations. Furthermore, the Board of Directors will consider the selection of independent directors with qualified and proficiency to be proposed to the shareholders meeting and appointed as the company directors. The Company has a policy to appoint at least three independent directors, and the number of independent directors must equal to at least one-third of the total members of the Board of Directors.

Qualification of the Independent Director

1. An independent director does not holds over than 1 percent of all voting shares of the Company, the parent company, a subsidiary, an associated company, a major shareholder or a controlling entity of the Company. This includes the shares held by affiliated person of such independent director.
2. An independent director is uninvolved or has not been involved with the management, employees, staffs, consultants with monthly salary or controlling entities of the Company, the parent company, a subsidiary, an associated company, a subsidiary in the same hierarchy, a

major shareholder, or a controlling entity of the Company, for not less than 2 years prior the appointment as an independent director.

3. An independent director does not have any connection by blood or legal registration as father, mother, spouse, sibling, and child, including a spouse of the child of other directors, executives, major shareholders, controlling entities, or an individual to be nominated as director, executive, or controlling entity of the Company or a subsidiary.
4. An independent director does not currently have or has not been in a business relationship with the Company, the parent company, a subsidiary, an associated company, a major shareholder, or a controlling entity of the Company, in such a manner that may obstruct the exercise of discretion and independent judgement. In addition, an independent director is currently not or has not been a significant shareholder or controlling entity of a party with business relationship with the Company, the parent company, a subsidiary, an associated company, a major shareholder, or a controlling entity of the Company, for not less than 2 years prior to the submission to SEC.
5. An independent director is not; an auditor of the Company, the parent company, a subsidiary, an associated company, or company with possible conflict of interest, a major shareholder. In addition, an independent director is not a major shareholder, a significant shareholder or a partner of the audit office which the accounting auditors of; the Company, the parent company, a subsidiary, an associated company of the Company, or company with possible conflict of interest, are currently associate with or has been associated within 2 years prior the submission to SEC.
6. An independent director is not a person offering any professional service, including legal or financial consultant, who receives service fee over than 2 million Baht per year from; the Company, the parent company, a subsidiary, an associated company of the Company, or company with possible conflict of interest, and is not or has not been a significant shareholder, a controlling entity, or a partner of such professional service provider for not less than 2 years prior the submission to SEC.
7. An independent director is not a director appointed as a representative on behalf a director of the Company, a major shareholder or a shareholder connecting to the major shareholder.
8. An independent director does not represent any characteristic that will restrain such independent director from providing independent opinion on the Company business operation.

Component and Appointment of the Audit Committee

The Board of Directors shall appoint an Audit Committee consisting of at least three members. The members of the Audit Committee are selected from the independent directors of the Company, in accordance with the Securities and Exchange Act and related notification and/or regulation of the Stock Exchange of Thailand. In addition, the independent directors who are the Audit Committee members must have the following qualifications;

1. Not being a director who has been assigned by the Board of Directors to make decisions on the operations of the Company, its parent company, subsidiaries, associated companies, subsidiaries or the private company that may have conflicts of interest.
2. Not being a director of a listed company which is a parent company, subsidiary company or second-tier subsidiary company.
3. Having sufficient knowledge and experiences to serve as an audit committee. At least one of the members of the Audit Committee must have the knowledge and be able to review the credibility of the financial statements.
4. Each member of the Audit Committee shall have a term of office of three years.

Supervision of the Subsidiary and Associates Company

The Company will invest in companies with the same business or similar businesses as the core businesses of the Company or the business supporting the Company's core business which will improve the Company's performance of profitability, or any business providing synergy to the Company's current business, improving the Company's core business to be more integrated, and increase the competitiveness of the Company.

As for the supervision of subsidiaries and associated companies, the Company will send directors and executives who have suitable qualification and experiences to operate the business of the subsidiaries/ associated companies, as the Company's representative of the Company to determine important policies and direct the business. The directors, who are the Company's representatives must carry out their duties to manage the business of subsidiaries /associated companies in accordance to the Company's policy, and must use their discretion in accordance with the resolution of the Board of Directors' meeting and/or the shareholders meeting, to generate the best benefit to the Company and achieve sustainable growth.

The Use of Insider Information

1. Directors, executives, employees, contractual employees of the Company, and their spouses and minors, are not allowed to disclose company confidential information and/or internal information or

use for their own benefits or others; either directly or indirectly, whether or not they will receive benefit in return.

2. Directors, executives, employees, contractual employees of the Company, and their spouses and minors, are not allowed to use internal information which will impact the Company's securities price, to buy, sell, or persuade others to buy or sell, including transfer the Company's securities, within 1 month prior public disclosure of financial statements. These actions are prohibited either for their own benefit or others; by themselves or having others to do it while the persons receive benefit in returns. Any violation will be punished according to the Company's disciplinary measures.
3. The Company has instructed the directors, executives, employees and contractual employees to prepare and submit the securities holding report for themselves, their spouses and minors, to the Securities and Exchange Commission, according to Section 59 and Section 275 of the Securities and Exchange Act. B.E.2535 (1992) (and amendments), and the change in securities holding reports of themselves, their spouses and minor children, submitted to the Securities and Exchange Commission, regarding Section 246 and Section 298 of the Securities and Exchange Act. B.E.2535 (1992) (and amendments).
4. The Company has made the directors, executives, employees and contractual employees to prepare and submit the securities holding report to the Securities and Exchange Commission, according to Section 59 and Section 275 of the Securities and Exchange Act. B.E.2535 (1992) (and amendments) within 3 days after the date which the change occurred. A copy of the reports must be sent to the Company.

The Company shall inform the directors, executives, employees and contractual employees of the prescribed regulations.

Investor Relations

The Company has appointed the company secretary to be responsible for investor relations. The role is to communicate with investors, securities analysts, journalists, and other relating parties, and publish the Company's information timely, completely and accurately through medias such as newsletter, newspapers, radios and television channels, analyst meeting and press conferences, including other medias such as websites, emails etc.

Ziga Innovation Public Company Limited

999/9, 10, 11 Moo 9 Nai Khlong Bang Pla Kot, Phra Samut Chedi, Samut Prakarn 10290

Tel : 02-816- 9315 ext. 212 (Company Secretary)

Fax : 02-816-9315 #444

Website : www.ziga.co.th

Contact Investor Relations

Ms. Thanida Kreangpanit

Tel : 02-816-9315 ext. 212

E-mail : ir@ziga.co.th

In addition to the code of conduct for employees, the Board of Directors has determined the code of practices for investor relations as follows;

Code of conduct for investor relations

1. Disclose important and necessary information to make investment decision accurate and sufficient.
2. Maintain confidentiality of the Company and do not use internal information for personal and others benefits.
3. Disclose the information equally and fairly, and provide an opportunity for all interested parties to access and make an inquiry to investor relations.
4. Perform duties with integrity and honestly, and be adhere to the principle of equality, without discrimination and bribery for a person to concern of their personal benefit more than the benefit of the Company and stakeholders.
5. Create confidence, image and good attitude toward the Company, and create good relationships with all parties.
6. Strictly follow the guideline regarding the use of insider information and the trading of shares specified by the Company.
7. Conduct their duties with knowledge and capability to the fullest with professionalism.
8. Continuously study on the Company and acquire new knowledge to develop themselves regularly.

Disclosure of Information through Other Channels

The Company has disseminated information regarding the Company and its operating performance, and offered interviews with the public media, when there was an update related to and affecting the Company, The information has been published to all shareholders, investors, stakeholders and people interested in the Company via multiple channels such as newspapers, radio programs, guest lectures etc.

Internal Control and Risk Management

Opinion of the Audit Committee on the Company's Internal Control System

The meeting of the Board of Directors of Ziga Innovation Public Company Limited No. 1/2018, held on 23 February 2018, with the Audit Committee attended, has assessed the adequacy of the Company's internal control system according to the evaluation form of the adequacy of the internal control system issued by the Securities and Exchange Commission. The evaluation has been conducted by making an inquiry from the management regarding 5 components including, 1) The organization and control environment, 2) The risk assessment and management, 3) The Management's performance, 4) The information and communication system, 5) Monitoring and Evaluation System. The Board of Directors also considered the Company's internal control report prepared by the internal auditor and the management letter of the external auditor regarding the efficiency of the accounting internal control of the Company for the fiscal year ended 31 December 2017.

According to the information from the management and the auditing and assessment report of internal control prepared by the independence internal auditor, the Board of Directors had an opinion that the Company had appropriate internal control system. The executives has raised awareness among the employees on the importance of internal control and has assigned appropriate number of personnel to ensure the adequacy and appropriateness internal control system. The system can be efficiently adjusted to be consisted with changing situation, to achieve the Company's objective and to comply with laws and relating regulations, and the principles of good corporate governance. The Company has clearly specified the roles and responsibilities of each positions and has determined the regulations, policies and authorization level for transactions appropriately in written document.

Moreover, the Company has set up an internal audit unit and outsourced the external specialist to independently observe and assess the Company's internal control. The internal auditors reviewed the Company's operating activities and directly reported to the Audit Committee, to achieve the Company's objective and goals. The connected transactions with interest persons or connected persons including; major shareholders, directors, executives or relevance persons, were appropriately oversees to protect the Company's property from being used improperly or without proper authority. As for other aspects of internal control, the Board of Directors deemed that the Company has adequate internal control.

Internal Audit Policy

The Company has a policy to outsource the internal auditor. The meeting of the Audit Committee and the meeting of the Board of Directors of Ziga Innovation Public Company Limited No. 5/2016, held on 11 November 2016, resolved to appointed BK IA and IC Co., Ltd as the Company's internal auditor. The Company appointed Ms. Bunnee Kusolsophit, the managing director of BK IA and IC Co., Ltd, as a person primarily responsible for the Company's internal audit process. The Audit Committee has considered the qualification of BK IA and IC Co., Ltd and had an opinion that the company, with its 20 years of experiences, has adequate proficiency and experiences as the Company's internal auditor. The person in charge got a CIA certification (CPIAT) from the Institute of Internal Auditors of Thailand (IIAT) and has no relationship with the Company. Thus, the internal auditor can independently audit and offer a neutral suggestion to the Company.

Appointment, Removal, or relocation of the Company's internal auditor must be approved by the Audit Committee. The Audit Committee shall nominated the internal auditor to the Board of Directors' meeting to approve the appointment and to negotiate relating fees.

Social Responsibility

Ziga Innovation Public Company Limited has a policy of doing business with social and environmental responsibility, while keeping in mind that a business operated in a good society and environment which the population of the society having good quality of life, will be able to achieve sustainable development.

VALUE CREATION THROUGH INNOVATION

Mission



SMART



SPIRIT



ENERGETIC



SHARING

Smart - Work Smart: We have to understand and improve our work for better results with creativity and practical use of tools such as IT, to increase capability and connect the Company with the changing world.

Spirit - Never give up: To overcome obstacles, we need a spirit to fight. In crisis there is an opportunity for those with originality. With the right attitude, no matter how the world changes, we will be able to accustom to it.

Energetic - Active to run fast: The faster the world changes, the faster the Company have to react. We have to be ready with the power to change.

Sharing - We can grow together: We share knowledge and support each other to accomplish the organization's objective. Like a family, we share the same value of sharing with community, society and environment. With sharing, together we can achieve sustainable growth of the organization, society and the world we are living.

Policy to Operate the Business with Social and Environment Responsibility

1. Fairness in Business Operation

The Company concerns of its business operation to comply with the framework of honest and fair business competition, under the laws and the Company's code of ethics. The Company holds to fair competition creating fair benefit to both sides of the competition. Its business relation with partners must not be detrimental to the Company's reputation, or be illegal, and must not violate intellectual rights. The Company encourages the executives and employees to efficiently use the Company's resources and assets, and use licensed products and services. The Company will not buy products or services violating intellectual properties rights.

2. Anti-Corruption

The Company operates its business with transparency and integrity. Thus the Company has set up the anti-corruption policy and promotes activities encouraging the executives and employees to follow the laws and regulations related to its business. The Company will not appreciate the success achieved by corruption. The Board of Directors has a policy to abide with the anti-corruption laws and has set up the following policies;

- Instils consciousness, values, and attitudes into employees to work with honesty in accordance with the regulations.
- Provide effective and efficient internal control system, to monitor and balance the authorization of controlling power, preventing employees' corruptions or involvement in corruptions.
- Directors, executives and employees are prohibited from taking an action claiming or accepting any property or other benefit for themselves or others, to motivate to commit or ignore misbehavior which might cause the Company to lose its righteous interest.
- Directors, executives and employees are prohibited from giving or offering to give their property or any other benefit to an outsider, to induce such person to commit or refrain from taking an action which is illegal or malfeasance.

From the policy. The Company has expressed its intention against both direct and indirect corruption, In case of benefit offered to outsiders, which is not in monetary term and for marketing promotion purpose, the Company will consider the appropriateness of such action in concern of the best benefit of customers.

3. Respect for Human Rights

The company puts great importance to human rights, which are inherent, non-transferable, identifiable, inseparable and relatable. The Company has respect for Human rights and non-violation of the rights of others. The Company also encourages others to have respect for the right and liberty without discrimination, promotes equality, and goes against sexism, racism, child labor, and all forms of corruption.

4. Equitable Treatment of Employees

The Company treats employees equally and equitably with 2 important principles;

- The Company emphasizes unity among employees; for employees to work together like relatives and Work peacefully in a comfortable work environment. The Company provides opportunity for employees to develop their own potential and use their proficiency and knowledge to develop both themselves and the organization. Thus, the Company has been arranging trainings for employees to improve their skills continuously.
- The Company provides appropriate benefit and welfare to employees such as bonus, premiums, social security, special prize money, special commission for reaching sales goal, uniform, PC, laptop, annual company party, sport event, provident Fund, life insurance, accident insurance, annual health check, a grant for ordination/ wedding/ funeral.

5. Consumer Responsibility

The Company puts an importance in customer responsibility and has set up the customer responsibility policy as follows;

- Deliver quality products and services that meet or exceed customer expectations at fair prices.
- Provide accurate, adequate and timely information regarding information technology related to products and services to customers, without exaggeration causing misunderstanding in the quality of the products or services.
- Be courteous, effective and trustworthy while making a contact with customers. The Company must arrange a channel for customers to give a complaint regarding the quality and speed of feedback.
- Maintain customer confidentiality and do not use it wrongly either for personal or others benefit.

6. Environment Care

The Company greatly cares for environmental impact to be in line with international standards and developed clean technology. The concept of 3Rs; Reduce, Reuse/Recycle and Replenish, has been applied to ensure that all production processes of the Company is highly effective and sustainably consumption of resources, creating a clean industry.

Environment management for a company with social responsibility is to realize that business operation causes negative effects to environment, at high and low level, to some extent. Thus, the company comes accept that it needs to improve the operations to lessen the negative effect while protects and restores the environment. The results will help adding value to the company and creating sustainability for the company, community, society, economy and the country and its people.

7. Taking Part in Community and Social Development

The Company is aware of being part of community or society, and is responsible for providing aid and support for public interest activities and the development of community and social environment, for better living. By generating new jobs and diversified economical activities, the Company can take part in strengthen the society with its policy as follows;

- 1) To strive for the sustainable development of the Company's business together with environment care and community safety and to earnestly provide support for society.
- 2) To carry out social responsibility activities for the benefit of communities in nearby area of the Company, including communities in remote areas where utilities are inaccessible.

Not only has the Company concerned of the development of business operation under good corporate governance with an intention to conduct business with integrity, the Company has also concerned of society and environment, and shall help to maintain Thai society to remain forever.

8. Developing and Spreading Innovation

The Company will promote the co-creation between the Company and stakeholders, to create the innovation which balances business the value of community, society and environment, and the sustainable growth of business. The co-creation of innovation can be divided into 2 groups as follows;

- Innovation with a social responsibility at individual level

The development of social responsibility at individual level emphasizes on instilling a sense of innovation that can serve the economic purpose while fulfilling the needs of society. It is the concept of developing an innovation within the Company and spread outside. Provided with opportunities do charitable activities or social contribution, the employees will gain experience which can change their attitudes in a better way, creating good values of works. Moreover, the Company can truly connect its goal in innovation with solution providing for customers and society.

- Innovation with a social responsibility at corporate level

Corporate Social Responsibility at corporate level focuses on the development of innovation with stakeholders of outside companies who are interested in contributing to create a better change in economic and social. It is the process of innovation development which develops innovations in addition to the usual internal innovation development process.

Innovation development, for the Company, will increase its capacity and create a new innovation which cannot be done by the Company itself, by collaborating with other parties such as suppliers, to develop more efficient working process or develop a new product etc.

Operation and Reporting

The Executive Committee is responsible for preparing the Corporate Social Responsibility (CSR) plan to be proposed to the Board of Directors annually. In the year 2017, the Company has complied with the Corporate Social Responsibility policy as follows;

Anti-corruption: The Company has set a policy to comply with anti-corruption laws. The anti-corruption guideline has been defined as the company's anti-corruption policy, to announce the Company's intention against corruption in all forms. The policy has been announced to all employees for their understanding and compliance.





Equitable Treatment of Employees: The Company has a policy to develop the skill and capability of employees, and provides opportunities for employees to learn and get a career promotion at the appropriate time. In October 2017, the Company conducted a proficiency test divided into writing and practice exams. The Company also arranged a workshop for employees to develop their skills and their potential in accordance with the policy.

Community and Social Development: Ziga Innovation Plc. has collaborated with academic staff from Chulalongkorn University to arrange a seminar “Systematic Innovation for Sustainable Neighborhood” at Siam Paragon Shopping Center. The seminar was to exchange knowledge benefitting to engineers and architects, and entrepreneurs in construction industry, construction material industry, as well as property development industry. The seminar was to emphasize the important of labor and human resource, and the application of information technology to increase efficiency of working process, to be ready for changes.



Mr. Suppakit Ngamchitcharoen, Chairman of Executive Committee was invited as a guest lecturer at KMUTT Knowledge Exchange (KX), for the seminar “Eco - Design for Healthy and Environmental - Friendly Living”, as a part of the Architectural Innovation and Building System for Sustainable Living.



In addition, in 2017, the Company organized a contest of innovation and invention within the Company under the project "ZIGA INNO CHALLENGE" 2nd of the year 2017. The objective of the contest was to allow employees to share and analyze an idea to improve the efficiency of an original inventions, such as reducing the cost, mistakes, or unnecessary processes, and most importantly, the invention must be practical.



Social and Environmental Activities (After Process)

The Company promotes social and environmental activities continuously. In the year 2017, the Company has arranged the following activities;

- Ecotourism at Nangrut Beach, Sattahip, Chonburi



- End-of-Semester Activities: "Ice Cream for Children" The Company distributed ice cream to children at Klong Na Noi School, Phra Samut Chedi, Samutprakarn



- “Charity for Vegetarian Festival” The Company gave away free vegetarian foods during 5 days of the vegetarian festival to people in nearby community.



Guidelines for Prevention of Corruption Involvement

Ziga Innovation Public Company Limited has promoted anti-corruption among the personnel in the organization as the Board of Directors prioritizes an importance of anti-corruption. The content of anti-corruption practices has been included in the anti-corruption policy to announce the intention of the Company against corruption of all forms, and to make the personnel to have a clear understanding of anti-corruption under the same policy. The Company's stakeholders have been aware of the Company's intention against corruption. The policy and guidelines are as follows;

Anti-Corruption Policy

Directors, executives, employees and contractual employees of the Company are prohibited from all kind of corruptions, either for direct or indirect benefit of themselves, families, friends or acquaintances. Those persons are prohibited to receive or offer any term of bribery, either in monetary term or not, to government agencies or private companies which the Company has been in contact with. The policy must be complied strictly.

Guideline for Anti-Corruption

Directors, executives, employees and contractual employees of the Company have to strictly comply with the anti-corruption policy and the code of conduct, and shall not involve in any form of corruption, either direct or indirect.

1. Must not behave or take any action indicated as a bribery with stakeholders relating to their direct/ indirect responsibilities, to gain dishonest benefit. The personnel should follow the following practices;
 - 1.1 Do not accept any property, item, gift or other benefits which might induce themselves to ignore their duties. Before receiving a gift, employees should ensure that they have comply with the laws and the Company's regulations. Such business-related items or gifts received should be not be too expensive and appropriate for each occasion.
 - 1.2 Do not offer property, item, gift or other benefits to induce others to make a decision or to make others to ignore normal practices of business. Such business-related items or gifts offered should be not be too expensive and appropriate for each occasion.
 - 1.3 Do not become an intermediary in offering money, property, item, or other benefits to business- related persons, government agency, or any organization, in exchange for unrighteous privilege, or causing public officials to ignore regulatory and legal compliance.
2. The procurement process must be conducted in accordance with the Company's regulations and must be auditable.
3. Expense for business reception and other expenses which are in accordance with the business contracts are allowed in reasonable basis and must be auditable.
4. As for charity contribution, the following practices should be complied with;
 - 4.1 A contribution using the Company's money or assets must be done in the name of the Company. The charity must be provided for foundations, organizations for public charity, temples, schools, hospitals, or social organizations which can issued a trustworthy certificate of contribution. The contribution must be complied with the Company's regulations and processes.
 - 4.2 Charitable contributions in private are allowed, as long as they are not involve with or suspicious for corruption and bribery.
5. As for monetary support, the following practices should be complied with;
 - 4.3 A monetary support using the Company's money or assets must be done in the name of the Company. The support must be provided for business purpose or for the Company's reputation. The request for support must specifies clear objective with an evidence that can

be verified. The request must be processed in compliance with the Company's regulations and processes.

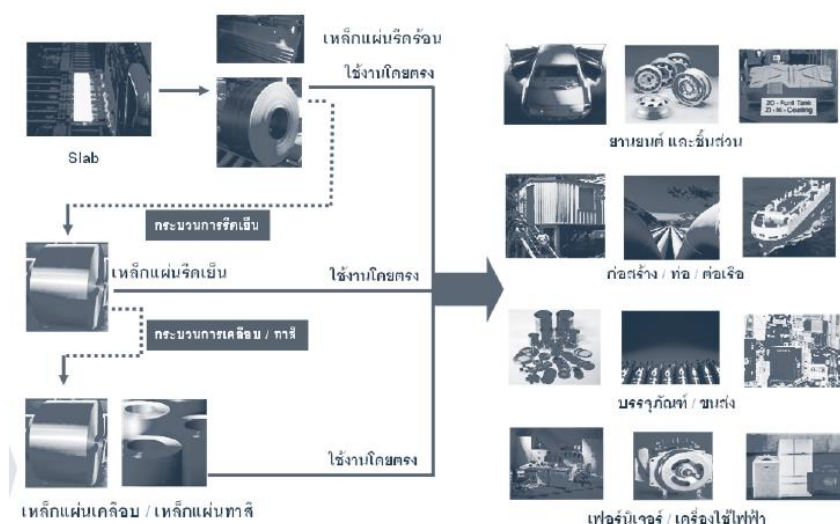
6. Any action related to politics is not allowed within the Company, including the use of the Company's resource for such purpose. The Company is a political neutral organization and supports for legal compliance and democracy. The Company does not have a policy to provide any political support, either direct or indirect, for any political party.
7. A person witnessing an act of corruption, whether such action is directly or indirectly related to the Company, must not neglect such behavior and should immediately report to the managing director or the company secretary, or report through the notification channel specified in the policy.
8. Directors and executives must be aware of the importance of disseminating knowledge and counseling in order to understand the subordinates regarding anti-corruption practice, to ensure that employees comply with this anti-corruption policy and become a good example of honesty, morality and ethics.

Procedures for Investigation and Penalty

1. After the report is received, the managing director, company secretary and the audit committee shall conduct an investigation to find out the fact.
2. During an investigation, the managing director, company secretary and the audit committee might appoint a representative (the executive) to periodically report the progress to the informer.
3. If the investigation reveals that the information and evidences received are trustworthy or there are reasonable grounds to believe that the accused person have committed a fraud, the Company will inform the accused person and give an opportunity to the accused person to proof themselves with additional information or evidence showing that they are not involved in the alleged fraudulent activity.
4. If the accused person has committed a corruption, such act is considered an offense against the anti-corruption policy and the code of conduct of the Company. The person must be disciplined according to the regulations set by the Company. Moreover, if the act of corruption is illegal, the offenders may be as well subject to legal penalties.

The Disciplinary act will be according to Company's regulations and the decision of the managing director is final. In case of the complaint on the managing director, the company secretary or the audit committee, are responsible for receiving the complaint, obtaining information and checking the facts, and report to the board of directors to consider and specify the appropriate penalty.

Industry Overview and Competition



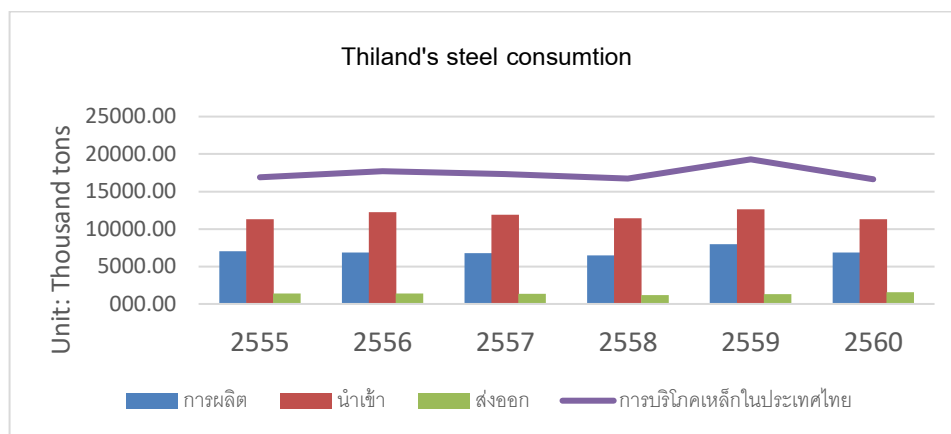
Credit: Office of Industrial Economics, Ministry of Industry

The structure of steel industry can be divided into 3 sectors: upstream, midstream and downstream. The Company's products are in the downstream steel industry.

Downstream Steel Industry is a processing of products from midstream steel industry through several processes including hot rolling, cold rolling, casting and forging. The product from downstream industry will be used as raw materials for various steel industries.

Most companies in Thailand's steel industry are downstream steel industry, including the Company. The steel products from this industrial section can be categorized into two groups as follows;

- Long products refers to steel products including bars, wires, structural steel, which are used in construction. There are 2 types of productions for long products; casting and rolling.
- Flat product, which can be divided into 3 major groups as follows;
 - 1) Hot Rolled Sheet, which is the major material for gas tanks, steel tanks, containers, steel pipes, and automobile parts etc.
 - 2) Cold Rolled Sheet, which is the major material for several industries such as automobile, electric appraisal, furniture, metal furniture etc.
 - 3) Coated Sheet, which is the major raw material used several industries such as automobile, can, electric appraisal, construction etc. There are 2 different types of coated steel sheet produced in Thailand; which are tinsplate and galvanized iron sheet.



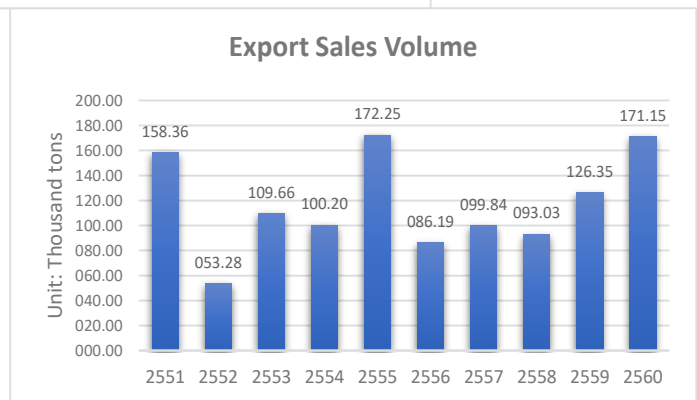
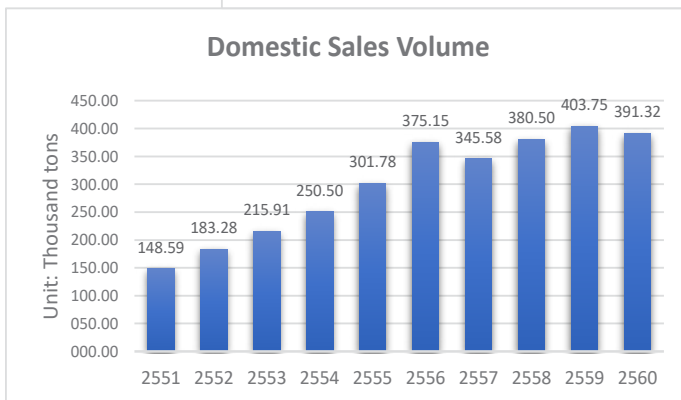
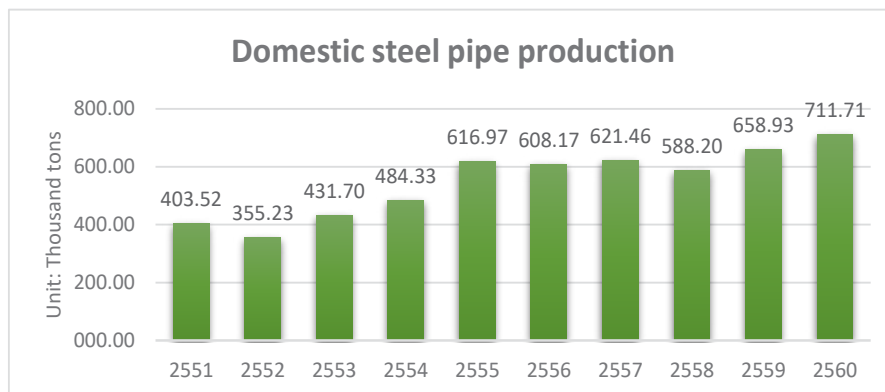
Source: Iron and Steel Intelligence Unit, Iron and Steel Institute of Thailand

According to the information from Iron and Steel Intelligence Unit, Iron and Steel Institute of Thailand, Thailand's steel consumption demand in 2017 has decreased from 2016 by 14% due to oversupply in the domestic market, while Thailand does not have strong penalty or protective measure for the problem comparing to other countries.

Steel Pipe Industry

According to the information from the Metal Tube and Cold-Forming Steel Association, there are currently about 59 domestic steel pipe manufacturers, with total production capacity of 904.80 thousand tons. The capacity utilization rate for the period of 2013-2060 was 67-79% . During 2017-2019, domestic demand for steel consumption is expected to be in upward trend, especially long steel used in construction which in line with the increasing growth of construction driven by accelerated infrastructure investment. Flat steel demand is expected to slightly increase as the industrial sector is gradually recovering. As for steel production, since domestic manufacturers has been facing with the pressure of losing market share to cheap imported steel and foreign investors setting up steel factories in Thailand, combining with oversupply problem, the steel production is expected to have limit growth.

Source: Krungsri Research



Source: Office of Industrial Economics

Steel Electric Conduit

Steel hoses are often used in construction works such as condominiums, BTS buildings, airports, department stores, etc. Therefore, the growth of steel pipe wires are usually based on the growth of construction. Mainly the construction trend is as follows.

Steel electric conduits are normally used in constructions such as condominium, building, airport, rail tracks, shopping malls etc. Therefore, the growth of steel electric conduit market relies on the growth of construction industry. The overview of construction industrial trend are as follows;

Government and state enterprises

Government and state enterprises are investing in majors infrastructure projects in accordance to Thailand 4.0 policy. The major construction projects which require steel electrical conduits are;

- 1) **Thailand-China Railway Project:** The project is divided into 3 phrases as follows

1st Phrase: Divided into 2 phrases of construction

Bangkok - Kaeng Khoi (133 km)

Kaeng Khoi - Korat (138.5 km)

2nd Phrase: Korat - Nong Khai (355 km)

3rd Phrase: Kaeng Khoi - Map Ta Phut (246.50 km)

2) Thai-Japanese High-speed Train Project: Divided into 3 phrases

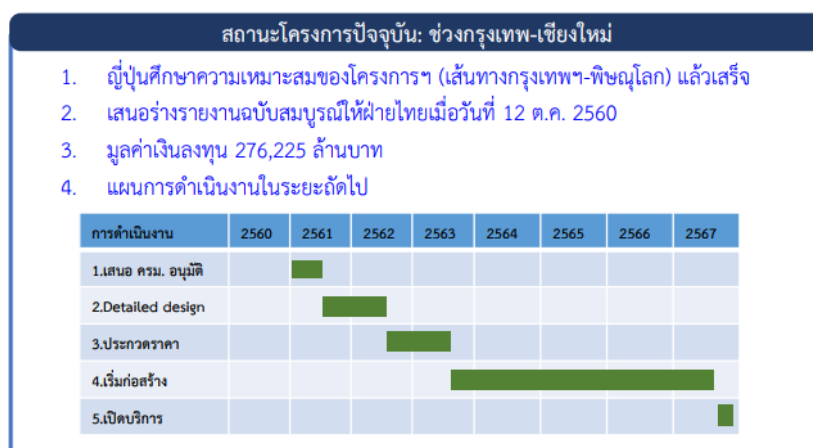
1. Bangkok - Chiang Mai (672 km)

Phase 1: Bangkok - Phitsanulok 380 km.

Phase 2: Phitsanulok - Chiang Mai (292 km)

2. Kanchanaburi - Bangkok - Chachoengsao - Aranyaprathet (496 km)

3. Chachoengsao - Laem Chabang (78 km)



3) Eastern Economic Corridor Development : EEC

The project area covers 3 provinces including Chonburi, Rayong and Chachoengsao.

แผนการลงทุนภายใต้แผนงาน EEC พ.ศ. 2560-2564



แผนงาน	จำนวน (โครงการ)	วงเงิน (ล้านบาท)
1. คมนาคมและโลจิสติกส์ (รวมสนามบินอุตะปะและ ท่าเรือพาณิชย์สัตหีบ)	103	745,710.56
2. ฟังเมือง ระบบสาธารณูปโภค สาธารณูปการ สิ่งแวดล้อมเมือง ท่องเที่ยว และสาธารณสุข	60	93,663.90
3. อุตสาหกรรม	11	24,042.48
4. การบริหารจัดการ	2	131.70
รวม	176	863,416.94

72

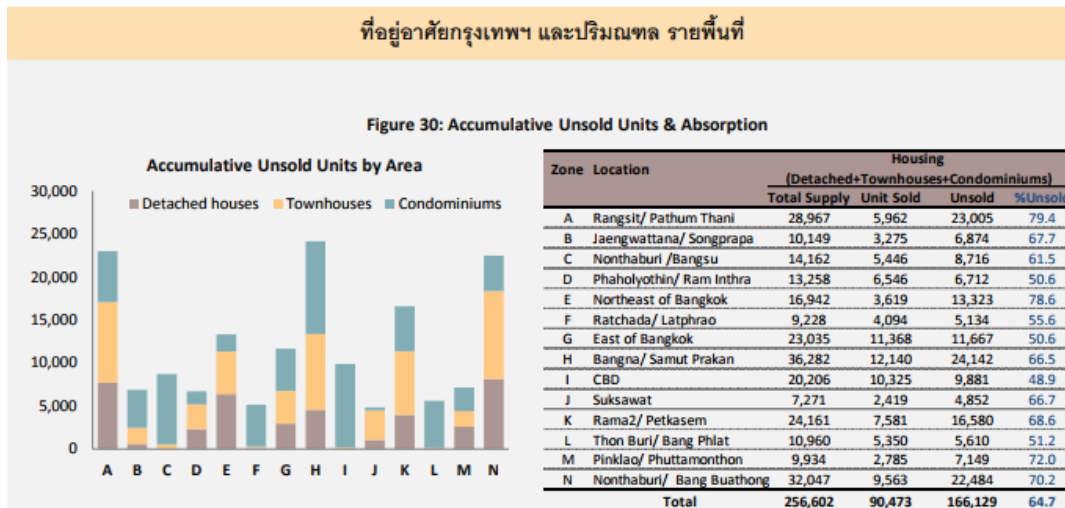
According to the Office of the National Economics and Social Development Board, Thailand's economic growth in 2017 is projected to grow by 3.6 - 4.6 percent, supported by (1) favorable growth of global economy which is also a factor continuously supporting the export sector. (2) The demand from increasing government investment. (3) The increase of private investment (4) Continuous growth of the major economic sectors. Lastly, (5) an increase in employment and income of people in the economy. Meanwhile, the measures to support farmers and people living in poverty continue to be a supporting factor. Exports are expected to grow by 5.0 percent, while private consumption and total investment are expected to grow by 3.1 percent and 5.5 percent respectively. The average headline inflation is expected to be in the range of 0.9 - 1.9 percent, while the current account is expected to surpass 8.1 percent of GDP.

Source: Office of the National Economic and Social Development Board

Real Estates

According to Krungsri Research Center, in 2018 - 2019, things are looking up for housing market in Bangkok Metropolitan Region, along with economic recovery and progressing of the government's massive infrastructure projects. The housing market is constantly changing which can be shown from the market share of large real estate developers accounting for over than 80%, in terms of number and value of total unit sold. (Previously 50% -60%). Major players in the business tend to join a partnership with each other while the entrepreneurs of other businesses having enormous investment fund or owning land in potential locations will enter into the real estate business. Moreover, foreign investors are expected to invest in real estate in Thailand, such as the investors from China, Singapore, especially Japan. Many Japanese investors are interest to establish joint ventures with medium-large real estate developers in Thailand. Japan will support

both investment fund and technology, and use Thailand as a base to expand the business in ASEAN after AEC has been established. As a result, the competition in housing market will become more intense.



Kasikorn Research Center expected the number of residences to be opened in Bangkok Metropolitan Region during the first half of 2018 will be approximately 100,000 – 108,000 units, increase by 0-2% from 2017. As for 2018, real estate developers are likely to develop residences in locations along the route of public transport. The extension of metro and skytrain will create new locations for developers to develop new residential projects.

Source: Krungsri Research, Kasikorn Research

Shopping Malls

The competition in retail market has become more challenging from economic slowdown, causing by declining exports and lower consumer confidence which has made consumers more cautious in spending. However, modern retail businesses still have more room to grow because half of the market is still owned by traditional retailers. Therefore, modern retailers have a growth potential by expand new branches to serve remaining customers of the traditional retailers. According to the survey performed by Nielsen (Thailand) Co., Ltd. in the year 2017, major retailers have a number of branches as follows;

Siam Makro	Branch	Tesco Lotus	Branch	Big C	Branch
- Makro	91	- Tesco Lotus Talad	176	- Mini Big C	585
- Makro Food Service	28	- Tesco Lotus	112	- Big C	104
- Siam Frozen	7	- Tesco Lotus Department Store	38	- Big C Market	31
		- Tesco Lotus Extra	11	- Big C Extra	16
		- Tesco Lotus Express	225	- Big C Jumbo	3

Source: Neilson (Thailand)

Industry Competition

In 2017, domestic steel pipe sales volume was approximately 904,800 tons. The company's sales volume was approximately 29,818 tons, which accounted for approximately 3.30%. However, the sales volume of 391,320 tons was comprised of several types of steel pipes, mostly black steel pipe. According to the information from the Iron and Steel Intelligence Unit, there are approximately 59 steel pipe manufacturers and 13 galvanized steel pipe manufacturers in Thailand. However, there is no manufacturer producing pre-zinc steel pipes and using branding as the Company.

Competition Strategies



Branding

To differentiate the Company's products, the Company has created a brand for consumers to remember. However, not only product advertisement, but the Company also focuses on creating differentiated products and maintaining the consistent quality of products. The Company positions its structural steel pipes as a substitute for general structures with the slogan "Ziga Steel Pipe, The New Alternative for Professionals". As for electrical conduits under the brand Daiwa, the Company emphasizes the image of safety product with the slogan "For Wires Protection, Choose DAIWA"

The Company also has a website <http://www.ziga.co.th> as a channel to promote the Company's products.

Maintaining Quality of Products and Services

With a focus on the quality of products and services, the Company controls the quality of products throughout the production processes, starting from raw material selection, production control, and quality control of products in the process and finished product the quality assurance team. The Company's products are certified by the following standards;

Standard	Product Type	Organization
TIS 770 – 2533	Galvanized steel conduit (DAIWA White Conduit)	Thai Industrial Standards Institute (TISI)
UL 797	Electrical Metallic Tubing (DAIWA pipe)	Underwriters Laboratories (UL)
UL 1242	Intermediate Ferrous Metal Conduit – Steel (DAIWA)	Underwriters Laboratories (UL)
UL 6	Rigid Ferrous Metal Conduit (DAIWA pipe)	Underwriters Laboratories (UL)
TIS 50 - 2548	Cold rolled steel sheet galvanized with hot-dip method (Raw material for DAIWA and ZIGA pipes)	Thai Industrial Standards Institute (TISI)
TIS 276 - 2532	Steel pipe	Thai Industrial Standards Institute (TISI)
TIS 277 - 2532	Galvanized Steel Pipe	Thai Industrial Standards Institute (TISI)

Underwriters Laboratories (UL) is the standard certified by an independent organization that establishes product standards and certifies product safety. This standard has been recognized internationally, therefore the certified products are trusted both domestically and internationally. In Thailand there are only a few manufacturers of steel conduit that receive the certificates.

In addition, the Company has been awarded the ISO 9001: 2015 from AJA, which certified the production quality of "Galvanized structural steel pipe, galvanized steel conduit and cold rolled steel galvanized with hot-dip method (Coil and sheet) (Not including design)", to ensure its production quality and consistently control quality of products. Because the Company prioritizes quality control, customers can be assured to receive product with quality and standard.

Continuous Research and Development

The Company focuses on research and development, which can be seen from the Company's vision. "Increase Business Value with Innovation," under the concept that it must achieve the better for products and services, including working processes ("Better, Cheaper, Faster"), and innovation is the key for the Company to achieve sustainable growth. The company has a business development department to research the market and opportunities for new business or sales channel, and applies the research result in its product development to serve market demand.

The Company's commitment for new development can be seen from the experiment to produce structural pipe with pre-zinc steel to replace galvanized black steel pipe, and to produce steel pipes with different thickness for different uses. Moreover, the Company has developed new product from the current products to widen the range of product applications such as the instant modular retail unit.

Keeping Customer Relationship

The Company has been engaged in the steel industry for more than 18 years and has a good understanding of the needs of its customers. Since the Company's majority customer are distributors selling their products to retailers or end-users, therefore, a cooperation between the Company and its customers will benefit both sides. The Company knows of user demand which can be used in product development, while its customers will receive products serving the demand of end-users and make a sales. With a cooperation, both the Company and its customer can grow together sustainably. Thus, the Company constantly communicates with its customers to maintain good relationships.

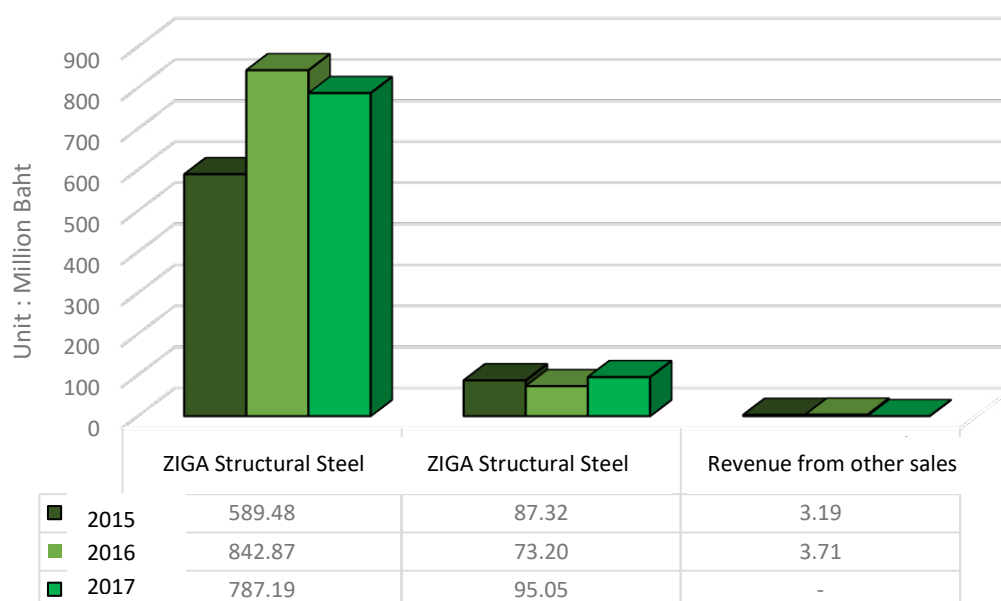
Moreover, the Company also focuses on good service to satisfy customers, by correctly informing available products for customers to plan their sales, offering accurate product details and applications. To make customers confident in the Company, the Company does not focus on selling its products directly to end-users, in order to not compete with its customers. Moreover, the Company consistently maintains its product quality, quickly responds to solve a problem, and timely delivers its products to customers. As a result, customers will be confident to do business with the Company.

Using resource planning system to quickly serve customer demand

Customer needs are always changing. Modern dealers and retailers, which are the Company's customers, sell their products throughout the country and since the demand of products in each region might be different, the Company's customers demand diverse products. Therefore, the company must have a good management system in planning from ordering raw materials to manufacturing. The Company has developed a supply chain management system with an ERP system. Customer demand information are collected and recorded in the ERP system. The system will report the information needed for production planning, such as the demand of each product, required raw material etc. Thus, that management can make a production plan and order raw materials for the production. As a result, the Company can quickly respond to customer demand and reduce the amount of raw material and finished goods in the inventory.

Revenue Structure

The Company's revenue structure by product category is as follows;



Note: Revenue from other sales was from products such as modular retail units and inferior pipes etc.

Management Discussion and Analysis of Results of Operations

The operating results for the fiscal year of 2017, ended 31 December 2017, of Ziga Innovation Public Company Limited.

Statement of Comprehensive Income

Total Revenue

The Company reported total revenue for the year 2016 and 2017 of 941.7 million Baht and 909.9 million Baht respectively or 3.4 percent of negative growth which can be summarized as follows;

Transaction	Revenue (M. Baht)		Change Increase/(Decrease)	Remark
	2016	2017		
Sales Revenue	919.8	882.2	-4.1%	Due to sales decrease causing. The domestic demand for steel has been declined due to an economic recession.
Other Revenue	21.9	27.7	26.6%	Since the Company manages the fluctuation in foreign exchange, the profit from foreign exchange has been increased from the previous year.
Total Revenue	941.7	909.9	-3.4%	In overall, total revenue has been decreased by 3,4%

Cost of Goods Sold

The Company's cost of goods sold in 2016 and 2017 equaled to 588.9 million Baht and 679.6 million Baht respectively, or 62.5% and 74.7% of total revenue in 2016 and 2017 respectively. The proportion of the cost of goods sold has been increased due to an increase in average price of steel coils which was in upward trend since the end of 2016.

Selling and Administrative Expenses

In 2016 and 2017, the Company reported selling and administrative expenses of 58.9 million Baht and 60.8 million Baht respectively, equally to 6.3% and 6.7% of total revenue respectively, with the details as follows;

Transaction	Selling and Administrative Expense (M. Baht)		Change Increase/(Decrease)	Remark
	2016	2017		
Selling Expenses	12.8	15.9	24.6%	The increase of expenses was due to an increase in expenses relating to sales staffs. The Company used to recruit sales staffs who have a bachelor's degree or lower. However, the Company has changed its policy and recruit only a person with a degree as its sales staff.
Administrative Expenses	46.1	44.9	-2.6%	There was no significant change.
Total selling and administrative expenses	58.9	60.8	3.3%	

Financial Cost

The Company's financial cost in 2016 and 2017 were relatively similar, in the amount of 11.3 million Baht and 11.4 million Baht respectively. The majority of financial cost was short-term trust receipt caused from raw material procurement.

Net Profit

In 2016 and 2017, the Company had net profit of 226.1 million Baht and 131.7 million Baht respectively, with the net profit ratio of 24.0% and 14.5% of total revenue in 2016 and 2017 respectively. The decrease of net profit was due to an increasing cost of raw material and a decrease in gross profit.

Statement of Financial Status

Assets

As of 31 December 2016 and 2017, the Company's total assets were 626.4 million Baht and 1,282.0 million Baht respectively. The majority of the Company's total assets was current assets which, as of 31 December 2016, and 2017 the Company's current assets accounted for 80.1% of total assets and 19.9% of total assets respectively.

	31 December 2016		31 December 2017	
	M. Baht	%	M. Baht	%
Current Assets	402.3	64.2	1,026.5	80.1
Non-current Assets	224.1	35.8	255.5	19.9
Total Assets	626.4	100.0	1,282.0	100.0

1. Current Assets

The Company had current assets of 402.3 million Baht and 1,026.5 million Baht at the end of 2016 and 2017, totaling 64.2% and 80.1% of total assets respectively. The Company's inventory was 216.6 million Baht and 501.8 million Baht or 34.6% and 39.1% of total assets at the end of 2016 and 2017 respectively. The second major assets were cash and cash equivalences which totaled 109.4 million Baht and 394.0 million Baht or 17.5% and 30.7% of total assets. An increase in current assets was due to an increase in inventory which has been increased by 285.2 million Baht, to support expected sales growth.

2. Non-current Assets

At the end of 2016 and 2017, the Company's non-current assets was 224.1 million Baht and 255.5 million Baht respectively, or 35.8% and 19.9% respectively. The major item of the non-current assets was property, plant and equipment which accounted for 33.9% and 15.7% of total assets. A decrease in non-current assets was due to property, plant and equipment which has been decreased by 11.5 million Baht; from acquiring/transfer of assets of 27.1 million Baht and depreciation expense of 38.6 million Baht.

Liabilities

As of 31 December 2016 and 2017, the Company reported liabilities of 311.1 million Baht and 499.7 million Baht respectively. As of 31 December 2017, the Company had current liabilities of 92.2% of total liabilities approximately, and non-current liabilities of 7.8% of total liabilities respectively.

	31 December 2016		31 December 2017	
	M. Baht	%	M. Baht	%
Current Liabilities	248.1	79.7	460.9	92.2
Non-current Liabilities	63.0	20.3	38.0	7.8
Total Liabilities	311.1	100.0	499.7	100.0

1. Current Liabilities

At the end of 2016 and 2017, the Company had current liabilities of 248.1 million Baht and 460.9 million Baht respectively, which accounted for 79.7% and 92.2% of total liabilities. An increase in current liabilities in 2017 was due to an increasing amount of trust receipts due to an increase in raw material purchase(steel coils), the second major current liabilities was trade account payables and other account payables, caused by the goods in transit which was recorded as foreign trade account payables.

2. Non-current Assets

At the end of 2016 and 2017, the Company had non-current liabilities of 63.0 million Baht and 38.8 million Baht respectively, which accounted for 20.3% and 7.8% of total liabilities. The majority of non-current liabilities was long-term borrowing from financial institutes. The Company had long-term debt maturing within one year of 43.2 million Baht and 24.3 million Baht respectively, or 13.9% and 4.9% of total liabilities. A decrease in long-term debt in 2017 was due to the repayment of debt paid to financial institutes.

Shareholders' Equity

At the end of 2016 and 2017, the Company's shareholders' equity were 315.3 million Baht and 782.2 million Baht respectively. The shareholders' equity has been increased by 466.9 million Baht from the issuance and paid-up equity of 40 million Baht and share premium of 415.2 million Baht.

Letter from the Audit Committee

Dear Shareholders,

The Audit Committee of Ziga Innovation Public Company Limited consists of three independent directors as follows;

- | | | |
|----|-----------------------------|-----------------------------|
| 1. | Mr. Sawai Chatchairungruang | Chairman of Audit Committee |
| 2. | Mr. Phonrat Piathanom | Audit Committee |
| 3. | Mrs. Emorn Chotiyaputta | Audit Committee |

With Ms. Thanida Kriangpanit as a secretary of the Audit Committee

Audit Committee has carried out its duties in accordance with the scope of duties and responsibilities indicated in the charter of the Audit Committee as assigned by the Board of Directors. In 2016, the Audit Committee arranged 4 meetings which the result of the meetings and suggestions was reported to the Board of Directors for further proceed as appropriate, which can be summarized as follows;

- **Financial Reports**

The Audit Committee has reviewed the Company's quarterly and annual financial reports, which had been prepared in accordance with the general accepted accounting principles, to review the accuracy and adequacy of information disclosure, and a review on significant risks. The Audit Committee regularly had a meeting with the auditor.

- **Internal Control and Internal Audit**

The Audit Committee has reviewed the adequacy of internal control system of the Company from the internal audit report and the auditor's report, to evaluate the appropriateness and efficiency of the internal control.

- **Regulatory Compliance**

The Audit Committee has reviewed the Company's operation to ensure that the Company's business operation is in compliance with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand, and relevance laws.

- **External Auditor**

The Audit Committee has considered the qualification and performance of the auditor, and proposed to the Board of Directors to appoint the Company's auditor and to consider the auditor's remuneration of each year which are to be proposed to the shareholders meeting.

As for the fiscal year of 2017, the auditors from Pricewaterhousecoopers ABAS Limited has audited the Company's financial reports and had an unqualified opinion on the financial reports.

- **Connected Transaction or Transaction with Possible Conflict of Interest**

The Audit Committee has considered the connected transactions or transactions with possible conflict of interests in accordance with laws and the regulations of the Stock Exchange of Thailand, to ensure that the transactions were transparent, reasonable and based on the best benefit of shareholders. The Audit Committee also considered the Company's information disclosure, especially for the connected transaction or transactions with possible conflict of interests to ensure the integrity and complete of information disclosure.

As the Audit Committee carried out its duties as assigned, the Committee had an opinion that the Company's financial reports has been prepared in accordance with the accounting standards, with appropriate and adequate information disclose. The auditors auditing the financial reports are independent and has performed their task professionally. The Company had adequate and appropriate internal control and abided with laws and regulations relating to its business.

On behalf of the Audit Committee

Sawai Chatchairungruang

(Mr. Sawai Chatchairungruang)

Chairman of the Audit Committee

ZIGA INNOVATION PUBLIC COMPANY LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2017

Independent Auditor's Report

To the shareholders and the Board of Directors of Ziga Innovation Public Company Limited

My opinion

In my opinion, the financial statements of Ziga Innovation Public Company Limited (the Company) present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I determine one key audit matter: Valuation of inventories. The matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.

Key audit matter	How my audit addressed the key audit matter
<p>Valuation of inventories</p> <p>Refer to Note 2.6 'Critical accounting estimates, assumption and judgement' and Note 10 'Inventories' to the financial statements:</p> <p>As at 31 December 2017, the Company had inventories totalling Baht 501.79 million which represented 39.14% of total assets before deducting the allowance for inventory obsolescence. The Company's inventories are commodity products. The major inventories are steels.</p> <p>The Company measured the inventory value at the lower of cost or net realisable value. Management prepared the net realisable value (NRV) calculation report based on the selling price of inventory at year end and evaluated the accuracy of the allowance for net realisable value.</p> <p>I focussed on this area because inventories have materiality value to the financial statements and the expected selling price that the Company used in estimating the allowance for net realisable value was based on domestic market prices, which were fluctuated depending on supply and demand forces. In addition, it requires related estimation of costs to complete the production and selling expenses as part of NRV calculation.</p>	<p>My audit procedures include:</p> <ul style="list-style-type: none"> Evaluating and understanding of the Company's policy for net realisable value of inventories and the consistency in requirement of Thai Financial Reporting Standards by directly inquired with the management ,including the review accuracy and consistency of data collection's process. Evaluating the internal controls over the procurement cycle to the purchase requisition, purchase orders, goods receiving, payments and recording to reflect the accuracy of the cost of inventories, and testing the controls on a sampling basis. Testing the appropriateness of selling prices per unit by comparing the unit costs to selling prices per unit from sale invoices at the year end, included testing of net sale value after deducting necessary selling costs, by randomly testing with the relevant documents. <p>Based on the procedures above, I viewed that the management's estimation on allowance for net realisable value is reasonable and appropriate for the environment and situation in which management concluded that allowance for net realisable value was not required to record in the financial statements.</p>

Other information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

Responsibilities of the directors for the financial statements

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

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

The audit committee assists the directors in discharging their responsibilities for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

PricewaterhouseCoopers ABAS Ltd.

Paiboon Tunkoon

Certified Public Accountant (Thailand) No. 4298

Bangkok

23 February 2018

Ziga Innovation Public Company Limited
Statement of Financial Position
As at 31 December 2017

	Notes	2017 Baht	2016 Baht
Assets			
Current assets			
Cash and cash equivalents	7	393,946,996	109,375,679
Restricted bank deposit	7	-	164,750
Short-term investment	3.2,8	42,502,139	100,550
Trade and other receivables	9	81,527,828	72,499,402
Inventories	10	501,757,257	216,563,482
Other current assets		6,715,327	3,602,930
Total current assets		1,026,449,547	402,306,793
Non-current assets			
Property, plant, and equipment	11	200,842,308	212,332,313
Intangible assets	12	5,478,752	4,344,186
Deferred tax assets	13	5,872,286	4,337,868
Other non-current assets	14	43,340,305	3,122,866
Total non-current assets		255,533,651	224,137,233
Total assets		1,281,983,198	626,444,026

Director _____ Director _____

The accompanying notes are an integral part of these company financial statements.

Ziga Innovation Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 December 2017

	Notes	2017 Baht	2016 Baht
Liabilities and equity			
Current liabilities			
Liabilities under trust receipt	16	217,771,110	150,014,900
Trade and other payables	15	209,886,120	12,074,890
Current portion of long-term borrowings			
from banks	16	18,925,826	24,781,318
Current portion of liability under finance lease	16	13,070,605	12,254,390
Accrued income tax		-	47,604,698
Other current liabilities		1,291,104	1,365,293
Total current liabilities		460,944,765	248,095,489
Non-current liabilities			
Long-term borrowings from banks	16	24,335,612	43,238,832
Liability under finance lease	16	10,480,424	16,609,091
Employee benefit obligations	17	3,700,963	2,761,351
Other non-current liabilities		271,802	397,944
Total non-current liabilities		38,788,801	63,007,218
Total liabilities		499,733,566	311,102,707

Director _____ Director _____

The accompanying notes are an integral part of these company financial statements.

Ziga Innovation Public Company Limited
Statement of Financial Position (Cont'd)
As at 31 December 2017

	Notes	2017 Baht	2016 Baht
Liabilities and equity (Cont'd)			
Equity			
Share capital			
Authorised share capital			
Ordinary shares, 520,000,000 shares at par value of Baht 0.50 each	18	<u>260,000,000</u>	<u>260,000,000</u>
Issued and fully paid-up share capital			
Ordinary shares, 520,000,000 shares at par value of Baht 0.50 each (31 December 2016: Ordinary shares, 440,000,000 shares at par value of Baht 0.5 each)	18	260,000,000	220,000,000
Premium on paid-up capital ordinary shares	18	415,236,625	-
Discount from business combination under common control		(1,057,805)	(1,057,805)
Retained earnings			
Appropriated - legal reserve	20	21,104,000	11,680,000
Unappropriated		<u>86,966,812</u>	<u>84,719,124</u>
Total equity		<u>782,249,632</u>	<u>315,341,319</u>
Total liabilities and equity		<u>1,281,983,198</u>	<u>626,444,026</u>

Director _____ Director _____

The accompanying notes are an integral part of these company financial statements.

Ziga Innovation Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2017

	Notes	2017 Baht	2016 Baht
Revenues			
Sales		882,234,966	919,783,729
Cost of sales		(679,620,766)	(588,913,840)
Gross profit		202,614,200	330,869,889
Other income	22	27,715,353	21,885,509
Selling expenses		(15,888,755)	(12,750,587)
Administrative expenses		(44,953,553)	(46,145,474)
Finance costs	23	(11,373,975)	(11,340,255)
Profit before income tax		158,113,270	282,519,082
Income tax	25	(26,437,582)	(56,392,717)
Net profit for the year		131,675,688	226,126,365
Other comprehensive income		-	-
Total comprehensive income for the year		<u>131,675,688</u>	<u>226,126,365</u>
Earnings per share			
Basic earnings per share	26	0.28	0.59

Director _____ Director _____

The accompanying notes are an integral part of these company financial statements.

Ziga Innovation Public Company Limited
Statement of Changes in Equity
For the year ended 31 December 2017

	Notes	Issued and paid-up share capital Baht	Premium on paid-up capital Baht	Discount from business combination under common control Baht	Retained earnings		Total equity Baht
					Appropriated- legal reserve Baht	Unappropriated Baht	
Opening balance at 1 January 2016		180,000,000	-	(1,057,805)	740,000	77,392,759	257,074,954
Change in equity for the year							
Shares issuance	18	40,000,000	-	-	-	-	40,000,000
Legal reserve	20	-	-	-	10,940,000	(10,940,000)	-
Dividends	19	-	-	-	-	(207,860,000)	(207,860,000)
Total comprehensive income for the year		-	-	-	-	226,126,365	226,126,365
Closing balance at 31 December 2016		<u>220,000,000</u>	<u>-</u>	<u>(1,057,805)</u>	<u>11,680,000</u>	<u>84,719,124</u>	<u>315,341,319</u>
Opening balance at 1 January 2017		220,000,000	-	(1,057,805)	11,680,000	84,719,124	315,341,319
Change in equity for the year							
Shares issuance	18	40,000,000	415,236,625	-	-	-	455,236,625
Legal reserve	20	-	-	-	9,424,000	(9,424,000)	-
Dividends	19	-	-	-	-	(120,004,000)	(120,004,000)
Total comprehensive income for the year		-	-	-	-	131,675,688	131,675,688
Closing balance at 31 December 2017		<u>260,000,000</u>	<u>415,236,625</u>	<u>(1,057,805)</u>	<u>21,104,000</u>	<u>86,966,812</u>	<u>782,249,632</u>

The accompanying notes are an integral part of these company financial statements.

Ziga Innovation Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2017

		2017	2016
	Notes	Baht	Baht
Cash flows from operating activities			
Profit before income tax expense		158,113,270	282,519,082
Adjustments for:			
Depreciation charge	11	38,610,879	32,581,022
Amortisation charge - intangible	12	1,192,893	1,103,543
Gain on disposals of equipment	22	(1,404,541)	(29,999)
Doubtful debts (reversal)	9	(249,000)	1,019,888
Loss from obsoleted and slow moving inventories (reversal)	10	(261,613)	290,589
Unrealised gain from exchange rate		(1,060,325)	(2,194,026)
Fair value gain adjustment on short term investment	8	(401,589)	(550)
Realised deferred income from sale and leaseback		(126,142)	(1,404,908)
Interest income	22	(679,530)	(220,372)
Interest paid	23	11,373,975	11,340,255
		205,108,277	325,004,524
Change in operating assets and liabilities:			
- Trade and other receivables		(8,796,354)	(1,849,789)
- Inventories		(284,932,162)	(4,468,115)
- Other current assets		(2,813,872)	2,228,045
- Other non-current assets		(40,217,439)	(387,070)
- Trade and other payables		197,033,629	2,797,360
- Other current liabilities		(74,189)	(436,033)
- Provision for employee benefits		939,612	286,675
Cash flows from operating activities:		66,247,502	323,175,597
Interest paid		(11,261,971)	(11,340,255)
Interest income		679,530	220,372
Corporate income tax paid		(75,875,223)	(21,776,372)
Net cash (used in) generated from operating activities		(20,210,162)	290,279,342

The accompanying notes are an integral part of these company financial statements.

Ziga Innovation Public Company Limited
Statement of Cash Flows (Cont'd)
For the year ended 31 December 2017

	Notes	2017 Baht	2016 Baht
Cash flows from investing activities			
Cash paid for purchases short term investment	8	(132,000,000)	(100,000)
Proceeds from disposals of short-term investment	8	90,000,000	-
Cash paid for purchases of intangible		(1,715,661)	(332,010)
Cash paid for purchases of equipment		(27,020,894)	(36,315,380)
Proceeds from disposals of equipment		1,420,560	30,000
Net cash used in investing activities		(69,315,995)	(36,717,390)
Cash flows from financing activities			
Cash received from liabilities under trust receipt increase		68,766,598	(47,093,818)
Cash received from long-term borrowings from banks	16	-	45,000,000
Cash paid on long-term borrowings from banks	16	(24,758,712)	(24,157,370)
Repayments made to liability under finance lease	16	(5,312,452)	(18,133,814)
Cash received from issuance of ordinary shares	18	40,000,000	40,000,000
Cash received from share premium		415,236,625	-
Dividends paid	19	(120,004,000)	(207,860,000)
Net cash generated from (used in) financing activities		373,928,059	(212,245,002)
Net increase in cash and cash equivalents		284,401,902	41,316,950
Opening balance of cash and cash equivalents		109,540,429	68,237,074
Unrealized exchange gain (loss) on cash and cash equivalents		4,665	(13,595)
Closing balance of cash and cash equivalents		393,946,996	109,540,429
Non-cash transactions			
Purchase of equipment (include in trade and other payables)		466,999	-
Purchase of intangible assets (include in trade and other payables)		260,798	-
Transfer from property, plant and equipment to intangible assets		351,000	-

The accompanying notes are an integral part of these company financial statements.

Ziga Innovation Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

1 General information

Ziga Innovation Public Company Limited (the Company) is a public limited company which is listed on the Stock Exchange of Thailand and is incorporated and domiciled in Thailand. The address of the Company's registered office is as follows:

999/9 Moo 9 Soi Pompatana Phachauthit, Naiklongbangplakod, Phasamudjadee Samudprakarn 10290.

The Company principally engaged in the manufacturing and trading of steel conduits for electrical wiring systems and steel piping for construction and real estate businesses.

The Company has registered as a Public Limited Company and changed the Company's name from "Daiwa Industry Company Limited" to "Ziga Innovation Public Company Limited" on 2 June 2016.

These financial statements were authorised for issue by the Board of Directors on 23 February 2018.

2 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

2.1 Basis for preparation

The financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

An English version of the financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2 Accounting policies (Cont'd)

2.2 Revised financial reporting standards, and related interpretations

- 2.2.1 Revised financial reporting standards and interpretations are effective on 1 January 2017 which are relevant and have a significant impact to the Company

TAS 38 (revised 2016) Intangible assets

TAS 38 (revised 2016), the amendments include a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either the intangible asset is expressed as a measure of revenue (i.e. where a measure of revenue is the limiting factor on the value that can be derived from the asset), or it can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.

- 2.2.2 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018 which have significant changes and are relevant to the Company. The Company has not yet adopted these revised standards.

TAS 7 (revised 2017) Statement of cash Flows
TAS 12 (revised 2017) Income taxes

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.

TFRS 12 (revised 2017), the amendments clarify that the disclosure requirements of TFRS 12 apply to interests in entities that are classified as held for sale in the scope of TFRS 5 (revised 2017), except for the summarised financial information.

The Company management assessed and considered that the above revised standards will not have a material impact on the Company except for disclosure.

Ziga Innovation Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

2 Accounting policies (Cont'd)

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Company is measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Baht, which is the Company's functional presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

2.4 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash on hands, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. In the statements of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.5 Trade accounts receivable

Trade accounts receivable are carried at original invoice amount and subsequently measured at the remaining amount less allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified and recognised in the statement of income within selling and administrative expenses.

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

2 Accounting policies (Cont'd)

2.7 Investments

Investments other than investments in subsidiaries, associates and joint ventures are classified into the following four categories: (1) trading investments; (2) held-to-maturity investments; (3) available-for-sale investments; and (4) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

1. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
2. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.
3. Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.
4. Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments and available for sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand. The unrealised gains and losses of trading investments are recognised in income statement. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

General investments are carried at cost less impairment loss.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the income statement.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

Ziga Innovation Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

2 Accounting policies (Cont'd)

2.8 Property, plants and equipment

Plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Building and building improvements	20 years
Machinery and equipment	5 years, 10 years
Furniture, fixture and office equipment	5 years
Computer	3 years
Vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other (losses)/gains – net in profit or loss.

2.9 Intangible assets

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use or sell;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed 5 years.

2 Accounting policies (Cont'd)

2.10 Impairment of assets

Land, buildings and equipment and other assets are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Leases - where the Company is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant or equipment where the lessor has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

2.12 Borrowings

Borrowings are recognized initially at the fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

Ziga Innovation Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

2 Accounting policies (Cont'd)

2.13 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.14 Employee benefits

2.14.1 Retirement benefits

The Company operates certain retirement benefits schemes. The Company has both defined benefit and defined contribution plans.

A defined contribution plan is a retirement plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Company pays contributions to a separate fund which is managed by an external fund manager in accordance with the provident fund Act, B.E. 2530. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

2 Accounting policies (Cont'd)

2.14 Employee benefits (Cont'd)

2.14.1 Retirement benefits (Cont'd)

The liability recognised in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise and including in retain earnings on the statement of changes in equity.

Past-service costs are recognised immediately in profit or loss.

2.14.2 Other long-term benefits

The Company recognises a liability and an expense for other long-term benefits as the Company will pay each employee starting from Baht 5,000 to Baht 20,000 for every 5 year of employment up to a maximum of 20 years. The entitlement of these benefits is usually conditional on the employee service and the completion of a service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as is used for defined benefit retirement plans. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to profit and loss in the period in which they arise. These obligations are valued by independent actuaries.

2.15 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Ziga Innovation Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

2 Accounting policies (Cont'd)

2.16 Share capital

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, and after eliminating sales within the Company for the consolidated financial statements. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Interest income is recognised using the effective interest method.

2.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders, and interim dividend are approved by the Board of Directors

2.19 Accounting for derivative financial instruments and hedging activities

The Company is party to derivative financial instruments, which comprise of foreign currency forward contracts. Such instruments are not recognised in the financial statements on inception.

Foreign currency forward contracts protect the Company from movements in exchange rates by establishing the rate at which a foreign currency asset will be realised or a foreign currency liability settled. Any increase or decrease in the amount required to realise the asset or settle the liability is offset by a corresponding movement in the value of the forward exchange contract on the date that the Company received the asset or settled the liability. The gain and loss on the derivative instruments and the underlying financial asset or liability are therefore offset for financial reporting purposes and are not recognised in the financial statements.

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

3 Financial risk management

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain exposures.

Risk management is carried out by the Company treasury under policies approved by the board of directors. The Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment excess liquidity.

3.1.1 Foreign exchange risk

The Company is exposed to foreign exchange risk arising from purchases of raw materials which are mainly made in foreign currencies, primarily US Dollars. The Company's management believes that foreign exchange rate risk will have no material effect to their operational results as they use forward currency contracts to hedge such risk as necessary and appropriate.

3.1.2 Interest rate risk

Interest rate risk of bank overdrafts and short-term borrowings from banks, and long-term borrowings as shown in the statement of financial position arises from the potential change in interest rate which have an adverse effect on the Company's financial performance in the current reporting period and in future years. The Company has no significant interest-bearing assets. The Company may incur loss from interest rate change as all of the Company's borrowings carry variable rates of interest.

3.1.3 Price risk

The Company's exposure to price risk is associated with the purchase price of metal steel. The Company's risks caused by the volatility of metal is insignificant since the selling price of finished products will be adjusted based on market price movement on a regular basis and the Company has a system for forecasting sales volume in advance by matching with quantity of purchases in order to reduce price risk into an appropriate level.

3.1.4 Credit risk

The Company has no significant concentrations of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Company has policies that limit the amount of credit exposure to any one financial institution.

3.1.5 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Company treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

Ziga Innovation Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

3 Financial risk management (Cont'd)

3.2 Fair value estimation

The following table presents the Company's financial assets that are measured at fair value at 31 December 2017.

	Level 1 Baht	Level 2 Baht	Level 3 Baht	Total Baht
Trading securities				
Debt investment				
Fixed income funds	-	42,502,139	-	42,502,139
Total assets	-	42,502,139	-	42,502,139

There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

4 Critical accounting estimates and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Allowance for obsoleted inventories

The Company has made allowance for obsolete by estimating the net realizable value was calculated from the selling price in the ordinary course of business, less the cost of completion and selling expenses. Furthermore, the calculation of the net realisable estimation was based on historical experiences, management's knowledge of the industry and future market trends.

(b) Property, plant and equipment and intangible assets

Management made estimation of useful life and residual value of plant and equipment and intangible assets. The management review and revise their estimation whenever there is an indicator that assumption may vary materiality from prior period, or whenever there is disposal of obsolete assets and discontinued operation.

4 Critical accounting estimates and judgements (Cont'd)

(c) Retirement benefits

The present value of the retirement benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Including the discount rate. Any changes in these assumptions will have an impact on the carrying amount of retirement benefits obligation.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefits obligations. In determining the appropriate discount rate, the Company considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement benefits liability.

Additional information of other key assumptions for retirement benefits obligations other is disclosed in note 17.

5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

6 Segment information

The Company's Board of Directors ("the Board") is the chief operating strategic decision-maker. The Board has determined the operating segments in terms of business segments and geographic based on the information reviewed by the Board for the purposes of allocating resources and assessing performance.

The Company operates only in a single geographic area in Thailand; therefore, only one major geographic segment being domestic market has been identified by the Board. The Board also determines 2 main products that are plumbing and conduits which production process of those products are quite similar. In addition, the Company has only domestic sales customers which can be categorised into 2 main groups as follows:

- 1) Wholesale customers include distributor which purchase company's product for resale, retail shops which especially are mental shop and construction material shop and large modern trades which have many branches throughout the country.
- 2) Retails customers include ended consumers who purchase for their own use and small retail shop.

The Board assesses the performance of the operating segments based on adjusted EBIT and excludes the effects of other income.

Ziga Innovation Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

6 Segment information (Cont'd)

	Wholesale Baht	Retail Baht	Total Baht
For the year ended 31 December 2017			
Revenue from sales	872,183,177	10,051,789	882,234,966
Cost of sales and operating expenses	(732,474,794)	(7,988,280)	(740,463,074)
Segment results	<u>139,708,383</u>	<u>2,063,509</u>	<u>141,771,892</u>
Other income			27,715,353
Operating profit			169,487,245
Finance costs			(11,373,975)
Profit before income tax			158,113,270
Income tax			(26,437,582)
Profit for the year			<u>131,675,688</u>
	Wholesale Baht	Retail Baht	Total Baht
For the year ended 31 December 2016			
Revenue from sales	899,612,689	20,171,040	919,783,729
Cost of sales and operating expenses	(635,774,334)	(12,035,567)	(647,809,901)
Segment results	<u>263,838,355</u>	<u>8,135,473</u>	<u>271,973,828</u>
Other income			21,885,509
Operating profit			293,859,337
Finance costs			(11,340,255)
Profit before income tax			282,519,082
Income tax			(56,392,717)
Profit for the year			<u>226,126,365</u>

Operating assets are excluded in internal report which presents to board of directors.

In the financial statements for the year ended 31 December 2017, the Company has three wholesale customers which generated revenues over than 10% of total revenues amounting to Baht 560.26 million (2016: two customers, amount Baht 386.09 million).

7 Cash and cash equivalents

	2017 Baht	2016 Baht
Cash on hand	190,799	73,798
Deposits held at call with banks	393,756,197	109,301,881
Cash and cash equivalents	<u>393,946,996</u>	<u>109,375,679</u>
Restricted bank deposit	<u>-</u>	<u>164,750</u>

As at 31 December 2017, deposits held at call with banks carry interest at the rate of 0.05% - 2.25% per annum (2016: 0.50% - 0.625% per annum).

8 Short-term investments

The movements in short-term investments during the years are as follows:

	Trading security Baht
At 1 January 2016	
Additions	100,000
Gain on fair value measurement during the year	550
At 31 December 2016	100,550
Additions	132,000,000
Disposals	(90,000,000)
Gains on fair value measurement during the year	401,589
At 31 December 2017	<u>42,502,139</u>

At 31 December 2017, the summary of short-term investment is as follows:

As at 31 December 2017	
Debt securities	42,343,330
Gains on fair value adjustment	158,809
Fair value	<u>42,502,139</u>
As at 31 December 2016	
Debt securities	100,000
Gains on fair value adjustment	550
Fair value	<u>100,550</u>

Short-term investments are trading securities in general fixed income funds managed by commercial banks in which the Company intends to invest for short term purpose.

Ziga Innovation Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

9 Trade and other receivables

	2017 Baht	2016 Baht
Trade accounts receivable - other companies	56,708,241	27,484,712
Cheques received in advance	17,232,990	42,655,314
Trade receivables - net	73,941,231	70,140,026
Receivables from others	5,488,843	1,143,222
<u>Less</u> allowance for impairment	(770,888)	(1,019,888)
Receivables from others, net	4,717,955	123,334
Prepayments	2,868,642	2,236,042
	<u>81,527,828</u>	<u>72,499,402</u>

Outstanding trade accounts receivable and cheque received in advance can be analysed as follows:

	2017 Baht	2016 Baht
Up to 3 months	73,891,476	63,810,041
3 - 6 months	49,755	6,329,985
6 - 12 months	-	-
Over 12 months	-	-
<u>Less</u> allowance for impairment of trade receivables	-	-
	<u>73,941,231</u>	<u>70,140,026</u>

Cheques received in advance are from certain trade accounts receivable and due for collection from 1 January 2018 to 31 January 2018 (2016: 1 January 2017 to 10 February 2017). The cheques received in advance have already been cashed within due date after the date of financial statements.

10 Inventories

	2017 Baht	2016 Baht
Raw materials	365,106,616	124,533,281
Work in process	537,050	-
Finished goods	132,507,546	89,093,212
Supplies	3,635,021	3,227,578
	501,786,233	216,854,071
<u>Less</u> Allowance for obsoleted inventories	(28,976)	(290,589)
Inventories - net	<u>501,757,257</u>	<u>216,563,482</u>

During 2017, the cost of inventories recognised as expense and included in cost of sales amounting to Baht 679.62 million (2016: Baht 588.91 million).

Ziga Innovation Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

11 Property and equipment

At 1 January 2016

Cost	72,560,400	83,858,147	123,767,393	7,042,948	16,699,349	914,468	304,842,705
Less Accumulated depreciation	-	(27,208,862)	(53,534,109)	(3,093,577)	(12,408,199)	-	(96,244,747)
Net book value	72,560,400	56,649,285	70,233,284	3,949,371	4,291,150	914,468	208,597,958

For the year ended 31 December 2016

Opening net book value	72,560,400	56,649,285	70,233,284	3,949,371	4,291,150	914,468	208,597,958
Additions	-	781,207	7,764,435	2,478,794	2,738,935	22,552,008	36,315,379
Disposals and write-offs, net	-	-	-	(1)	(1)	-	(2)
Transfers-in (out)	-	-	19,148,914	400,231	-	(19,549,145)	-
Reclassifications	-	-	653,122	(653,122)	-	-	-
Depreciations (Note 24)	-	(4,210,962)	(25,191,620)	(1,414,706)	(1,763,734)	-	(32,581,022)
Net book value	72,560,400	53,219,530	72,608,135	4,760,567	5,266,350	3,917,331	212,332,313

At 31 December 2016

Cost	72,560,400	84,639,354	150,691,284	9,072,747	12,532,916	3,917,331	333,414,032
Less Accumulated depreciation	-	(31,419,824)	(78,083,149)	(4,312,180)	(7,266,566)	-	(121,081,719)
Net book value	72,560,400	53,219,530	72,608,135	4,760,567	5,266,350	3,917,331	212,332,313

Ziga Innovation Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

11 Property and equipment (Cont'd)

	Land Baht	Building and building improvements Baht	Machineries and equipment Baht	Furniture fixtures and office equipment Baht	Vehicles Baht	Construction in progress Baht	Total Baht
At 1 January 2017							
Cost	72,560,400	84,639,354	150,691,284	9,072,747	12,532,916	3,917,331	333,414,032
Less Accumulated depreciation	-	(31,419,824)	(78,083,149)	(4,312,180)	(7,266,566)	-	(121,081,719)
Net book value	72,560,400	53,219,530	72,608,135	4,760,567	5,266,350	3,917,331	212,332,313
For the year ended 31 December 2017							
Opening net book value	72,560,400	53,219,530	72,608,135	4,760,567	5,266,350	3,917,331	212,332,313
Additions	-	45,000	328,000	1,836,963	9,680,000	15,597,930	27,487,893
Disposals and write-offs, net	-	-	(16,018)	-	(1)	-	(16,019)
Transfers-in (out)	-	1,198,830	12,385,431	-	-	(13,584,261)	-
Transfers to intangible assets (Note 12)	-	-	-	-	-	(351,000)	(351,000)
Depreciations (Note 24)	-	(4,398,897)	(29,898,908)	(1,996,603)	(2,316,471)	-	(38,610,879)
Net book value	72,560,400	50,064,463	55,406,640	4,600,927	12,629,878	5,580,000	200,842,308
At 31 December 2017							
Cost	72,560,400	85,883,184	163,388,697	10,909,710	19,722,916	5,580,000	358,044,907
Less Accumulated depreciation	-	(35,818,721)	(107,982,057)	(6,308,783)	(7,093,038)	-	(157,202,599)
Net book value	72,560,400	50,064,463	55,406,640	4,600,927	12,629,878	5,580,000	200,842,308

11 Property and equipment (Cont'd)

Land and buildings and building improvements of Baht 72,560,400 and Baht 50,064,463, respectively (2016: Baht 72,560,400 and Baht 53,219,530 respectively) were pledged as a security on borrowings (Note 16).

During 2017, depreciation expense of Baht 34,072,408 (2016: Baht 28,961,652) had been charged in "cost of goods sold", and Baht 4,538,471 (2016: Baht 3,619,370) in "administrative expenses".

The assets under finance lease, where the Company is the lessee comprise machineries and vehicles as follows:

	2017		2016	
	Machineries and equipment Baht	Vehicles Baht	Machineries and equipment Baht	Vehicles Baht
Cost	107,147,623	15,898,000	107,147,623	6,218,000
<u>Less</u> Accumulated depreciation	<u>(89,151,521)</u>	<u>(5,440,073)</u>	<u>(68,420,712)</u>	<u>(3,713,083)</u>
Net book amount	<u>17,996,102</u>	<u>10,457,927</u>	<u>38,726,911</u>	<u>2,504,917</u>

12 Intangible assets

	Software Baht	Computer software under installation Baht	Total Baht
At 1 January 2016			
Cost	5,434,900	-	5,434,900
<u>Less</u> Accumulated amortisation	<u>(319,182)</u>	<u>-</u>	<u>(319,182)</u>
Net book value	<u>5,115,718</u>	<u>-</u>	<u>5,115,718</u>
For the year ended 31 December 2016			
Opening net book value	5,115,718	-	5,115,718
Additions	332,011	-	332,011
Amortisation	<u>(1,103,543)</u>	<u>-</u>	<u>(1,103,543)</u>
Closing net book value	<u>4,344,186</u>	<u>-</u>	<u>4,344,186</u>
At 31 December 2016			
Cost	5,795,800	-	5,795,800
<u>Less</u> Accumulated amortization	<u>(1,451,614)</u>	<u>-</u>	<u>(1,451,614)</u>
Net book value	<u>4,344,186</u>	<u>-</u>	<u>4,344,186</u>

Ziga Innovation Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

12 Intangible assets (Cont'd)

	Software Baht	Computer software under installation Baht	Total Baht
For the year ended 31 December 2017			
Opening net book value	4,344,186	-	4,344,186
Additions	118,750	1,857,709	1,976,459
Transfers from property and equipment (Note 11)	351,000	-	351,000
Amortisation	(1,192,893)	-	(1,192,893)
Closing net book value	<u>3,621,043</u>	<u>1,857,709</u>	<u>5,478,752</u>
At 31 December 2017			
Cost	6,265,550	1,857,709	8,123,259
<u>Less</u> Accumulated amortisation	<u>(2,644,507)</u>	<u>-</u>	<u>(2,644,507)</u>
Net book value	<u>3,621,043</u>	<u>1,857,709</u>	<u>5,478,752</u>

Amortisation of Baht 1,192,893 (2016: Baht 1,103,543) is included in administrative expenses.

13 Deferred income taxes

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2017 Baht	2016 Baht
Deferred tax assets:		
Deferred tax asset to be recovered within 12 months	555,338	25,228
Deferred tax asset to be recovered after 12 months	<u>5,348,709</u>	<u>4,312,640</u>
	5,904,047	4,337,868
Deferred tax liabilities:		
Deferred tax asset to be recovered within 12 months	(31,761)	-
Deferred tax asset to be recovered after 12 months	<u>-</u>	<u>-</u>
	(31,761)	-
Deferred income tax (net)	<u>5,872,286</u>	<u>4,337,868</u>

The movements of deferred tax assets and deferred tax liabilities is as follows:

	2017 Baht	2016 Baht
At 1 January	4,337,868	3,306,884
Charge to profit or loss (Note 25)	<u>1,534,418</u>	<u>1,030,984</u>
At 31 December	<u>5,872,286</u>	<u>4,337,868</u>

Ziga Innovation Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

13 Deferred income taxes (Cont'd)

Deferred income tax assets and liabilities are offset when the income taxes relate to the same fiscal authority.

	Employee benefit obligations Baht	Deferred revenue from sale and lease back Baht	Allowance for doubtful accounts Baht	Allowance for obsolete inventories Baht	Assets under finance lease Baht	Total Baht
Deferred income tax asset						
At 1 January 2017	649,502	79,589	203,978	58,118	3,346,681	4,337,868
Charged(credited) to profit or loss	90,691	(25,229)	(49,800)	(52,323)	1,602,840	1,566,179
At 31 December 2017	<u>740,193</u>	<u>54,360</u>	<u>154,178</u>	<u>5,795</u>	<u>4,949,521</u>	<u>5,904,047</u>
At 1 January 2016	494,936	360,569	-	-	2,451,379	3,306,884
Charged(credited) to profit or loss	154,566	(280,980)	203,978	58,118	895,302	1,030,984
At 31 December 2016	<u>649,502</u>	<u>79,589</u>	<u>203,978</u>	<u>58,118</u>	<u>3,346,681</u>	<u>4,337,868</u>
					Revalue of Short term Investment Baht	
Deferred tax liabilities						
At 1 January 2017						-
Credited to profit or loss						(31,761)
At 31 December 2017						<u>(31,761)</u>

14 Other non-current assets

	2017 Baht	2016 Baht
Deposit for land purchase	40,465,005	-
Other deposits	2,875,300	2,869,973
Prepaid expense - over 1 year	-	252,893
	<u>43,340,305</u>	<u>3,122,866</u>

At the Board of Directors ("the Board") meeting held on 13 November 2017, the Board passed a resolution to approve the purchase land of 27 Rai 3 Ngan 62.76 Square wa at Pracha Uthit Road, Phasamudjedee district, Samutprakarn from a third party for building a new factory.

Ziga Innovation Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

15 Trade and other payables

	2017 Baht	2016 Baht
Trade payables	204,715,745	7,850,509
Amounts due to related party (Note 28)	265,959	79,465
Accrued expense	3,394,288	3,712,560
Other payable	1,510,128	432,356
	<u>209,886,120</u>	<u>12,074,890</u>

16 Borrowings

	2017 Baht	2016 Baht
Current		
Liabilities under trust receipts	217,771,110	150,014,900
Current portion of long-term borrowings		
Bank borrowings	18,925,826	24,781,318
Finance lease liabilities	13,070,605	12,254,390
Total current borrowings	<u>249,767,541</u>	<u>187,050,608</u>
Non-current		
Bank borrowings	24,335,612	43,238,832
Finance lease liabilities	10,480,424	16,609,091
Total non-current borrowings	<u>34,816,036</u>	<u>59,847,923</u>
Total borrowings	<u>284,583,577</u>	<u>246,898,531</u>

All borrowings are denominated in Thai Baht.

Liabilities under trust receipts for goods purchases carry interest ranging from 2.55% - 3.55% per annum for purchase of goods.

Liabilities under trust receipts, letter of credits and long-term borrowings from banks are secured by land and buildings of the Company (Note 11) and also guaranteed by the Company's directors.

The interest rate exposure on the long-term borrowings from banks of the Company (excluded finance lease liabilities) is as follows:

	2017 Baht	2016 Baht
Borrowings		
at fixed rate	-	5,457,321
at floating rate	43,261,438	62,562,829
	<u>43,261,438</u>	<u>68,020,150</u>

The effective interest rates at the statement of financial position date were as follows:

	2017	2016
Trust receipts	4.93%	2.95%
Long-term borrowings	5.25%	5.25%
Finance lease liabilities	5.00%	5.00%

16 Borrowings (Cont'd)

The carrying amounts and fair values of certain long-term borrowings are as follows:

	Carrying amounts		Fair values	
	2017 Baht	2016 Baht	2017 Baht	2016 Baht
Long-term borrowings	43,261,438	68,020,150	43,261,438	68,020,150

The fair value of current borrowings equal their carrying amount, as the impact of discounting is not significant. The fair value are based on discounted cash flows using a discount rate based upon the borrowing rate of 5.25% (2016: 5.25%) and are within level 2 of the fair value hierarchy.

16.1 Long-term borrowings from banks

The movements of long-term borrowings from banks can be analysed as follows:

	2017 Baht	2016 Baht
Opening balance	68,020,150	47,177,520
Additions during the year	-	45,000,000
Repayments during the year	(24,758,712)	(24,157,370)
Closing balance	<u>43,261,438</u>	<u>68,020,150</u>
Repayable within 1 year	18,925,826	24,781,318
Later than 1 year but not later than 5 years	24,335,612	43,238,832

Under long-term borrowing agreement, the Company has to comply with related financial covenants such as maintenance of certain debt to equity and debt service coverage ratios.

Maturity of long-term borrowings (excluding finance lease liabilities) is as follows:

	Baht	Baht
Between 1 and 2 years	32,712,424	24,781,318
Between 2 years and 5 years	10,549,014	43,238,832
Over 5 years	-	-
	<u>43,261,438</u>	<u>68,020,150</u>

Ziga Innovation Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

16 Borrowings (Cont'd)

16.2 Finance lease liabilities

Finance lease liabilities arise from the leases of machineries and vehicles under the lease period from 3 to 5 years.

Minimum lease payments of finance lease liabilities is as follows:

	2017 Baht	2016 Baht
Not later than one year	14,306,628	14,054,202
Later than 1 year but not later than 5 years	11,534,496	17,631,580
Later than 5 years	-	-
<u>Less</u> Future finance charges on finance leases	(2,290,095)	(2,822,301)
Present value of finance lease liabilities	<u>23,551,029</u>	<u>28,863,481</u>
Lease liabilities:		
- Short-term	13,070,605	12,254,390
- Long-term	10,480,424	16,609,091
	<u>23,551,029</u>	<u>28,863,481</u>

The movements in finance lease liabilities can be analysed as follows:

	2017 Baht	2016 Baht
At 1 January	28,863,481	46,997,295
Repayments	(5,312,452)	(18,133,814)
At 31 December	<u>23,551,029</u>	<u>28,863,481</u>

17 Employee benefit obligations

	2017 Baht	2016 Baht
Statement of financial position		
Retirement benefits	3,073,110	2,300,494
Other long-term benefits	627,853	460,857
Liability in the statement of financial position	<u>3,700,963</u>	<u>2,761,351</u>
Profit or loss charge include in operating profit for:		
Retirement benefits	772,616	621,417
Other long-term benefits	166,996	151,418
	<u>939,612</u>	<u>772,835</u>

17 Employee benefit obligations (Cont'd)

17.1 Retirement benefits

The plans are retirement plans based on the final month salary, which provide benefits to members in the form of a guaranteed level of pension payable in accordance with related labor laws. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

The amounts recognised in the statement of financial position are determined as follows:

	2017 Baht	2016 Baht
Present value of unfunded obligation	3,073,110	2,300,494

The movement in the defined benefit obligation over the year is as follows:

	2017 Baht	2016 Baht
At 1 January	2,300,494	2,165,237
Current service cost	690,996	555,836
Interest expense	81,620	65,581
Benefit paid	-	(486,160)
At 31 December	3,073,110	2,300,494

The principal actuarial assumptions used were as follows:

	2017	2016
Discount rate	3.03%	3.03%
Salary growth rate	3.00%	3.00%
Voluntary resignation rate		
Age below 31	35%	35%
31 - 40	14%	14%
41 - 50	3%	3%
Above 50	0%	0%

Sensitivity analysis for each significant assumption

	Change in assumption		Impact on defined benefit obligation			
			Increase in assumption		Decrease in assumption	
	2017	2016	2017	2016	2017	2016
Discount rate	1%	1%	Decrease by 9.68%	Decrease by 10.39%	Increase by 11.28%	Increase by 12.19%
Salary growth rate	1%	1%	Increase by 13.33%	Increase by 13.16%	Decrease by 11.52%	Decrease by 11.35%
Voluntary resignation rate	1%	1%	Decrease by 10.36%	Decrease by 11.13%	Increase by 7.80%	Increase by 8.63%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement benefits obligations recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis were not changed when compared to the previous year.

Ziga Innovation Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

17 Employee benefit obligations (Cont'd)

17.2 Other long-term benefits

The Company provides other long-term benefit scheme as the Company will pay to each employee starting from Baht 5,000 to Baht 20,000 per person after their 5 years of employment up to a maximum of 20 years. The plan is unfunded. Significant assumptions and frequency of valuations are similar to those used for defined benefit retirement plans set out above.

The amounts recognised in the statement of financial position are determined as follows:

	2017 Baht	2016 Baht
Present value of unfunded obligation	627,853	460,857

The movement in the defined benefit obligation over the year is as follows:

	2017 Baht	2016 Baht
At 1 January	460,857	309,439
Current service cost	155,648	142,510
Interest expense	11,348	8,908
Less benefit paid	-	-
At 31 December	627,853	460,857

Description of the risk to which the plan exposes the entity:

Through its defined benefit retirement benefit plans and other long-term benefits, the Company is exposed to a number of risks, the most significant of which are detailed below:

Changes in bond yields	A decrease in Government bond yields will increase plan liabilities.
Inflation risk	Some of the pension obligations are linked to inflation, and higher inflation will lead to higher liabilities.

The weighted average duration of the defined benefit obligation is 9.97 years. (2016: 10.97 years).

Ziga Innovation Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

17 Employee benefit obligations (Cont'd)

17.2 Other long-term benefits (Cont'd)

Expected maturity analysis of undiscounted retirement and other long-term benefits:

	Less than a year Baht	Between 1 - 2 years Baht	Between 2 - 5 years Baht	Over 5 years Baht	Total Baht
At 31 December 2017					
Retirement benefits	207,618	835,466	110,689	28,142,788	29,296,561
Other long-term benefits	65,000	370,000	295,000	2,835,000	3,565,000
Total	272,618	1,205,466	405,689	30,977,788	32,861,561
	Less than a year Baht	Between 1 - 2 years Baht	Between 2 - 5 years Baht	Over 5 years Baht	Total Baht
At 31 December 2016					
Retirement benefits	-	799,636	354,137	28,142,788	29,296,561
Other long-term benefits	70,000	220,000	435,000	2,910,000	3,635,000
Total	70,000	1,019,636	789,137	31,052,788	32,931,561

18 Share capital and share premium

	Authorised share capital		Issued and paid-up capital		Premium on paid-up capital	Total
	Number of shares Shares	Ordinary shares Baht	Number of shares Shares	Ordinary shares Baht	Baht	Baht
At 1 January 2016	1,800,000	180,000,000	1,800,000	180,000,000	-	180,000,000
Issue of shares	320,000	32,000,000	-	-	-	-
Total	2,120,000	212,000,000	1,800,000	180,000,000	-	180,000,000
Change in par value of Ordinary shares	421,880,000	-	358,200,000	-	-	-
Total	424,000,000	212,000,000	360,000,000	180,000,000	-	180,000,000
Decrease in authorised Share capital	(64,000,000)	(32,000,000)	-	-	-	-
Total	360,000,000	180,000,000	360,000,000	180,000,000	-	180,000,000
Issue of shares	160,000,000	80,000,000	80,000,000	40,000,000	-	40,000,000
Total	520,000,000	260,000,000	440,000,000	220,000,000	-	220,000,000
At 31 December 2016	520,000,000	260,000,000	440,000,000	220,000,000	-	220,000,000
Issue of shares	-	-	80,000,000	40,000,000	415,236,625	455,236,625
31 December 2017	520,000,000	260,000,000	520,000,000	260,000,000	415,236,625	675,236,625

As 31 December 2017, the total number of authorised ordinary shares is 520,000,000 shares (31 December 2016: 520,000,000 shares) with a par value of Baht 0.50 per share (31 December 2016: Baht 0.50 per share). All issued shares, 520,000,000 shares, are fully paid (31 December 2016: 440,000,000 shares). The Company registered the ordinary shares and paid-up share capital with the Ministry of Commerce on 15 August 2016.

Ziga Innovation Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

18 Share capital and share premium (Cont'd)

On 17 August 2017, the Company offered its common shares through the initial public offering by issuing 80,000,000 common shares. The new shares were sold to subscribers at the price of Baht 5.90 per share (Baht 0.50 for paid in capital and Baht 5.40 for share premium) totalling Baht 472 million. The Company begins trading in the Stock Exchange of Thailand on 17 August 2017. As a results, Company obtained share premium of Baht 432 million and incurred directly attributable expenses of the initial public offering amounted to Baht 16.96 million, which were deducted from the premium on share capital received from new investors.

At the Board of Directors meeting 2/2016 held on 12 May 2016, shareholders approved to increase authorised share capital from 1,800,000 ordinary shares with a par value of Baht 100 per share to 1,800,000 ordinary shares with a par value of Baht 100 per share, totalling baht 212,000,000. The Company registered the decrease in authorised share capital with the Ministry of Commerce from a par value of Baht 100 per share with total shares of 1,800,000 shares to a par value of Baht 0.50 per share with total shares of 360,000,000 shares in accordance with transformation of the Company under the Civil and Commercial Code to become the Company under Public Limited Company. The Company registered the increase in authorised share capital with the Ministry of Commerce on 2 June 2016.

At the Board of Directors Meeting 4/2016 held on 8 August 2016, shareholders approved to decrease authorised share capital from 424,000,000 ordinary shares with a par value of Baht 0.50 per share to 360,000,000 ordinary shares with a par value of Baht 0.50 per share. Shareholders also approved to increase authorised share capital 160,000,000 ordinary shares from 360,000,000 with a par value of Baht 0.50 per share to 520,000,000 ordinary shares with a par value of Baht 0.50 per share in which total amount is 260,000,000 baht for offering to existing shareholders for 80,000,000 shares and reserved for public offering in the future for 80,000,000 shares. The Company registered the changes in registered and fully paid-up capital with the Ministry of Commerce on 13 September 2016.

19 Dividends

The Annual General Shareholders' meeting held on 21 April 2017, the shareholders passed a resolution to approve dividends payment distributed from the retained earnings as at 31 December 2016 for 440,000,000 ordinary shares, totalling Baht 50 million. These dividends were paid to the shareholders of Baht 47.50 million on 18 May 2017 and another Baht 2.5 million on 1 August 2017.

At the Board of Directors meeting held on 12 July 2017, the Board passed a resolution to approve dividends payment distributed from the retained earnings as at 31 March 2017 for 440,000,000 ordinary shares amount of Baht 70 million. These dividends were paid to the shareholders on 1 August 2017.

The Annual General Shareholders' meeting held on 29 April 2016, the shareholders passed a resolution to approve final dividends in respect of the operating result of the year 2015 at Baht 31.67 per share for 1,800,000 ordinary shares, totalling Baht 57.00 million. The dividend were distributed to the shareholders in May 2016.

At the Board of Directors meeting held on 12 May 2016, the Board passed a resolution to approve interim dividends in respect of the operating result for the period from January to March 2016 at Baht 49.61 per share for 1,800,000 ordinary shares, totalling Baht 89.30. The dividends were distributed to the shareholders in June 2016.

At the Board of Directors meeting held on 8 August 2016, the Board passed a resolution to approve interim dividends in respect of the operating result for the period from April to June 2016 at Baht 0.171 per share for 360,000,000 ordinary shares, totalling Baht 61.56. The dividends were distributed to the shareholders in August 2016.

Ziga Innovation Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

20 Legal reserve

	2017 Baht	2016 Baht
At 1 January	11,680,000	740,000
Appropriate during the year	9,424,000	10,940,000
At 31 December	<u>21,104,000</u>	<u>11,680,000</u>

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10 percent of the registered capital. The legal reserve is non-distributable.

21 Financial instruments - forward foreign exchange contracts

The Company has entered into forward exchange rate agreements to hedge the Company's exposure on trade accounts payable denominated in foreign currencies following the Company's policy.

At 31 December 2017 the Company had outstanding forward foreign exchange contract for 1 month and 2 months (2016: open contracts for 2 months and 4 months). The fair value of the outstanding forward foreign exchange contracts are as follows:

	2017 Million Baht	2016 Million Baht
2.24 USD million (Baht 33.85 - Baht 34.59 USD)	<u>2.24</u>	<u>-</u>

Fair value of forward foreign contracts is within level 2 of the value hierarchy.

Valuation techniques used to derive level 2 fair value

Forward foreign exchange contracts are financial instruments not traded in an active market. The valuation technique used to determine the fair value of forward foreign contracts is the net present value technique which is the estimated amount that a bank would receive or pay to terminate the forward contracts at the reporting date, taking into account current interest rates and current exchange rates. The fair value forward foreign contracts approximates the net present value of future cash flows.

22 Other income

	2017 Baht	2016 Baht
Scrap sales	15,611,097	15,413,360
Gain on sales of equipment	1,404,541	29,999
Gain on exchange rate	9,322,384	5,520,789
Transportation income	167,739	164,846
Interest income	679,530	220,372
Others	530,062	536,143
Total	<u>27,715,353</u>	<u>21,885,509</u>

Ziga Innovation Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

23 Finance cost

	2017 Baht	2016 Baht
Interest on borrowings	9,651,855	9,089,323
Interest on finance lease	1,722,120	2,250,932
Total	<u>11,373,975</u>	<u>11,340,255</u>

24 Expenses by nature

	2017 Baht	2016 Baht
Changes in inventories of finished goods and work in process	43,951,384	28,910,371
Raw material and consumables used	724,458,046	622,917,772
Depreciation - building and equipment (Note 11)	36,120,879	32,581,022
Amortisation - intangible assets (Note 12)	1,192,893	1,103,543
Staff costs	31,868,261	26,044,670
Employee benefit expense (Note 17)	939,612	772,835

25 Income tax expense

	2017 Baht	2016 Baht
Current tax:		
Current tax on profits for the year	27,972,000	56,288,462
Adjustments in respect of prior year	-	1,135,239
Total current tax	<u>27,972,000</u>	<u>57,423,701</u>
Deferred tax :		
Increase in deferred tax assets (Note 13)	(1,534,418)	(1,030,984)
Total deferred tax	<u>(1,534,418)</u>	<u>(1,030,984)</u>
Income tax expense	<u>26,437,582</u>	<u>56,392,717</u>

Tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate of 20% (2016: 20%) as follows:

	2017 Baht	2016 Baht
Profit before income tax	158,113,270	282,519,082
Tax calculated at a tax rate of 20% (2015: 20%)	31,622,654	56,503,816
The effect of:		
Expenses not deductible for tax purposes	119,282	205,395
Expense deducted at greater amount	(5,304,354)	(1,451,733)
Adjustments in respect of prior year	-	1,135,239
Income tax	<u>26,437,582</u>	<u>56,392,717</u>

Further information about deferred income tax is presented in Note 13.

26 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of paid-up ordinary shares in issue during the year.

	2017	2016
Net profit (Baht)	131,675,688	226,126,365
Weighted average of issued ordinary shares during the period after decrease par value to Baht 0.50 (shares)	470,465,753	385,355,191
Basic earnings per share (Baht)	0.28	0.59

The weight average numbers of ordinary shares used in computing earnings per share have been reflected the change in par value of ordinary shares from share split as mentioned in note 18 in accordance with TAS 33 Earnings per share.

27 Commitments and contingencies

Capital commitments

Capital expenditure contracted as at the statement of financial position date but not recognised in the financial statements is as follows:

	2017 Baht	2016 Baht
Land under purchase agreement	161,860,020	-
Machinery and equipment purchase agreement	11,900,000	8,120,000
	173,760,020	8,120,000

The Company purchased a plot of land totaling 27 Rai 3 Ngan 62.76 Square wa from a third party, for building a new factory. The Company will pay the remaining balance on land transfer date.

Operating leases - where the Company is the lessee

As at 31 December 2017, the Company had commitment obligations in respect of long-term lease of land from a director for part of its operations. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2017 Baht	2016 Baht
Not later than 1 year	600,000	600,000
Later than 1 year but not later than 5 years	-	600,000
	600,000	1,200,000

Ziga Innovation Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

28 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

As at 31 December 2017, the major shareholders of the Company are 10 individual, which own 73.51% of the Company's share capital.

Other related companies are companies belong to directors and directors' families of the Company and are therefore related parties.

The following transactions were carried out with related parties:

Name of entities	Country of incorporation	Natures of relationship
Ziga Steel Corporation Co., Ltd.	Thailand	Related company (director is the shareholders)
Dee Ngam Holding Company Limited	Thailand	Related company (director is the shareholders)
K.L.S.Electric Co.,Ltd.	Thailand	Related party (shareholder is the spouse of the director)

The following material transactions were carried out with related parties:

28.1 Revenue from sales of goods

For the year ended 31 December	2017 Baht	2016 Baht
Revenue from sales of goods		
Related company	9,832	-

28.2 Expenses and purchase of asset

For the year ended 31 December	2017 Baht	2016 Baht
Equipment and other supply		
Related parties	2,213,937	683,266
	2,213,937	683,266
Land rental		
Director	600,000	600,000
	600,000	600,000

28 Related party transactions (Cont'd)

The following material transactions were carried out with related parties: (Cont'd)

28.3 Outstanding balances arising from purchases of goods

As at 31 December	2017 Baht	2016 Baht
Amount due to related party :		
(Included in Note 15 "Trade and other payable")		
Related parties	265,959	79,465
	<u>265,959</u>	<u>79,465</u>

28.4 Directors and executive remuneration

For the year ended 31 December	2017 Baht	2016 Baht
Short-term benefits:		
Salary, bonus and others	15,878,489	14,599,179
Director's meeting allowance	372,000	343,000
Long-term benefits:		
Retirement benefits	1,386,225	1,182,863

29 Event after the reporting date

At the Board of Directors ("the Board") meeting held on 23 February 2018, the Board passed a resolution to approve dividends from the retained earnings as at 31 December 2017 at Baht 0.13 per share for 520,000,000 ordinary shares, totalling Baht 67.60 million. These dividends will be approved by the shareholders in the next shareholders' meeting in April 2018.

Remuneration of Auditors

For the financial year ended 31 December 2017, the Company paid the remuneration to Pricewaterhousecoopers ABAS Limited 2,350,000 Baht in total, consisting of auditor fees for the Company and subsidiaries, excluding miscellaneous expenses of the auditors such as document copies, transportations etc



บริษัท ซิก้า อินโนเวชั่น จำกัด (มหาชน)
Ziga Innovation Public Company Limited

สำนักงานใหญ่ : 999/9,10,11 หมู่ 9 ตำบลในคลองบางปลากด อำเภอพระสมุทรเจดีย์ จังหวัดสมุทรปราการ 10290
โทรศัพท์ : 02-816-9315-6 โทรสาร : 02-816-9315 #444
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Website : www.ziga.co.th

Key Financial Information

			(Unit : thousand Baht)
Financial Status	2015	2016	2017
Assets			
Current Assets	358,232	402,307	1,026,449
Non-Current Assets	219,756	224,137	255,534
Total Assets	577,988	626,444	1,281,983
Liabilities			
Current Liabilities	256,933	248,095	460,945
Non-Current Liabilities	63,980	63,007	38,789
Total Liabilities	320,913	311,103	499,734
Shareholders' Equity	257,075	315,341	782,249

Operating Result			
Revenue from Sales	679,996	919,784	882,235
Total Revenue	689,681	941,669	909,950
Net Profit	68,603	226,126	131,676
Basic Earnings Per Share (Baht)	0.45	0.59	0.28
Weighted Average Number of Shares (Thousand Share) **	153,205	385,355	<u>470,466</u>

**Par value was adjusted to 0.50 Baht per share for comparison

Connected transaction between the Company and KLS Electric Co., Ltd ("KLS")

Transaction	Transaction Value (Baht)		Necessity and Justification of the Transaction
	2016	2017	
- Expense for plastic end cap molding	609,000	-	In 2016, the Company ordered KLS to produce made-to-order molds for plastic end cap, which prevents a pipe tap from damages, for 9 sizes of pipe. Total amount of the order was 609,000.00 Baht. The price and terms of the transactions were compared with other molding manufactures according to the Company's procurement process. The transaction had been reviewed by the Audit Committee and approved by the Board of Directors.
- Expense for plastic end caps	74,266	2,213,937	
- Trade Account Payable			
Brought forward amount	-	79,465	
Additional expense during the period	731,095	2,368,913	
Repayment during the period	(651,630)	(2,182,419)	
Outstanding amount at year end	79,465	265,959	

Summary of the guarantees between the Company and persons with potential conflict of interest

As of 31 December 2017, the Company have obtained credit facility lines from two of the financial institutions totaling Baht 636.58 million. Details were as follows:

<u>Credit facility</u>	<u>Amount In Million Baht</u>	<u>Guarantee of credit facility</u>
1. <u>Credit facility under trust receipt from Krung Thai Bank Public Company Limited</u>	<u>240</u>	<u>Yes</u>
2. <u>Credit facility under trust receipt from Kasikornbank Public Company Limited</u>	<u>300</u>	<u>Yes</u>
3. <u>Credit facility for long-term loan from Kasikornbank Public Company Limited</u>	<u>96.58</u>	<u>Yes</u>
<u>Total</u>	<u>636.58</u>	

Credit facility under trust receipt from Krung Thai Bank Public Company Limited which is guarantee by land and building's Company. Title deed No.81777 and guarantee by director and shareholder, Mr. Suppakit Ngamchitharoen, Miss Valarlak Ngamchitharoen and Mr. Thiranat Ngamchitharoen are the guarantors. Settlement limit under trust receipt is within 240 million Baht.

Credit facility under trust receipt from Kasikornbank Public Company Limited which is guarantee by land and building's Company. Title deed No.20008, 20009, 33449 and 33450 and guarantee by title No.20005 land's Mr.Suppakit Ngamchitharoen. Settlement limit under trust receipt is within 300 million Baht and Credit facility for long-term loan is within 96.58 million Baht.

Page 51:

Executive Remuneration

For the year 2016 and 2017, the Company has paid the following remuneration to the executives;

Remuneration	2016		2017	
	Number of persons	Remuneration (M. Baht)	Number of persons	Remuneration (M. Baht)
Salary and bonus	<u>8</u>	<u>11.18</u>	7	11.29
Other remunerations such as position allowance, commission etc.	<u>8</u>	<u>3.42</u>	7	4.58
Total	<u>8</u>	<u>14.60</u>	7	15.87

Page 52:

2) Retirement Program

The Company had employee benefit obligations which recorded in non-current liabilities, as of 31 December 2016 and 31 December 2017, totaling 2.76 million Baht and 3.70 million Baht respectively. The employee benefit which was the Company's expenses for 2016 and 2017 were 0.77 million Baht and 0.94 million Baht respectively.