

## Part 2

### Business Management and Supervision

#### 7. Information on securities and shareholders

##### 7.1 Amount of registered capital and paid-up capital

The Company had a total of 546,317,496.20 Baht (of which 428,549,539.80 Baht was paid up), comprising 4,285,495,398 shares with a par value of 0.10 Baht as at 31 December 2016.

##### 7.2 Shareholders

List of 10 major shareholders appeared in shareholder register: As at 29 March 2016.

Total Shareholders : 13,643  
% Shares in Scripless Holding : 97.74 %

#### Top 10 Major Shareholders

Name-Surname		Number of shares	Percentage of total number of shares
1. Mr. Wittawat	Pornkul	1,020,000,000	23.84
2. Miss Wisara	Pornkul	712, 000,000	16.64
3. Mr. Chana	Towan	292,725,658	6.84
4. Miss Arissara	Towan	111,750,000	2.61
5. Miss Asama	Towan	111,000,005	2.59
6. Thai NVDR Co., Ltd.		70,502,497	1.65
7. Mr. Chaivasit	Viriyamettakul	63,000,000	1.47
8. Mr. Chavalit	Charatchotipinit	50,000,000	1.17
9. Sarasin Co., Ltd.		26,780,000	0.63
10.Mrs.Natthanant	Pichetpinyo	18,435,680	0.43
Total		2,476,193,840	57.87

##### 7.3 Issuance of other securities

- No issuance of other securities -

## 7.4 Dividend distribution policy

The Company had a policy to distribute dividends at the rate of not less than 25 per cent of net profit after corporate income tax in each year. In distributing dividends the following factors were taken into consideration, e.g. operating results and financial position of the Company, liquidity of the Company, business expansion and other factors relating to work the Company's management. The dividend distribution referred to above would be subject to approval of shareholder meeting as appropriate and approval of the Board of Directors.

In 2016, the Company had 138.14 million Baht profit for the year, and the Board of Directors resolved to propose to the shareholder ordinary meeting on 27 April 2017 to approve distribution of dividends at the rate of 0.008 Baht per share, representing 27.50 per cent of the profit for the year under the consolidated financial statement.

### **The dividend payout ratio from operations each year in the past 5 years**

Details of the distribution of Dividends	Y 2016 (Proposed)	Y 2015	Y 2014	Y 2013	Y 2012
Earnings per share (Baht)	0.03	0.08	0.16	1.06	0.73
Dividend per share (Baht)	0.008	0.04	0.154	1.04	0.43
Dividend to earnings ratio (%)	27.50	97	99	98	59
Par (Baht)	0.10	0.10	0.10	1.00	1.00

Year	Cash	Stock dividend	Earnings day
2016	0.008 Baht per Share	-	01/01/2016 - 31/12/2016
2015	0.04 Baht per Share	-	01/01/2015 - 31/12/2015
2014	0.15 Baht per Share	25 existing shares : 1 stock dividend	01/01/2014 - 31/12/2014
2013	1.04 Baht per Share	-	01/01/2013 - 31/12/2013
2012	0.43 Baht per Share	-	01/01/2012 - 31/12/2012

**Note:** Distribution of dividends in 2016 for operating results from 1 January to 31 December 2016 was still uncertain, depending on resolution of shareholder ordinary meeting on 27 April 2017.

\* Net profit means net profit for the year in respect of parent company shareholders' equity.

\*\* The Board of Directors resolved to propose to shareholder ordinary meeting on 27 April 2017 to approve dividend distribution for 2015 at 0.008 Baht per share.

## 8. Management structure

### 8.1 Board of Directors

#### **Board of Directors meetings**

The Board of Directors holds at least 4 meetings per year. Meeting agendas for each meeting shall be clearly determined in advance throughout the year and details supporting the meeting agendas are sent to the Board of Directors for information of the Board of Directors and all executives so that they can allocate time for participation in the meetings. Extraordinary meetings may be held as necessary. The Secretary to the Board of Directors is required to be responsible as follows.

- Prepare letter of invitation to the meeting with clear meeting agendas, and send meeting documents at least 7 days in advance of the meeting date to allow the Board of Directors time to adequately study the information before attending the meeting.
- Organize meetings with sufficient time and give opportunities to debate fully and openly.
- Prepare minutes of meetings with complete essences and present to the President of the Board of Directors to certify in the next meeting before keeping systematically and in a searchable manner.

### **Board of Directors**

As at 31 December 2016 the Board of Directors comprised 9 directors, namely:

<b>No.</b>	<b>Name-Surname</b>	<b>Position</b>
1	Assoc. Prof. Dr. Tortrakul Yomnak	President
2	Mrs. Pisamai Boonyakiat	Chairman of Audit Committee (independent director)
3	Mr. Wittawat Pornkul	Chief Executive Officer
4.	Mr. Dhanit Charinsarn	Vice President and Audit Director (independent director and remuneration director)
5	Mr. Wanchai Tantikul	Audit Director (independent director and remuneration director)
6	Mr. Chana Towan	Director (remuneration director)
7	Dr. Tanai Charinsarn	Director
8	Mr. Nirut Intarathachang	Director
9	Mr. Jeeradej Viratchai	Director

Authorized signatories are as follows

“Mr. Wittawat Pornkul to affix signature and corporate seal or Mr. Chana Towan, Dr. Tanai Charinsarn, Mr. Nirut Intarathachang, Mr. Jeeradej Viratchai, two out of the four directors to co-sign and affix the corporate seal.”

### **Scope, authority and duties of the Board of Directors**

1. Plan and determine key policies, directions, strategies, work programs, organizational structure and work management structure in the Company’s business operation in harmony with economic conditions and competitions in the market for submission to the Board of Directors for consideration and approval.
2. Determine key policies in conducting business, financial, fund mobilization, fund management and risk management aspects of the Company.
3. Consider approval of budgets and investment projects and supervise project executions in accordance with the plans.

4. Supervise the Company's business operation to meet or surpass the established targets and determine remedial guidelines in case there is obstacle hindering achieving thereof.
5. Prepare reports on the Company's general and financial information to shareholders and general stakeholders accurately, timely and in compliance with laws.
6. Acknowledge significant audit reports and determine guidelines for improvement and correction in case any material flaw is detected.
7. Review adequacy and suitability of the internal control system and risk management of the Company.
8. Make available Succession Plan for high-level executives on continuous basis.
9. Oversee and monitor the Company's routine work performance as per the business plans approved by the Board of Directors.
10. Determine key policies in conducting business, financial, fund mobilization, fund management and risk management aspects of the Company.
11. Plan and determine business plans, annual budgets and authority for management of work in various lines of the Company and submit to the Board of Directors for approval.
12. The Board of Directors establishes a policy and guidelines on consideration of transactions which have, or may have, conflict of interest between shareholders, directors, executives and individuals who may have other conflicts, directly and indirectly, in case of related transactions which are under the approval power of shareholders, to be screened by the Audit Committee to ensure that the entering into such transactions is fair, reasonable and beneficial to shareholders and is in compliance with law and requirements of the Securities and Exchange Commission Office.
13. The Board of Directors ensures compliance with steps established deliberately within the principle of reasons and independency, with transparent process in granting approval to enter into the transaction and taking into consideration optimal benefits of the Company fully and properly in accordance with rules of the Securities and Exchange Commission Office.
14. Stakeholders shall not take part in making decision in the consideration to enter into a transaction. In every meeting of the Board of Directors, the Chairman shall inform the meeting seeking cooperation to require directors of the Company to comply with the policy on consideration of transactions with possible conflict of interest, by requiring directors of the Company to inform the meeting to abstain from voting or commenting on agendas to which they are concerned or interested.
15. The Board of Directors ensures that information on transactions with possible conflict of interest are disclosed properly and fully in the annual report and the 56-1 form.
16. The Board of Directors emphasizes on and makes available internal control system to create reasonable confidence on proficiency and effectiveness of the operation and reliability of the financial report and compliance with rules, regulations and policies, by establishing an internal audit agency which is independent in performing its duties, to be responsible for

checking on adequacy and proficiency of the internal control system on activities of the Company for reporting to the Audit Committee and the Board of Directors, respectively.

17. The Board of Directors reviews appropriateness and adequacy of all 5 elements of the internal control system, i.e. Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring, regularly once a year to ensure achievement of objectives and targets of the Company, including improvement of the internal control system on a continuous basis.
18. The Board of Directors makes available a system which is neutral and transparent in maintaining relationships with external and internal auditors through connection of the Audit Committee.
19. Auditing fees and other fees payable to the auditor are disclosed in the annual report to enhance transparency in the independency of the auditor.

**The Company determined qualifications of directors as follows:**

1. Being veterans in fields relating to the Company's business and prepared to fully devote their times to perform their duties for the Company.
2. Being individuals without incompatibility prescribed in the Public Limited Company Act B.E. 2535, the Securities and Exchange Act B.E. 2535 and the good corporate governance principles of listed companies.
3. High-level directors and executives must not be, or have been, an auditor of the Company, subsidiaries, associated companies and not a shareholder with control power or a partner of an audit office to which auditor of the Company, subsidiaries and associated companies belong.
4. A director may hold office of director in not more than 2 listed companies. However, if the director is a chief executive officer or managing director, the director should hold only office in only 1 company, i.e. DCON Products Public Company Limited.

The Board of Directors shall assign executives of the Company to consider approving and carry out executions relating to financial transactions of the Company and related transactions which are in the normal course of trade, transactions on acquisition or disposal of material assets of the Company and/or transactions or matters which individuals with possible conflict, interest, or conflict of interest in any other manner shall execute with the Company and subsidiaries (if any) with reference market price of not exceeding 20 million Baht.

In case of directors with possible benefits or interests or conflict with the Company or related company, such interested directors shall not have a voting right.

**Audit Committee**

The Audit Committee is an independent agency providing support and operating on behalf of the Board of Directors to review financial information present to shareholders and other parties concerned, reviewing the internal control system established by the Board of Directors, the internal audit process and communicating with the auditor of the Company.

The Company had 3 audit directors in total, elected by shareholder ordinary meeting No. 1/2549 held on 31 March 2006, namely:

As at 31 December 2016 the Audit Committee comprised 3 directors in total, namely:

No.	Name-Surname	Position
1	Mrs. Pisamai Boonyakiat	Chairman of Audit Committee, independent director
2	Mr. Wanchai Tantikul	Audit Director, independent director
3	Mr. Dhanit Charinsarn	Audit Director, independent director

### **Scope, authority and duties of the Audit Committee**

1. Review to ensure that the Company has submitted financial reports with sufficient accuracy and disclosure by coordinating with the external auditors and executives responsible in preparing both quarterly and annual financial reports. The Audit Committee may recommend the auditor to review or check any transaction deemed necessary and significant while auditing the Company's accounts.
2. Review jointly with the external auditors and the internal auditor to ensure that the Company has suitable and effective internal control and internal audit systems.
3. Consider selecting and nominating auditors of the Company, and proposing remunerations of the auditors, taking into account reliability, sufficiency of resources and auditing workload of the audit office, including experiences of personnel assigned to audit accounts of the Company.
4. Consider disclosure of the Company's information in case of related transactions or transactions with possible conflict of interest to ensure accuracy and completeness thereof.
5. Perform any other work assigned by the Board of Directors and consented to by the Audit Committee, such as to review financial management and risk management policy, review executives' compliance with business ethics, review jointly with executives of the Company significant reports to be presented to the public as required by laws, i.e. management discussion and analysis etc.
6. Prepare reports on activities of the Audit Committee by disclosing in the Company's annual report, to be signed by the Chairman of the Audit Committee. Said reports should include the following information.
  - 6.1 Opinions on the process of preparation and disclosure of information in the Company's financial reports regarding accuracy, completeness and reliability.
  - 6.2 Opinions on adequacy of the Company's internal control system.
  - 6.3 Reasons to believe that the Company's auditors deserve re-election for another term.
  - 6.4 Opinions on compliance with law governing securities and exchange, requirements of the Stock Exchange of Thailand or laws applicable to the Company's business.
  - 6.5 Any other reports of which shareholders and general investors should be aware, under the scope, duties and responsibilities assigned by the Board of Directors.

## 8.2 Executives

### Executive Committee

As at 31 December 2016 the Executive Committee comprised 11 executives in total, namely:

No.	Name-Surname	Position
1	Mr. Wittawat Pornkul	Chief Executive Officer
2	Mr. Chana Towan	Deputy Chief Executive Officer
3	Mr. Nirut Intarathachang	Executive Director
4.	Mr. Jeeradej Viratchai	Executive Director
5	Dr. Kawin Worakanchana	Executive Director
6	Miss Chamnong Panyasombat	Executive Director
7	Miss Pradittha Worachart	Executive Director
8	Miss Somnuek Raksanit	Executive Director
9	Mrs. Siriporn Leetaweekulsomboon	Executive Director
10.	Mr. Samak Saritchasombat	Executive Director
11.	Mr. Chalernpol Pakpien	Executive Director

### Scope of authority and duties of the Executive Committee

1. Monitor compliance with established policies and management directions in various aspects of the Company to ensure efficiency and favorability to the business operation.
2. Oversee and monitor the Company's routine work performance in accordance with the business plan approved by the Board of Directors.
3. Perform other duties assigned by the Board of Directors from time to time.
4. The Chief Executive Officer shall consider approving and carry out executions relating to the Company's financial transactions within the amount not exceeding 20 million Baht.
5. The Chief Executive Officer shall consider approving and carry out executions relating to financial transactions of the Company and related transactions which are in the normal course of trade, transactions on acquisition or disposal of material assets of the Company and/or transactions or matters which individuals with possible conflict, interest, or conflict of interest in any other manner shall execute with the Company and subsidiaries (if any) with reference market price of not exceeding 20 million Baht, and must present the matter to the next Board of Directors meeting for information.

However, the Executive Committee has no authority to take any action in or relating to related transactions, transactions on acquisition or disposal of material assets of the Company and/or other transactions or matters which individuals with possible conflict, interest, or conflict of interest in any other manner shall execute with the Company and subsidiaries (if any) in case the transaction exceeds 20 million Baht. Such transactions or matters shall be presented to the Audit Committee and the Board of Directors for consideration and approval.

### Scope of authority of the Chief Executive Officer

1. Manage and supervise activities relating to the Company's general work management.
2. Take actions as assigned by the Board of Directors or the Executive Committee.
3. Employ, designate, transfer, remove, terminate, determine wages, grant rewards, increase salaries, remunerations and bonuses of all personnel of the Company at levels lower than

executive and appoint employer's representatives to the Provident Fund Committee of the Company.

4. Approve and grant authorization to approve payments for property procurement and service employment for the Company's benefits, including approval for financial executions for transactions of the Company within the amount not exceeding 5 million Baht, which must be co-signed by one executive of the Executive Committee.
5. Issue orders, regulations, announcements, records to ensure that the work performance is in compliance with policies and interests of the Company and to maintain work disciplines within the organization.
6. Take action and represent the Company to third parties in activities which are relevant and beneficial to the Company.
7. Approve appointments of consultants on various aspects necessary to work execution.
8. Perform other duties assigned by the Board of Directors from time to time.

The Managing Director shall be under supervision of and report directly to the Board of Directors and the Executive Committee, and the Managing Director shall comply with guidelines and policies established by the Executive Committee.

However, the Managing Director has no authority to take any action in or relating to related transactions, transactions on acquisition or disposal of material assets of the Company and/or other transactions or matters which individuals with possible conflict, interest, or conflict of interest in any other manner shall execute with the Company and subsidiaries (if any). Such transactions or matters shall be presented to the Audit Committee and the Board of Directors for consideration and approval.

### **8.3 Nomination and Remuneration Committee**

As at 31 December 2016.

<b>No.</b>	<b>Name-Surname</b>	<b>Position</b>
1	Mr. Dhanit Charinsarn	Nomination and Remuneration Director, independent director
2	Mr. Wanchai Tantikul	Nomination and Remuneration Director, independent director
3	Mr. Chana Towan	Nomination and Remuneration Director

#### **Scope, authority and duties of the Nomination and Remuneration Committee**

1. Prescribe rules and policies in nominating committees and subcommittees of the Company.
2. Nominate directors by considering individuals suitable to hold the director office for presentation to the Board of Directors for consideration and approval and/or to shareholder meeting for approval, as the case may be.
3. Nominate candidate suitable to hold office of the Chief Executive Officer in case the office is vacant, and prescribe rules in nominating high-level executives.
4. Determine necessary and appropriate remunerations, in both monetary and non-monetary forms, to attract and retain the Board of Directors, subcommittees and high-level executives of the Company in each year.



5. Prepare rules and policies in determining remunerations of directors and high-level executives for presentation to the Board of Directors for consideration and approval and/or to shareholder meeting for approval, as the case may be.
6. Provide explanations in response to queries relating to remunerations of directors and high-level executives in shareholder meetings.

#### **8.4 Secretary of the Company**

The Board of Directors appointed Mr. Nirut Intarathachang who possesses suitable competency, qualifications and experiences as Secretary of the Company. Background of the Company Secretary is as per the attached document.

#### **Qualifications of the Secretary of the Company**

1. Possess knowledges in the fields of business, accounting, laws and regulations relating to the Company.
2. Possess knowledge and comprehension in good corporate governance and good business supervision practices.
3. Is independent and candid in performance of duties in making both suggestions and comments.

#### **Scope of authority and duties of the Secretary of the Company**

1. Provide provisional suggestions to directors regarding matters of law, practices as per official rules, procedures and regulations of the Company, monitor to ensure proper and regular compliance therewith, including report on material changes to directors.
2. Promote cognizance pertaining to business supervision, provide information and push the Board of Directors to comply and arrange to have examined the results of the compliance therewith.
3. Prepare meeting agendas, shareholder and Board of Directors meeting documentation.
4. Organize shareholder and Board of Directors meetings in compliance with laws, Articles of Association and good practices.
5. Record minutes of shareholder and Board of Directors meetings and monitor to ensure compliance with resolutions of shareholder and Board of Directors meetings.
6. Prepare and keep director register, annual reports of the Company, letters of invitation to shareholder meetings, letters of invitation to Board of Directors meetings, minutes of shareholder meetings and minutes of Board of Directors meetings.
7. Arrange for directors and executives to prepare reports on their interests and related parties' interests as per provisions of law.
8. Keep reports on interests made by directors or executives and send copies thereof to the President and Chairman of the Audit Committee as required by law.
9. Ensure disclosure of data and information reports.
10. Contact and communicate with shareholders to inform them rights of shareholders and information of the Company and act as intermediary between shareholders and the Board of Directors and executives.
11. Oversee activities of the Board of Directors.
12. Pursue laws, requirements and practices in respect of business operation.
13. Coordinate between the Board of Directors and executives of the Company.

## 8.5 Remunerations of directors and executives

### Monetary remunerations

In 2016 the Company paid the Board of Directors and high-level executives their remunerations as follows.

Directors' remunerations 1,450,000 Baht

Executives' remunerations 9,635,650 Baht

In 2015 the Company paid the Board of Directors and high-level executives their remunerations as follows.

Directors' remunerations 3,412,500 Baht

Executives' remunerations 9,310,325 Baht

### Other remunerations

- Nil -

## 8.6 Personnel

The Company had no material change in number of personnel nor material labor dispute.

### Personnel

As at 31 December 2016 the Company had a total of 229 personnel identical to that in the annual report.

### Employee training

Goal: percentage of total employee training. Must be at least 85% of the employee x 6 hours per year.

**Year 2016:** Staff training is 85 percent of the target.

### Employee training

Year	Number of employees	Percentage of goals (%)
Y 2016	229	85
Y 2015	223	82
Y 2014	227	80
Y 2013	206	75

## **Personnel development policy**

The Company firmly believes that personnel at all levels are valuable resources which play a key role for the organization's success. Consequently, the Company has a policy to develop personnel's competency to upgrade the work administration by organizing training and seminars for both existing and new personnel regularly to apply modern knowledges and technologies in the work operation, and also emphasizes on the recruitment system and remunerations which are consistent with those of other companies in the same industry.

The Company has a policy to "give appropriate remunerations to suitable persons" by establishing merit system to promote progress and growth for personnel along with the Company as per the following guidelines.

- The Company recruits personnel with know-how and competency and suitability to their positions.
- Organizes training at the beginning of employment to acquaint the personnel with their duties beforehand.
- Organizes regular training, both internally and externally, on specific knowledges and techniques to enhance skills in respective fields. Personnel are also sent to study in countries with relevant know-how and technologies in such aspects, and employ personnel with quality and expertise from overseas to conduct training for personnel.
- The Company adopts salary determination rules as appropriate to the organization and the personnel to arrive at mutual satisfaction to attract and recruit high quality personnel suitable to their duties. When compared with other companies at the same level and the labor market, the organization is considered to have attractive employment rates.
- The Company considers granting bonuses based on work performance and years of services of respective personnel including the sales and profits of the Company. If the sales and profits are large personnel shall receive greater bonuses.

## **9. Corporate Governance**

### **9.1 Corporate Governance policy**

The Board of Directors recognizes the importance of good corporate governance and establishes policy encouraging continuous good corporate governance in the organization because it is considered necessary to business operation and instrumental for creation of sustainability of the business in the long run, thus generating optimal benefits and confidence to all shareholders and investors of the Company, and enables shareholders and the public to be aware of and review the Company's business operation conveniently, expeditiously, equally and efficiently. The Company emphasizes on compliance with policy on good governance of listed companies by stressing on rights of shareholders, equitable and fair treatment to shareholders, roles of stakeholders, including responsibility to the environments, disclosure of information and transparency and responsibilities of the Board of Directors, and intends to comply with the Good Corporate Governance Policy. The Company established the Good Corporate Governance Policy in writing with such contents and essences as to create development comparable to international standards, consistent with guidelines and recommendations of regulatory and related agencies by disseminating it to all directors, executives and personnel of the Company for their information and compliance therewith, and also to all shareholders of the Company and

the general public for their information through the Company's website. The Company established corporate business operation ethics for all directors, executives and personnel at all levels to comply with and implement in a uniform basis. The Company has "Good Corporate Governance Policy" in accordance with good governance principles of listed companies prescribed by the Stock Exchange of Thailand and disclosed at the Company's website [www.dconproduct.com](http://www.dconproduct.com) for study by and information of all shareholders, investors and stakeholders.

The Company's good corporate governance policy comprises good principles and practices relating to business supervision. The Company is confident that with good management system, Board of Directors and executives with vision and responsibility to their duties, controlling mechanism, balance of power and business supervision process which are essential and necessary for operation of business towards sustainable growth, the business operation shall be achieved proficiently and effectively in accordance with the organization's mission and vision, which cover the following primary principles.

1. The Board of Directors emphasizes on leadership, vision, appointment elements and independency, by determining qualifications, scope of power, duties and responsibilities to create good management.
2. Equitable and fair treatment to shareholders and stakeholders.
3. Full, sufficient, reliable and timely disclosure of information to all parties.
4. Encouragement to have internal control, internal audit and risk management systems to reduce risks which may occur.

In 2016, the Company continuously complied with the good governance principles of listed companies, divided into 5 sections as follows.

### **1. Rights of shareholders**

The Company has a policy in supporting and protecting all shareholders to fully enjoy their basic rights prescribed by law, including:

1. The right to purchase, sell, transfer shares and take transfer of shares including the right to receive share certificates. All shareholders have the right to freely purchase, sell, transfer shares or take transfer of shares. Moreover, they have the right to receive share certificates and prescribed by law and the Company's Articles of Association. The Company has Thailand Securities Depository Co., Ltd. (TSD) acting as the Company's security registrar to facilitate shareholders in taking action relating to the Company's shares and security registration.

2. The right to vote on various agendas in shareholder meetings where all shareholders of the Company who have the right to attend may vote to resolve equally based on the number of shares respectively held by them. The Articles of Association stipulate that 1 share shall have 1 vote in any voting and shareholders may vote freely without restriction regardless of whether they shall attend the meeting personally or authorize an independent director or a third party to attend the meeting on their behalves.

3. The right to attend shareholder meetings or authorize a third party to attend and vote on their behalves. Shareholders can travel to attend meetings conveniently because the meeting venue is in a locality with convenient transportation and near public transportation systems, i.e.

Bangkok Mass Transit System (BTS), Mor Chit Station, and Mass Rapid Transit (MRT), Chatuchak Station and Phaholyothin Station.

4. The right to equal profit sharing and dividends. All shareholders of the company have the right to the Company's profit sharing in the form of dividends which the Company shall distribute proportional to number of shares held by each shareholder.

5. The right to equal treatment in the Company's share repurchasing. The Articles of Association prohibit the Company from owning or taking its shares in pledge, except:

5.1 To protect the rights of shareholders who vote against the shareholder meeting resolution approving amendment to the Articles of Association regarding the rights to vote and the entitlements to dividends and consider that they are not fairly treated; or

5.2 For the purpose of financial management in case the Company has excessive retained earnings and liquidity, and such share repurchasing does not cause the Company to face with financial problems.

However, such shares repurchased by the Company shall not be counted as quorum, shall not have voting right and shall not be entitled to dividends, and the Company shall dispose of the repurchased shares within such time as fixed in the share repurchasing program. In case the Company fails to dispose of the repurchased shares within such time, the Company shall reduce the paid-up capital by canceling the registered capital not disposed of.

6. The right to determine directors' remunerations

Shareholders of the Company have the right to determine directors' remunerations in all forms, both in monetary and other remunerations, for example, meeting allowances, bonuses and other privileges, proposed by the Company for consideration and approval by shareholders regularly on annual basis. In determining the above-mentioned directors' remunerations the Company has clear policy and rules in considering and presenting the matter for consideration by shareholders by also presenting policy on determining directors' remunerations in support of consideration by shareholders in addition to categories and amount of the remunerations.

7. The right to appoint and remove directors

The Articles of Association stipulate that at every annual ordinary meeting of shareholders, one-third (1/3) of directors at the time being shall retire and new directors shall be elected to replace those vacating office at the end of their term. Directors vacating office at the end of their term may be re-elected. Shareholders have the right to elect directors to hold office in the Company through ordinary shareholder meeting. Moreover, shareholders have the right to remove any director from office before the end of his/her term with votes of at least three-fourths (3/4) of the number of shareholders present at the meeting with the right to vote and holding shares, in aggregate, not less than one half of the total number of shares held by shareholders present at the meeting with the right to vote.

8. The right to grant approval for appointment of auditor and determination of auditor's remuneration

The Company shall present an agenda on appointment of auditor and determination of auditor's remuneration for approval by annual ordinary shareholder meeting. The Company shall give full details on the auditor(s) nominated for appointment including details on their remunerations for shareholders to consider making appointment. The Company shall take into

consideration independence of the nominated auditor(s) to ensure that they have no interest or conflict of interest in auditing for the Company.

9. The right to stipulate or amend the Articles of Association and/or Memorandum of Association

Shareholders of the Company have the right to stipulate or amend the Articles of Association and/or Memorandum of Association as prescribed by the Articles of Association by a vote of not less than three-fourths (3/4) of the total number of votes of shareholders present at the meeting with the right to vote.

10. The right to grant approval for special transaction, related transaction or transaction on acquisition or disposal of asset with such transaction size as prescribed in applicable law and rules, or for any other matter with material impact upon the Company.

Moreover, the Company grants shareholders more rights than prescribed by law and standard rules of good corporate governance, for example, facilities provided for shareholders in annual extraordinary shareholder meetings, emphasis on fast and adequate awareness of updated information of the Company by providing news and essential updated information through the website [www.dconproduct.com](http://www.dconproduct.com) of the Company.

## **2. Equitable and fair treatment to shareholders**

The Company recognizes the importance for protection of rights of all shareholders and launches a policy on equitable and fair treatment to all groups of shareholders. All shareholders, major, minor, institution including alien, are equitably treated in exercising their rights as shareholders and their interests are fairly taken care of to protect shareholders from being taken advantage of by those with controlling power as follows.

1. Proposal to add meeting agendas and nomination of qualified candidates for election to director office in advance of a meeting

To promote good corporate governance the Company designated the Company's secretary to inform shareholders through SET information dissemination system and the Company's website at least 1 month in advance of the meeting date to give minor shareholders or minority shareholders of the Company with the right to vote, which may be one or several shareholders holding, in aggregate, at least 200,000 shares (0.004 per cent of the current total number of shares) opportunity to add agendas to be taken up for consideration in ordinary shareholder meeting, including nomination of candidates with full qualifications and without incompatibility under rules prescribed by law and the Articles of Association for consideration by the ordinary shareholder meeting for election to director office in advance. The Company announced for information of shareholders rules on the right and method of proposal through SET information dissemination system and the Company's website. Shareholders could propose additional meeting agendas and nominating candidates with proper qualifications for election to office of director to the Company in advance of the meeting during the period from 28 December 2015 to 29 January 2016, but no shareholder proposed any additional meeting agenda or nominated any candidate with proper qualifications for election to office of director.

## 2. Submission of questions in advance of the meeting

The Company recognizes the rights and equality of shareholders as per good corporate governance principles and gives shareholders opportunity to submit questions to the Company at least 1 month in advance of ordinary shareholder meeting date to enquire on information relating to each agenda of the general meeting or other significant information of the Company. Shareholders may send the questions via post to the Company's secretary or the investor relations department, DCON Products Public Company Limited, No. 3300/57, Elephant Building Tower B, Floor 8, Phaholyothin Road, Khwaeng Jompol, Khet Chatuchak, Bangkok, or via e-mail at [ir@dcomproduct.com](mailto:ir@dcomproduct.com) or facsimile No. 02-9373328. Shareholders could submit questions in advance of the meeting to the Company during the period from 8 November 2016 to 31 January 2017, but no shareholder submitted any question in advance of the meeting to the Company.

## 3. Shareholder meeting agendas

In shareholder meeting the Company clearly specifies meeting agendas and convene shareholder meeting in accordance with the agendas specified in the invitation to the meeting and there shall be no other agenda to be taken up for consideration of the meeting without notifying shareholders in advance. However, the Company does not restrict legitimate rights of shareholders, who are present at the meeting and hold shares, in aggregate, of not less than one-third of the total number of shares already subscribed, to request the meeting to consider any matter other than those specified in the letter of invitation to the meeting.

## 4. Letter of invitation to shareholder meeting and meeting documents

The Company treats each shareholder equally without regard as to the shareholder being a major, minority or foreign shareholder. All shareholders shall receive meeting agenda supporting information in advance. The Company prepared letter of invitation to shareholder meeting and related documents in 2 languages, i.e. Thai and English versions, to facilitate Thai and foreign shareholders, and sent the letter of invitation and the supporting documents at least 14 days in advance of the meeting adequately for shareholders to study them beforehand. The English version of the letter of invitation to shareholder meeting shall be disseminated simultaneously with the Thai version thereof. The Company specified shareholder meeting attendance rules and procedures for information of shareholders and gave adequate information on each meeting agenda for decision making.

In 2015 the Company sent the letter of invitation to meeting to shareholder on 2 April 2015 and held the shareholder meeting on 23 April 2015.

## 5. Explanation on steps and rules adopted in the meeting

The Company has a policy to convene shareholder meeting in accordance with steps which are easy to understand, not confusing or duplicating and give all shareholders opportunity to become thoroughly aware of the information and take part in the meeting. Every time before a meeting enters an agenda to be taken up for consideration, the Company's secretary shall introduce directors, executives as well as certified auditor of the Company to all shareholders for convenience in making enquiries. The Company shall explain steps for exercising of rights of shareholders in all shareholder meetings to enable shareholders to know steps for exercising of rights to make enquiries or comment to directors, director's explanation in each agenda, including vote casting, vote counting and voting result display, before convening the meeting.

#### 6. Voting, vote counting and vote checking in shareholder meeting

Besides notifying on voting steps and methods in meeting agendas for information of all shareholders before convening all meetings, in voting and vote counting, the Company provides ballots for all agendas and the Company shall promptly display votes of shareholders in all agendas for which a resolution is passed for information of shareholders, and for the sake of transparency, the Company shall invite shareholders as representatives to witness the voting and vote counting in all shareholder meetings.

#### 7. Announcement of resolution results

Upon completion of a meeting the Company shall announce the resolution results through SET information dissemination system and website [www.dconproduct.com](http://www.dconproduct.com) of the Company within the same day after adjournment of the shareholder meeting, or not later than 9.00 hours of the next working day at the latest.

In 2016, the Company disseminated meeting resolutions and voting results on 28 April 2016 for all shareholders to review.

#### 8. Invitation to the auditor to participate in shareholder meeting

The Company invited the certified auditor of the company to attend all shareholder meetings to respond to queries and questions relating to the Company's financial statement by giving shareholders opportunity to make inquiries directly. Moreover, during the meeting, all shareholders may express their opinions and make any query relating to meeting agendas or significant information of the company, and the Company shall record significant queries and opinions in the minutes of the meeting.

#### 9. Shareholder meeting broadcast

The Company arrange for meeting to be broadcasted live and videotaped for dissemination in clip files through the website [www.dconproduct.com](http://www.dconproduct.com) of the company for information of shareholders, investors and interested parties not participating in the meeting.

#### 10. Authorization for a third party to attend meeting

The Company publicizes for information of shareholders that in case any shareholder is unable to personally participate in a meeting, the shareholder may use the letter of authorization form B, whereby the shareholder can direct the voting as agreeing, disagreeing or abstaining, in each agenda, attached to the letter of invitation to the meeting, or may download the form from the website [www.dconproduct.com](http://www.dconproduct.com) of the company, or may authorize one of the independent directors whose names and descriptions are given in the list attached to the letter of invitation to the meeting, or any other person as required by the shareholder, to participate and vote in the meeting on the shareholder's behalf. Moreover, to ensure properness and get rid of problems in the proxy's participation in the meeting, the Company specifies documents and evidences required in the authorization in the letter of invitation to the meeting and the Company's website without stipulating conditions or rules requiring certification of documents by government agencies or other rules which cause problems to shareholders in making such authorization, and the Company facilitates shareholders by providing service in pasting stamp duties on the letters



of authorization for proxies participating in the meeting free of charge at the registration point to reduce the burden of shareholders.

#### 11. Shareholder meeting minutes preparation and dissemination

For information of and review by shareholders of details of shareholder meeting within reasonable time and enable equitable receipt of information between Thai and foreign shareholders, the company has a policy to disseminate shareholder minutes in full, comprising significant information, i.e. content and essence of the meeting agenda, meeting resolutions together with the votes for, against and abstention, queries, explanations and opinions made in the meeting, on the Company's website [www.dconproduct.com](http://www.dconproduct.com) within 14 days of the meeting date, as a channel for shareholders to review without waiting for the next meeting, and to forward it to the Ministry of Commerce within such time as required by law.

#### 12. Access to information and communication with the Company

The Company gives all shareholders access to information of the Company and provides various clear and equitable channels for communications with the Company through the Company's website or other channels such as telephone, facsimile, mail or e-mail by making available "Investor relation" agency as a central agency in communicating with shareholders, investors, supervising agency including provision of general information to interested parties and stakeholders, which can be reached at DCON Products Public Company Limited, 3300/57, Elephant Building Tower B, Floor 8, Phaholyothin Road, Khwaeng Jompol, Khet Chatuchak, Bangkok, 10900, tel. 02-9373312 or at [ir@dconproduct.com](mailto:ir@dconproduct.com).

#### 13. Policy on safekeeping and prevention against utilization of inside information

The Company has a policy on and adhere to ethics, integrity and honesty in business operation with all stakeholders and counter corruption, especially regarding safekeeping and prevention against utilization of inside information, and keep business information not yet disclosed to the Stock Exchange of Thailand and the Securities and Exchange Commission (SEC) Office for information of and access by authorized persons only. Directors, executives and personnel are also prohibited from utilizing essential inside information of the Company not yet disclosed to the public, and from utilizing opportunity or information obtained from their being directors, executives or personnel for benefits of their own or of other parties, or from operating a business competing with the Company or a related business, even if the Company may not lose any benefit, as follows.

##### 13.1 The first 4 directors and executives must report

- Their first holding of the Company's securities and report on changes to holding of securities as per the Securities and Exchange Act;
- All trading of the Company's securities thereafter, including spouse and *non sui juris* children as well as related persons as per the Securities and Exchange Act;
- Preparation and disclosure of report on holding of the Company's securities as well as report on changes to holding of securities every time the securities are purchased, sold, transferred taken transfer within 3 days of such purchase, sale, transfer or taking transfer to the Securities and Exchange Commission (SEC) Office.

The Company notified directors and executives concerned of their role and duties in reporting the holding of securities as per notification of the Securities and Exchange

Commission (SEC) Office and regulations of the Stock Exchange of Thailand since their entering their office.

#### 14. Policy on related transactions and disclosure of information

To ensure transparency in business operation to prevent taking advantage, directly or indirectly, by directors, executives and shareholders with controlling power and to prevent conflicts of interest as well to protect the rights of minority shareholders for the sake of equality and optimal benefits to the Company and all stakeholders, the Company has a policy on related transactions and disclosure of information as follows.

- 14.1 In case the Company desires to transact with any related party, that must be mainly for benefits of the Company's business and can be checked that the transaction is made in a fair and at arm's length manner under rules and regulations prescribed by the Securities and Exchange Commission (SEC) Office and the Stock Exchange of Thailand, for example, disclosure of information regarding names and relationships of related parties, policy on pricing and value of the transaction, including opinions of the Audit Committee and the Board of Directors in connection with such transaction. The price and conditions must be the same as if transacted on an arm's length basis and avoid related party transaction in such manner as providing financial assistance. In granting approval for each transaction, the Management shall present information to the Audit Committee, which shall be primary agency in reviewing appropriateness and suitability of the related transaction before entering, to consider making comments for the Board of Directors and/or shareholder meeting to consider granting approval as per the transaction size every time before entering a related transaction, with disclosure of information as per rules prescribed by the Securities and Exchange Commission (SEC) Office and the Stock Exchange of Thailand. The Company shall present related transactions in annual report certified by the auditor to ensure that there is no conflict of interest in such related transaction.
  - 14.2 In case no market prices can be obtained for comparison, the Company shall find at least 3 independent experts approved by the Securities and Exchange Commission (SEC) Office to appraise the market prices to arrive at appropriate price and conditions not exceeding the average value given by all independent appraisers to ensure optimal benefits to the Company and shareholders. The Company shall propose for the Audit Committee to consider making comments on reasonableness of the transaction and appropriateness of the price in granting approval for the related transaction before presenting for approval from the Board of Directors or shareholders, as the case may be.
  - 14.3 For all related transactions, the Company shall comply with laws, relevant notifications of the Stock Exchange Commission and notifications of the Capital Market Supervisory Board, including disclosure of information to all shareholders through SET information dissemination system and in the annual report.
15. Regarding prevention of conflicts of interest of directors and executives, the Company has the following policy.
- 15.1 Directors, executives and personnel are prohibited from utilizing their being directors, executives or personnel in the Company to seek benefits of their own or

their families or close persons, whether being financial or any other business aspects.

- 15.2 Avoid making transaction related to oneself except if necessary for benefits of the Company under rules and regulations prescribed by the Securities and Exchange Commission (SEC) Office and the Stock Exchange of Thailand, for example, disclosure of information on names and relationships of related persons, policy on pricing and value of the transaction, including opinions of the Board of Directors on such transaction, and avoid related party transaction in such manner as providing financial assistance, such as lending money, guaranteeing credit for a company other than its own affiliate.
- 15.3 Refraining from operating any private business which affect the work performance and working time for the Company or operating any business with the Company in the name of their own, their families or any juristic person in which they are interested, or operating any business competing with that of the Company.
- 15.4 If there is any transaction which may involve conflict of interest and related transaction, the Board of Directors shall always cautiously consider its appropriateness and also comply with rules of the Securities and Exchange Commission (SEC) Office and the Stock Exchange of Thailand and price and conditions thereof shall be on an arm's length basis. Details on the transaction value, the parties, justification or requirements shall be disclosed in the annual report.
- 15.5 In case any director or executive is interested under any meeting agenda, the Company requires the director or executive to abstain from participating in that agenda to allow other non-interested directors or executives to consider the matter.

#### 16. Disclosure of the Company's shareholding structure

The Company has a policy on the matter and has been disclosing shareholding structure, whether being a list of major shareholders, shareholders with business controlling power, institution investor shareholders by disclosing only the top 10 shareholders with highest shareholding proportion, including proportion of minor shareholders (free float) of the Company by maintaining proportion of free float in accordance with rules of the Stock Exchange of Thailand.

### 3. Roles of stakeholders

The Board of Directors established a policy to treat all groups of stakeholders taking into account the rights of stakeholders provided by laws or agreements made with the Company for the Board of Directors, executives and personnel at all levels to comply with to ensure that the Company has undertaken to have such rights well protected and treated, to promote cooperation between the Company and stakeholders in creating financial wealth and stability, strength of the business, environmental and social conservation towards sustainable development. The Company recognized support from various groups of stakeholders in their roles and duties to enable well and stable business operation of the Company and yield fair benefits to all concerned. Roles played by the Company to customers, personnel, business partners, shareholders, business competitors and the society are disclosed as follows.

## 1. Policy and treatment to shareholders

The Company is committed to being a good representative of all shareholders in operating the business with integrity and good ethics with a view to developing the business towards growth and stability, complying with obligations made with shareholders to create optimal satisfaction, taking into consideration creation of good yields to shareholders on a continuous and equitable basis, including transparent and reliable disclosure of information to shareholders, as follows.

1.1 To perform duties with integrity and to decide to take any action in good faith with care, cautiousness and fairness to major and minor shareholders for optimal benefits of shareholders as a whole.

1.2 To prevent assets of the Company from undue impairment or loss.

1.3 To report on the Company's status by notifying all shareholders thereof regularly, equally and fully as per facts currently and potentially, in both positive and the negative aspects, and give shareholders opportunity to exercise the right to propose additional meeting agendas or to nominate qualified persons for election to director office before the meeting, and to submit questions in advance to the Company through website [www.dconproduct.com](http://www.dconproduct.com) of the Company.

1.4 To manage the Company in such manner as enabling it to have high level of competency to achieve objectives of the Company, in both the short- and the long-term, proficiently and effectively and with competitiveness.

1.5 To ensure that no director, executive and personnel seek benefit for themselves, their families or close persons from any essential information of the Company not yet disclosed to the public by disclosing it to any third party and/or taking any action which may cause conflicts of interest with the Company.

## 2. Policy and treatment to customers

The Company has a policy regarding fair and responsible treatment to customers on a clear and concrete manner, taking into account health and safety of customers, and is committed to create satisfaction and confidence to customers which shall effect success of the business. The Company, therefore, always seek ways and means to proficiently and effectively respond to customers' requirements. To maintain good relationships on a long-term basis, guidelines are established as follows.

### 2.1 Goods and services aspect

(1) To construct immovable properties employing business partners who are contractors which meet the required standards and responsibilities.

(2) To deliver goods and services with qualities which meet or exceed customers' requirements at fair prices.

(3) To provide accurate, adequate and timely information to customers to prevent their mistaking on quality, quantity or any condition of such goods or service without derogating the facts.

(4) To deal with customers in a polite, proficient and reliable manner, provide a system and process for customers' complaints appropriately and expeditiously respond to customers' requirements and shall spare no efforts to ensure optimal satisfaction to customers.

## 2.2 Confidentiality of customers' information

Directors, executives and personnel at all levels shall keep confidential customers' information and shall not make use thereof for undue benefits of their own or of related persons, and shall not disclose customers' information without prior permission from the customers or authorized person of the Company, except for information required to be disclosed to any third party concerned for explanation or execution required by law.

## 2.3 After-sales services to customers

With commitment to create satisfaction and confidence to customers with a view to developing the business towards sustainable growth, the Company also emphasizes on caring for customers by providing after-sales service system to create good relationships by enquiring on customers' satisfaction and monitoring the work on a continuous basis with a team of engineers to provide consultations and 20-year warranty for goods quality.

## 3. Policy and treatment to personnel

Personnel are considered most valuable resources and a key success factor of the Company. The Company, therefore, emphasizes on developing good corporate culture and working environments, promoting teamwork and creating love and unity within the Company. Activities were organized in 2015 for executives to meet with personnel, for example, the Songkran Festival etc. Personnel's remunerations, welfare and provident fund are also taken into account. Guidelines are established as follows.

3.1 To treat personnel with politeness and respect to their individuality.

3.2 To make appointments and transfers, including provision of awards or consideration of merits and penalization in good faith and based on knowledge, capabilities and suitability of personnel and Articles of Association.

3.3 To listen to comments and suggestions based on professional know-how of personnel.

3.4 To establish grievance procedures as a channel to prevent unfair treatment to personnel at all levels.

3.5 To emphasize on development of knowledge and capabilities of personnel by giving opportunities on a thorough and regular basis, with continuous training for personnel, both inside and outside the Company, for example, provision of relevant technical know-how or welfare or sending personnel for training at various agencies outside the Company to enhance the work performance proficiency by using the knowledge gained in the work performance or enhancing the work performance, including stimulation and promotion of teamwork, maintenance of relationships among fellow workers and between supervisors and workers, from both training and activities organized within the Company.

3.6 To maintain work environments to ensure safety to life and properties of personnel and good sanitation in the workplace at all times. A policy on safety, welfare and privileges of personnel, for example, the provident fund, medical treatment, marriage allowance, funeral allowance, adversity allowance, life insurance, accident insurance etc., is clearly and

concretely established in personnel manual and continuously communicated to personnel to enable them to make use of their welfare to maintain good health of all personnel.

3.7 To strictly comply with all laws and regulations pertaining personnel. Moreover, the Company has a policy and guidelines on development of personnel's knowledge and potential on other aspects by emphasizing on developing skills and concepts to improve all aspects of work performance on a continuous basis and encouraging initiatives and incentive value addition for the Company.

The Company deems that personnel are most valuable resources of the organization and, therefore, determines to provide care and development for personnel in a systematic and continuous manner to enhance the value of personnel and thoroughly create their morale.

#### 4. Personnel management policy

4.1 To find and select personnel with knowledge and expertise to join the Company as required and appropriate to each unit taking into consideration employment of human resources to the optimal benefits.

4.2 To promote personnel progress by clearly determine personnel development direction and ensure that personnel at all levels are developed in that direction on a systematic and continuous basis to enable them to perform their current duties proficiently with preparedness to assume higher responsibilities in the future.

4.3 To manage wages, salaries and welfare in a just and comparable manner with that of leading companies.

4.4 To adopt the merit system in salary increment and upgrading by taking into consideration knowledge, capabilities, performance and potential of each personnel.

4.5 To consider selecting personnel with knowledge and capabilities within the Company to fill higher positions before recruiting outside applicants.

4.6 To promote teamwork for personnel to cooperate and confederate in performing their duties as if they were members of the same family.

The Company deems that supervisors at all levels have significant responsibilities in supervising their subordinates to have good morale, developing personnel to gain knowledge and capabilities to perform their work proficiently, and must conduct themselves in such manner as setting a good example to their subordinates.

#### 5. Policy on remunerations and welfare of personnel

##### 5.1 Provident fund

With a view to saving and creating securities for personnel and their families and tax privilege. Contributions by personnel shall be made voluntarily and based on their respective years of service.

## 5.2 Social security fund

In case of non-work-related illnesses and accidents, the sources of the fund come from personnel contributions, company and government subsidies.

5.3 Allowances, such as in case of marriage, adversity, wreath, funeral hosting and funeral allowances, which cover the personnel, their parents, spouses and children, etc.

## 6. Policy and treatment to creditors

The Company has a policy regarding fair and responsible treatment to creditors, whether being trade creditors or financial institution creditors, in timely performance of obligations as agreed or contracted without default to maintain the Company's reliability to creditors and financial institutions which rank the Company excellent customer at all times of the Company's business operation, including strictly compliance with conditions prescribed by creditors. Guidelines for treatment to creditors to ensure mutual fairness are as follows.

6.1 To provide information of the Company which are accurate and adequate for creditors to properly analyze granting of any credit.

6.2 To utilize credit granted by a creditor or financial institution in accordance with objectives of the Company expressed to the creditor or financial institution.

6.3 To repay debts to creditors timely and in accordance with the conditions prescribed.

6.4 To notify creditors upon occurrence of any significant incident which may material affect the financial status and may affect the debt payable, to jointly find preventive or corrective action to prevent damage.

6.5 To strictly comply with conditions prescribed by the creditors or financial institutions.

## 7. Policy and treatment to business partners

The Company establishes policy and procedures on selection of and treatment to business partners equitably and fairly taking into consideration reputation, compliance with laws, rules, regulations and traditional practices, including obligations with business partners to provide fairness to business partners and benefits to all parties concerned as follows.

7.1 The Company shall establish a committee to select business partners who are contractors from those submitting their offers.

7.2 To give new business partners opportunity to participate.

7.3 Not to demand, accept or give any commercially dishonest benefit from or to business partners.

7.4 To encourage business partners of the Company to cooperate in preventing and countering corruption by not giving bribes of all types to government officers or personnel of the Company for undue benefits in all cases.

7.5 To strictly comply with all conditions agreed upon.

7.6 To urgently notify business partners in case any condition cannot be complied with to jointly consider finding remedial action based on business relationships.

7.7 To hold meetings with contractor business partners every month to create proper understanding in the work performance for benefits of all concerned.

7.8 To support business partners to enable them to operate their business in line with the Company's business without taking commercial advantages on them.

## 8. Policy and treatment to trade competitors

Fair competitions with competitors are policy and ethics in business operation emphasized and practiced regularly by the Company. The Company stressed on operating business fairly and transparently by observing good competition governance in accordance with principles of law, business traditions and good practices consistent with international principles under the legal frame governing trade competition practices, as follows.

8.1 To practice under the generally-accepted competition rules.

8.2 To support and promote free and fair trade without monopolizing or requiring business partners to deal with the Company alone.

8.3 Not to violate obligations of confidentiality or seek trade secrets of competitors by dishonest, illegal or unethical means.

8.4 Not to defame trade competitors by ways of calumny.

8.5 Not to enter into trade agreement or commit any act implicitly which may cause unfair competition or exclusive dealing.

8.6 Not to commit trade competition by means of calumny, defamation or derogation of facts of competitors.

## 9. Policy on fair practices and responsibilities to the society

Fair business operation without greed for other benefits which may be obtained unethically shall create confidence to stakeholders of the Company, which depicts attention of the Company towards the society and shall lead to good results to the business operation in a long run. Consequently, the Company recognizes and holds fast to it as principle of the Company at all times that the Company shall progress, develop and grow sustainably and survive in the society only if it offers quality goods, is honest in operating the business and responsible to enhance the society development, and determines guidelines as follows.

9.1 To avoid any exercise which may cause conflict of interest, or if any conflict of interest is found, a fair mediation process should be established with full disclosure of essential information.

9.2 To promote free trade competitions, avoid acts of favoritism or conspiracy.

9.3 Not to support any act of infringement of intellectual properties.



9.4 To make available management system which can prevent bribery and corruption or which can detect such act without delay should there occur any such case.

9.5 To campaign for personnel to recognize the significance of the process to counter corruption including all forms of blackmails and bribery.

9.6 The Company shall, every time before commencing any business, survey and familiarize itself with relevant regulations and provisions of law to prevent the Company's business operation from affecting ways of that society of community.

9.7 The Company implants conscious and creates awareness of responsibilities to the society and the environment to personnel at all levels continuously, and favors trade partners which adhere thereto and with fair treatment and responsibilities to the society.

9.8 Should there be any incident or news relating to the Company, the Company would urgently communicate explaining facts and status of the Company to the society and communities at the first opportunity without concealing or derogating so that the society would comprehend the Company's situation on a timely basis.

#### **4. Disclosure of information and transparency**

The Board of Directors recognizes and emphasizes on quality of information and disclosure of information equitably, transparently and fairly via channels which can access the information easily and reliably, by determining policy and supervising to ensure that preparation and disclosure of information, both financial and non-financial, can be made easily, adequately, reliably and timely. The information to be disclosed shall be prepared concisely, luminously, consciously, clearly, accurately, transparently and can be checked. Essential information, in both positive and negative aspects, are disclosed regularly to enable stakeholders of the Company to be confident and receive the information equitably as per provisions of laws, regulations of the Company and state agencies concerned. The Board of Directors may, however, designate the audit committee and/or the management, as the case may be, to take such action on its behalf.

The Company emphasizes on facilitating investors and parties concerned to access the Company's information conveniently by disclosing accurate, complete, transparent, thorough information on financial aspect, operation results and other information relating to the Company's business operation, equitably and timely on a regular basis, for investors and related parties to review in support of their decision to invest. Such disclosures are made through various information dissemination channels and media of the Stock Exchange of Thailand, meetings with analysts, road show launching, annual report as well as the website of the Company, in both the Thai and the English versions, for example, the nature of the Company's business operation, financial statement of the Company, public relations news of the Company, shareholding structure, organizational and executive structures, information on investor relations, annual report, letters of invitation to shareholder meeting.

In 2016, the Company had no record of delay in submission of financial reports, both quarterly and annually, to regulatory agencies.

#### 4.1 Disclosure about auditors and certification of statements by auditor

In electing auditor the Company shall consider employing auditors who can perform the work appropriately, completely, independently and with no relationship or interest with the Company, any subsidiary company, associated company, executives, major shareholders or persons related thereto, and is approved by the Securities and Exchange Commission (SEC) Office to ensure independency in auditing, opining and certifying financial statement of the Company.

The Company considered electing D I A International Co., Ltd. by:

- |                                |   |
|--------------------------------|---|
| 1. Mrs. Suvimol Krityakian     | Certified Auditor Registration No. 2982 |
| 2. Mrs. Somjintana Polhirunrat | Certified Auditor Registration No. 5599 |
| 3. Miss Supaporn Mungjit       | Certified Auditor Registration No. 8125 |

Remunerations of auditors, including the auditing fee, in 2016 was 1,510,000 Baht in respect of the Company, 300,000 Baht in respect of Orrada Co, Ltd., and 220,000 Baht in respect of Rompo Products Co., Ltd., totaling 2,030,000 Baht in respect of the Company and subsidiaries.

In 2015 the auditing fees were 1,510,000 Baht in respect of the Company, 300,000 Baht in respect of Orrada Co, Ltd., and 205,000 Baht in respect of Rompo Products Co., Ltd., totaling 2,015,000 Baht in respect of the Company and subsidiaries.

The auditing fees increased by 0.7 per cent from that of 2015, due to adjustment for the increasing cost of living, and the Board of Directors already considered the appropriateness thereof.

#### **Information on the auditor's remuneration compared to the previous year**

(Unit : Baht)			
The remuneration of the auditor	Y 20117 (Proposed Year)	Y 2016	Y 2015
Audit fee	1,510,000	1,510,000	1,510,000
Other service fees	None	None	None

Other service fees

- Nil -

#### 4.2 Availability of various communication channels

To enable shareholders or investors to access the Company's information conveniently, thoroughly and equitably, the Company communicated information of the Company through various channels, for example, annual report, annual registration statement (56-1 form), quarterly report on operation results and meeting with analysts 3 times.

#### Analyst meeting schedule

No.	Date
1	13 January 2016
2	11 April 2016
3	21 October 2016

#### 4.3 Annual registration statement (56-1 form) and annual report of the Company

The Board of Directors prepared the annual registration statement (56-1 form) and the annual report of the Company in accordance with rules of the Securities and Exchange Commission (SEC) Office and requirements of the Stock Exchange of Thailand as one of the channels for disclosure of clear, accurate and complete information of the Company relating to the business operation and the results thereof in the previous year for information and benefits of shareholders, stakeholders, investors or the general public and for use in support of their decision. Disclosure was made on information such as shareholding structure, information on shareholding of directors and executives, policy and operation regarding good corporate governance, visions and the Company's business operation targets, both short- and long-term, financial status and operation results, report on responsibilities of the Board of Directors to financial report, nature of business operation and competition condition, business group structure, primary risks in business operation, dividend distribution policy, whistle blowing policy and histories of directors.

#### 4.4 Disclosure of information through SET Community Portal (SCP) and the website [www.set.or.th](http://www.set.or.th) of the Stock Exchange of Thailand

Apart from disclosure of information of the Company through channels provided by the Company, to comply with rules on information reporting and disclosure of the Stock Exchange of Thailand, the Company disclosed information and news of the Company, in both the English and the Thai versions, to shareholders, stakeholders, investors and the general public for their information and convenient, thorough and equitable access to the Company's information through SET Community Portal (SCP) and the website [www.set.or.th](http://www.set.or.th) of the Stock Exchange of Thailand every time when material information was disclosed.

#### 4.5 Availability of website [www.dconproduct.com](http://www.dconproduct.com) of the Company

The Company developed website [www.dconproduct.com](http://www.dconproduct.com) of the Company in both the Thai and the English versions to disseminate and present information of the Company to shareholders or investors for their timely awareness thereof, for example, information on investor relations, annual report and letter of invitation to shareholder meeting which are downloadable.

#### 4.6 Investor relations agency

The Company makes available investor relations agency with which shareholders can contact conveniently. The agency has advance investor relations plan to provide information, advertise activities of the Company which are beneficial to investors, shareholders, analysts and the general public, including declaration of turnovers and operation results to analysts, financial institution investors, financial institutions and mass media on a quarterly basis, press conference and disclosure of information to the Stock Exchange of Thailand to ensure that the Company has complied with all legal regulations and rules relating to listed companies in full.

Interested parties may obtain information from the investor relations agency at DCON Products Public Company Limited, No. 3300/57, Elephant Building Tower B, Floor 8, Phaholyothin Road, Khwaeng Jompol, Khet Chatuchak, Bangkok, or via e-mail at [ir@dconproduct.com](mailto:ir@dconproduct.com) or search for the information at website [www.dconprodudct.com](http://www.dconprodudct.com) of the Company.

#### 4.7 Financial report of the Company

The Company prepares financial report, financial statement, financial status analysis and Management Discussion and Analysis (MD&A), both quarterly and annually, and disclose them through the information and report disclosing system of the Stock Exchange of Thailand in respect of quarterly financial report, financial statement, financial status analysis and Management Discussion and Analysis (MD&A), including those disclosed additionally in the annual registration statement (56-1 form) and the annual report for information of and review by interested parties updated financial information of the Company at all times.

#### 4.8 Site visit

For transparency and confidence in the Company's operation, the Company allowed customers and suppliers to do site visit.

#### 4.9 Information on participation in meetings of the Board of Directors and the Audit Committee

In 2016 the Board of Directors held 4 Board meetings, 4 Audit Committee meetings, 1 ordinary general shareholder meeting. Participation of each director could be summarized as follows.

Name	Term of office	Total participation in meetings (times)				
		BOD	AC	AGM	EGM #1	EGM #2
1. Ass. Prof. Tortrakul Yomnak	21 Jun 2004-present	4/4	-	1/1	-	-
2. Mrs. Pitsamai Boonyakiat	31 Mar 2005-present	4/4	4/4	1/1	-	-
3. Mr. Dhanit Charinsarn	9 Mar 2004-present	4/4	4/4	1/1	-	-
4. Mr. Wittawat Pornkul	6 Aug 1996-present	4/4	-	1/1	-	-
5. Mr. Chana Towan	6 Aug 1996-present	4/4	-	1/1	-	-
6. Dr. Thanai Charinsarn	6 Aug 1996-present	4/4	-	1/1	-	-
7. Mr. Wanchai Tantikul	9 Mar 2004-present	4/4	4/4	1/1	-	-

8. Mr. Nirut Intarathachang	15 May 2007-present	4/4	-	1/1	-	-
9. Mr. Jeeradej Viratchai	23 Feb 2012-present	4/4	-	1/1	-	-

#### 4.10 Remunerations of directors and high-level executives

The Board of Directors administered on determination of remunerations of directors and high-level executives by designating a Compensation Sub-committee comprising 2 directors of the company and 1 independent director, namely:

1. Mr. Thanit Charinsarn Director
2. Mr. Chana Towan Director
3. Mr. Wanchai Tantikul Independent Director

#### Determination of meeting allowances of the Board of Directors

- Meeting allowances
 

Chairman of the Board	15,000 Baht/meeting/person
Director	10,000 Baht/meeting/person

- Directors' bonuses

The ordinary general meeting of shareholders No. 1/2556 resolved to pay bonuses in accordance with the Company's profits by distributing among the Board of Directors based on responsibilities of directors.

Net profit	Directors' bonus (total)
Less than or equal to 100 million Baht	500,000 Baht
101 million Baht to 200 million Baht	1,000,000 Baht
201 million Baht to 300 million Baht	2,000,000 Baht
301 million Baht to 400 million Baht	3,000,000 Baht

In 2016 the Company had a total net profit of 138.14 million Baht and paid bonus of 1,000,000 Baht in total to the Board of Directors by proposing that the bonus be distributed among the directors based on their respective responsibilities.

As for 2015 the Company had a total net profit of 176.19 million Baht and paid bonus of 1,000,000 Baht in total to the Board of Directors and paid meeting allowances in the same amounts as those for 2015.

#### Determination of meeting allowances of the Audit Committee

- Meeting allowances
 

Chairman of the Audit Committee	7,500 Baht/meeting/person
Audit Director	5,000 Baht/meeting/person

#### Other directors' remunerations

- Nil -

4.11 Examination made on 9 directors and the first 5 high-level executives revealed changes to shareholding proportions of 2 directors as follows.

Name	Date	Stock type	number (share)	Average price (baht)	Transfer of securities
1.Mr.Wittawat Pornkul	21 Mar 2016	Ordinary share	sold 11,339,452	0.65	-
	21 Jun 2016	DCON-W2	Transfer 50,000,000	-	Miss Wisara Pornkul
	15 Aug 2016	Ordinary share	bought 5,000,000	0.74	-
2.Mr.Chana Towan	19 Nov 2016	Ordinary share	bought 13,286,600	0.75	-

- Changes to shareholding proportions of other directors and high-level executives  
- Nil -

## 5. Responsibilities of the Board of Directors

To assure shareholders and investors that the Company, by the Board of Directors, establishes visions, obligations, direction and strategies for business operation, with a system to monitor and evaluate performance of executives who are proficient and independent from the Management, and responsible for their performance of duties as per good governance principles in the following matters.

### 5.1 Transactions which may have conflict of interest

- (1) The Board of Directors establishes a policy and guidelines on consideration of transactions which have, or may have, conflict of interest between shareholders, directors, executives and individuals who may have other conflicts, directly and indirectly, in case of related transactions which are under the approval power of shareholders, to be screened by the Audit Committee to ensure that the entering into such transactions is fair, reasonable and beneficial to shareholders and is in compliance with law and requirements of the Securities and Exchange Commission Office.
- (2) The Board of Directors ensures compliance with steps established deliberately within the principle of reasons and independency, with transparent process in granting approval to enter into the transaction and taking into consideration optimal benefits of the Company fully and properly in accordance with rules of the Securities and Exchange Commission Office.
- (3) Stakeholders shall not take part in making decision in the consideration to enter into a transaction. In every meeting of the Board of Directors, the Chairman shall inform the meeting seeking cooperation to require directors of the Company to comply with the policy on consideration of transactions with possible conflict of interest, by requiring directors of the Company to inform the meeting to abstain from voting or commenting on agendas to which they are concerned or interested.

- (4) The Board of Directors ensures that information on transactions with possible conflict of interest are disclosed properly and fully in the annual report and the 56-1 form.

## 5.2 Internal control and audit systems

- (1) The Board of Directors emphasizes on and makes available internal control system to create reasonable confidence on proficiency and effectiveness of the operation and reliability of the financial report and compliance with rules, regulations and policies, by establishing an internal audit agency which is independent in performing its duties, to be responsible for checking on adequacy and proficiency of the internal control system on activities of the Company for reporting to the Audit Committee and the Board of Directors, respectively.
- (2) The Board of Directors reviews appropriateness and adequacy of all 5 elements of the internal control system, i.e. Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring, regularly once a year to ensure achievement of objectives and targets of the Company, including improvement of the internal control system on a continuous basis.
- (3) The Board of Directors makes available a system which is neutral and transparent in maintaining relationships with external and internal auditors through connection of the Audit Committee.
- (4) Auditing fees and other fees payable to the auditors are disclosed in the annual report to enhance transparency in the independency of the auditor.

## 10. Responsibility to the society

### Policy overview

The Company has been developing and growing continuously. Since creation of business opportunities, preparedness in coping well with situations could not be made without the Company's strong foundation, the Company recognized and emphasized on operating business with responsibility to the society, i.e. fair business operation, anti-corruption, respect to human rights, fair treatment to labors, responsibility to consumers, environmental conservation, participation in community or society development, inventions and dissemination of inventions derived from operating business with responsibility to the society and the environment for sustainability of the business and the society as a whole.

The Company established guidelines for responsibility of the Company to the society as follows.

1. Fair business operation. The Company strictly observed and implemented the good corporate governance policy on a continuous basis by encouraging activities which promoted and implanted morals and ethics upon executives and personnel in the organization and emphasizing on communicating and disseminating to personnel in the organization for their information and observation ethics, good corporate governance policies and fair treatment to all stakeholders, and also disciplinary offenses in the Articles of Association.

2. Anti-corruption. The Company emphasizes on transparency. Apart from the business operation policies, which must not be contradictory to laws, all personnel were also implanted to observe transparency and non-contradiction to legal principles, morals, rules and regulations. The Company, therefore, established guidelines to control and prevent corruption in the

Company's anti-corruption policy and ethics, which have been approved by the Board of Directors.

3. Respect to human rights. The Company recognized and took into account human rights, respect to individuality and human dignity, equality, non-discrimination upon all stakeholders, emphasis on work administration for better livelihood of all business-related groups involved.

4. Fair treatment to labors. As human resources are most valuable to business operation, the Company, therefore, had a policy to treat labors fairly.

5. Responsibility to consumers. The Company emphasized most on responsibility to customers and, therefore, controlled the goods quality in compliance with quality policy and international standard, and strictly complied with conditions and agreements made with customers on a transparent, equal and fair basis for optimal satisfaction of customers.

6. Environmental conservation. The Company recognized the significance of taking part in the environmental conservation, taking into account impacts upon natural resources and the environment, by campaigning for personnel to utilize resources most efficiently without loss or wastes.

7. Participation in community or society development. The Company encouraged organization of activities and regularly participated in community and society development, including localities where the Company's factories are established in all regions.

8. Inventions and dissemination of inventions derived from operating business with responsibility to the society and the environment. Inventions are significant factor in developing and enhancing competitiveness potentials in changing industrial and fluctuating economic situations. The Company had a policy in organizing activities which helped stimulating personnel to participate in creating inventions or improving work performance efficiently and effectively on a continuous basis.

## **10.1 Execution in respect of safety, occupational health and the environment**

### **Environmental quality**

In 2016, the Company emphasized on good environmental management in work performance in factories to ensure that personnel had good environmental condition appropriate to their work performance. The Company measured and prepared reports on the results of the environmental quality measurement as per the environmental impact prevention and correction measure and the health impact monitoring measure for the Company's personnel in factories, with the following objectives.

1. To monitor environmental quality by checking the Company's environmental quality, including:

- Measurement of pollutants in workplace areas.
- Measurement of 8-hour average noise loudness in workplace areas.
- Measurement of heat in workplace areas.
- Measurement of luminance in workplace areas.



2. To use the results of the environmental quality monitoring in determining the environmental impact prevention and correction measure for factories and surrounding areas.
3. To compare the results of the Company's monitoring with the standard value established by the authority and use as guidelines for environmental management system.
4. To process the results of the environmental impact prevention and correction measure for use in reviewing the work execution efficiency as per ISO 14001 system.

## **10.2 Energy conservation**

The Company recognized the importance of efficient use of energy resources and emphasized on making available guidelines for energy conservation to personnel in the organization to involve all personnel in conserving energy and practicing in the same direction, with a view to reducing the Company's expenses and saving energy as per the Government's policy. The Energy Management Working Group distributed duties and responsibilities since 2 September 2015 emphasizing on compliance with the energy management guidelines of the Energy Conservation Promotion Act (2007 revised version) to ensure efficient energy conservation within the organization as follows.

1. To undertake energy management in harmony with the energy conservation policy and the energy management method of the Company.
2. To coordinate with agencies concerned to seek cooperation in complying with the energy conservation policy and the energy management method, and to organize training or activity in respect of energy conservation appropriate to personnel in each unit.
3. To ensure that the energy management method of the Company is implemented efficiently as per the energy conservation policy and the energy management method.
4. To report the energy conservation results to the Management.
5. To review the energy conservation policy and the energy management method regularly and compile recommendations on the energy conservation policy and the energy management method for information of high-level executives.
6. To support the Management in undertaking the energy management as required by law.

### 10.3 Activities in 2016

#### **Community and Social Development Activities: Merit-making Activity at Ban Rajawadee (Home for Mentally Handicapped Children):**

On October 28, 2016, Dcon Products Public Company Limited held a singing ceremony. My father's song Including drawing, coloring, lunch and donation of handicapped children's facilities at the children's and intellectual disability shelter at "Ban Rachawadee" Bang Taling Sub-District, Pak Kret District, Nonthaburi. These is organizes such activities annually. Since October 30th is the birthday of Mr. Wittawat Pornkul, Chairman of the Executive Board. He see the importance of disadvantaged children. Because the problem of disadvantaged children is a big problem of society and the origin of other social problems, if the children get warm love. Society gives more opportunities to children, it will help society one way.



## **11. Internal control and risk management**

The Board of Directors encouraged personnel at all levels to have ethical and moral consciousness by recognizing the importance of the internal control and audit system with availability of efficient internal control and audit system throughout the organization but maintaining the flexibility in work performance. The system could be controlled, processed and reviewed by personnel themselves to reduce risk in respect of corruption and immoral exercise of power and prevention of illegal acts.

The Company required that there would be an internal auditor directly reporting to and performing under the supervision of the Audit Committee, who would audit performance in various aspects to ensure compliance with policies, work plans, authorities and rules and regulations, and to assess the risk management and internal control appropriateness and efficiency.

The Company considered appointing the Well Planning Solution Co., Ltd., by Miss Hassaya Jaibuchasak, as internal auditor of the Company. In 2016, the Company assessed the risk management and examined business activities of the Company in various aspects as follows.

*1<sup>st</sup> quarter Examination of quality procurement process and evaluate the service provider.*

*2<sup>nd</sup> quarter Examination of quality production process*

*3<sup>rd</sup> quarter Examination of quality shipping-shipping process*

*4<sup>th</sup> quarter Examination of HR and process sales floor.*

The internal audit made in each quarter was made by the internal auditor with approval and acknowledge of the audit results by the Audit Committee as well as the Board of Directors.

## **12. Related transactions**

Intercompany transactions between the Company, subsidiaries and associated companies, which occurred in 2016 from having common shareholders and/or directors in material aspects, had prices and returns which were commercially normal as per market prices and were already disclosed in notes to financial statement of the Company, and were explanations on additional details of relationships and necessity and reasonableness of intercompany transactions which were disclosed in the above-mentioned notes to financial statement.

Transaction or agreement	Payer/ lender	Recipient/ borrower	Transaction or agreement description	Pricing and conditions	Ending 31 Dec 2015 (million Baht)	Nature of relationship	Necessity and reasonableness of transaction	Note
Income from lending (loan interest)	Orrada Co., Ltd.	DCON Products PCL.	The Company lent Orrada money for use as working capital	Lent in a form of promissory note repayable upon demand charging interest at money market rate	6.639	Orrada CL. is subsidiary 99.99% held by the Company	Loan from the Company will save interest more than borrowing directly from financial institution	Said company is subsidiary operating real estate business and rent of mini factories
Loan	Orrada Co., Ltd.	DCON Products PCL.	Short-term loan	Upon demand	305.00			
Income from sale of goods	Orrada Co., Ltd.	DCON Products PCL.	Sale of goods to Orrada CL.	Market price	0.474		Being goods produced by DCON PCL	
Board's opinions:		Loan from the company will save much interest of the projects and the Company has no risk because it is a subsidiary held 99.99 per cent by the Company and have common directors.						

### **Necessity and reasonableness of transactions**

The intercompany transactions between the Company and subsidiaries were in normal course of business and in accordance with general commercial conditions. Conditions and prices of trading were in accordance with market prices or fair prices comparable to transactions with third parties to enable the Company, subsidiaries and associated companies with the same group of shareholders and/or directors to have optimal benefits, which was already audited by certified auditors.

### **Intercompany transaction approving measure or step**

The Chief Executive Officer was authorized by the Board of Directors to grant approval for execution of transactions with related companies or individuals with common interests under conditions of normal business operation and general commercial conditions, and must be in compliance with law governing securities and stock exchange, notifications, orders or requirements of the Stock Exchange of Thailand, including requirements pertaining to disclosure of information on related transactions and acquisition or disposal of significant properties of the Company or subsidiaries as per accounting standard established by the Institute of Certified Accounts and Auditors of Thailand.