

รายงานประจำปี 2559

บริษัท ปันจวัตถนาพลาสติก จำกัด (มหาชน)  
PANJAWATTANA PLASTIC PUBLIC  
COMPANY LIMITED



# ANNUAL REPORT 2016



PJW น้อมใจรำลึก ร่วมกิจกรรม ทำความดีเพื่อถวายเป็นพระราชกุศล  
แด่พระบาทสมเด็จพระปรมินทรมหาภูมิพลอดุลยเดช รัชกาลที่ 9

**MAXIMIZING YOUR VALUE  
IS OUR ULTIMATE PRIDE**

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## ***Message from the Board of Directors***



To Shareholders of Panjawattana Plastic Public Company Limited

Amidst domestic and global economic downfalls combined with the rising global oil prices, currency fluctuations, severe drought in the first half of the year and economic impact in the last quarter due to slow growth in the tourism industry and sales promotion activities and the implementation of governmental measures and policies which aim to promote the exercise of tax benefits to accelerate investments and boost household consumptions, Panjawattana Plastic Public Company Limited and subsidiary (the “Company”) continues to strive for stable growth throughout the past year by ceaselessly improving its production efficiency and achieving higher profit growth. By overcoming these difficulties, Company successfully managed to improve production efficiency and reduce costs of its spray painting plant which in turn helped to minimize losses and increase the overall profits of the Company.

In respect to automotive plastic parts and spray painting operations, positive factors namely production capacity, personnel and expertise, all of which are part of the Company’s key strengths, have contributed to the enhancement of management system efficiency in every segment, including quality standard acceptance from the customers and higher market share. This year positive growth in automotive plastic parts can be seen while the implementation of intensive production efficiency enhancement has led to higher spray painting plant revenue accordingly.

As for plastic packaging segment only slight growth can be observed. This is partly due to the lack of consumer confidence in terms of economic situation. Agro chemicals packaging segment, on the other hand, was greatly affected by severe drought, one of the natural threats to the agricultural sector, during the first half of the year. In spite of relief in drought situation, negative factors such as declining agricultural product prices combined with slow growth in the exports sector and significantly lower-than-expected growth in the tourism industry which caused negative impact on the overall economic expansion and buying power of the household sector have led to slight growth in consumer goods and agricultural products segments and causing the overall domestic sales of packaging products remain relatively low and lower than the expected target at the beginning of the year.

Panjawattana (Tianjin) Plastic Company Limited, a subsidiary located in China operating the core business of lubricant packaging, continues to experience stable growth due to investment expansion in rental space segment and new machineries for supporting enlarging customer base. In the future, positive growth in China's lubricant packaging industry can still be expected due to several contributing factors namely domestic economic expansion and the implementation of governmental policy which aims to promote income distribution among rural and middle-class groups, allowing the overall population to have higher buying power and household consumptions.

Panjawattana Plastic Public Company Limited is determined to continuously driving the Company's business forward with stability, including enhancing the production process, maintaining competitive potential and enlarging market base while increasing production capacity with the aim to optimize the overall growth in plastic packaging and automotive plastic parts industries. At the same time, investment risks were also taken into account to ensure that the established strategic plan of the Company successfully achieve the determined goals through exercise of cautions, studying business returns and carefully analyzing risk elements in every dimension. In respect to investment capital sources, the Company continues to maintain positive relationship with financial institutions and financial sources for supporting future business expansion.

In 2016, the Company has prepared a budget plan for carrying out "Do Good for Our King" activity as tribute to the late King Bhumibol. The activity aims to cultivate voluntary mind and raise awareness regarding forest and environmental conservation, including responsibility toward the overall society and community. Joined by approximately 1,300 employees, check dam project was successfully carried out for the purpose of restoring the forest, providing water reserve during drought season and preventing river basis degradation, including planting forests for soil restoration, creating salt earth and growing feed crops for elephants for restoring natural abundance at Khao Chamao National Park, Rayong Province and Khao Krachom, Ratchaburi Province. In addition, blood donation and charity luncheon for underprivileged children at Thammacharinee School, Ratchaburi Province were also carried out.

The Company has already set up its growth targets for the 2017 operating plan which aims to optimize shareholder wealth through profitability retention and operating business in compliance with the policy frame work of good corporate governance to ensure the best interest of every stakeholder. In 2017, the management team is determined to improve and develop production system in hope to maintain the Company's competitiveness and drive market expansion in order to promote growth rates in Thailand's and China's packaging industry, including automotive plastic parts and spray painting industries.

The Board of Directors together with the management team and employees of the Company are proud to work hard to ensure the highest benefits for the organization. We are dedicated to operate our business on the basis of safety and with environmental responsibility with the aim to achieve sustainable development. The Board of Directors therefore would like to thank all shareholders, business partners, customers, employees, related parties and financial institutions for their continuous supports in the Company's business operations. We promised to deliver our commitment and efforts in operating our business with carefulness and transparency and continuously upholding the principles of business ethics, good corporate

governance and sustainable development to ensure maximum benefits among all related parties while striving to become an advanced organization.



(Mr. Satit Hemmondharop)  
Chief Executive Officer



(Dr. Damri Sukhotanang)  
Chairman of the Board



(Mr. Wiwat Hemmondharop)  
Chairman of Executive Board

## Report of the Audit and Corporate Governance Committee



Miss Charanya Sangsukdee  
Chairman of the Audit and Corporate  
Governance Committee

Dear Shareholders of Panjawattana Plastic Public  
Company Limited

The Audit and Corporate Governance Committee (ACGC) of Panjawattana Plastic Public Company Limited is composed of 3 independent directors who are experts on accounting, taxation, finance, management and risk management, are fully qualified as stipulated in the Charter of the ACGC in compliance with the guidelines and requirements of the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) with the names listed below.

1. Miss Charanya Sangsukdee, Chairman of the ACGC
2. Assoc. Prof. Dr. Ekachai Nittayakasetwat, Member of the ACGC
3. Mr. Nuttawut Khemeyothin, Member of the ACGC

Miss Supattra Nijjaya, head of internal audit, acts as secretary to the Audit and Corporate Governance Committee.

The ACGC had independently performed the duties assigned by the Company's Board of Directors to examine and review so that the Company's corporate governance is adequate. The objectives are to ensure that the Company's operations meet the benefit of shareholders as a whole without any conflict of interest, including the availability of adequate internal control system and the management's performance of duties with honesty, accountability according to the Company's policy.

In 2016, the ACGC held 7 meetings with discussion and exchange of ideas with the management, internal auditors and auditors on the relevant matters. The essence of duties performed can be summarized as follows.

### **1. Accuracy, completeness and reliability of financial reporting**

The ACGC reviewed the financial statements and the consolidated financial statements of the Company and its subsidiaries quarterly of the year 2016, which were reviewed and audited by the Company's auditors. Consideration was based on the main accounting policies, significant financial reporting, accounting estimates, notes to financial statements and important disclosures together with the auditors and the Management Department. Also, advice and useful comments were given before approval and presentation to the Company's Board of Directors to ensure reliable, timely preparation of the Company's financial statements with adequate disclosures of the financial statements. This is beneficial to the users of financial statements and accords with the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange

Commission, including accounting standard generally accepted. Besides, the ACGC reviewed, studied the impact and prepared for the revised accounting standard, which will take effect in the next 3-5 years.

Additionally, the ACGC jointly met with the auditors without attendance of the Management Department of the Company once to discuss independently key information for preparing the financial statements, and the issues found from the review and verification of financial statements as well as independence of the auditors. If the auditors discovered the suspected circumstances of fraud or lawbreaking relating to the performance of duties of the directors and the management, the auditors must report to the ACGC. The auditors notified no specific information or observations from the audit and received good cooperation of the executives or the Management Department of the Company in the performance of the auditors' duties.

## **2. Adequacy of internal control system, risk management, good corporate governance and internal audit**

The ACGC reviewed the audit report of the Internal Audit Office and the results of evaluating the internal control system according to the framework of internal control practices of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2013 and guidelines of SEC, including considering and monitoring compliance with the recommendations in the audit report of the internal auditors and the auditors continuously for good corporate governance and improvements to such operations, support for risk and corruption assessment within the organization. The independent appraisers evaluated the ACGC and opined that the Company's internal control system is adequate with business effectiveness.

The ACGC considered independence of the Internal Audit Office, scope of work, approved the annual internal audit plan 2016 prepared according to the Company's material risk. Also the focus was on examining the effectiveness of key control operations with policy review to ensure effectiveness of the internal control system both in Thailand and China. In the past, the meetings were held with the Certified Public Accountants of Panjawattana (Tianjin) Plastic Co., Ltd. and the audit report was examined, including tracking the corrective action based on the audit report. The purpose is to understand the causes, problems and give advice on improving the performance of audit work effectively. Furthermore, consideration was given to guidelines on improving the quality of internal auditing by allowing various organizations to evaluate the performance of internal auditors and offer comments to improve the quality of audit work independently. Additional consideration was given to the appropriateness of budget, the number of staff members, personnel training and development plan of the Internal Audit Office to meet international standards. In addition, discussions have been held with the head of the Internal Audit Department regularly without the Management Department. The ACGC reviewed the Company's risk management system from the meeting with the management and the Board of Directors, including providing suggestions and improvements to make the Company's risk management system more effective.

The comments of ACGC are as follows. The Company's internal audit system is suitable, effective and independent. The annual audit plan accords with the Company's goals and risks. The performance of the Internal Audit Department achieved the set goals. The personnel and tools used for the audit were adequate and were properly developed in line with international standards of internal audit practice continuously.

### **3. Compliance with the Securities and Exchange Law, the regulations of the Stock Exchange of Thailand and the laws related to the Company's business**

The ACGC verified whether the Company's operations were in line with the Securities and Exchange Law, the regulations of the Stock Exchange of Thailand and the laws relating to the Company's business and acknowledged the changes to the rules with the impact on the Company's business. The ACGC opined that the Company has complied with the relevant laws without finding any material breach or noncompliance.

#### **4. Transactions with potential conflict of interest**

The ACGC has regularly considered the transactions linked or transactions with potential conflict of interest in accordance with the laws, regulations specified by the Capital Market Supervisory Board and other organizations. The Internal Audit Department has been required to monitor, review the preliminary accuracy. Also, the auditors have been required to examine such transactions on an annual basis.

The ACGC opined that such linked transactions examined are normal business transactions with general trade terms, reasonableness, fairness and maximum benefit for the Company.

#### **5. Good Corporate Governance**

The ACGC has attached great importance to promoting and emphasizing the operations based on the principles of good corporate governance and business ethics, including encouraging and monitoring the progress of social responsibility and good corporate governance development process continuously. In 2016, the policy on good corporate governance, business ethics handbook and anti- corruption measures were reviewed and improved. Other necessary guidelines and suggestions were also provided to develop the system of good corporate governance for more effectiveness to build confidence of all stakeholders.

The Company has strictly complied with the principles of good corporate governance, anti-corruption policy, treatment of all stakeholders involved with continuous improvement and development by emphasizing fair and equitable treatment of stakeholders. As a result, the Company won the awards for good corporate governance as follows.

- For the result from a survey of Good Corporate Governance Report of the listed companies 2016, overall the Company was rated "4 stars (very good)" by the Thai Institute of Directors (IOD).
- The evaluation of the quality of Annual General Meeting of Shareholders (AGM) in the project: Annual General Meeting (AGM) 2016 resulted in being rated "Excellent" with a full score of 100 points. This was organized by the Thai Investors Association.

#### **6. Suitability of the auditors, selection and appointment of auditors**

The ACGC selected the suitable auditors and nominated the auditors by considering the knowledge, skills, experience, ability to monitor the plastic industry business and the quality of auditors' work in the past year, status of auditors, team of auditors, the appropriate audit fee, significant restrictions and requirements of other relevant organizations. Consideration was also given to the rotation of auditors according to the Notification of the Capital Market Supervisory Board. The objective is to ensure that the auditors are truly independent and impartial in their practice.

The ACGC considered the performance of the auditors, Dharmniti Auditing Co., Ltd. The independence and performance of the year 2016 were evaluated, which was the 8th year of the auditing



company and the 4th year of the auditors signing the financial statements. Such auditors were considered to understand the Company's business well, practice with independence, impartiality, experience, ability and always handed in audit work on time. The overall performance was satisfactory with adequate independence. It is deemed appropriate to present the appointment of persons to the Board of Directors for approval at the Annual General Meeting of Shareholders 2017, namely

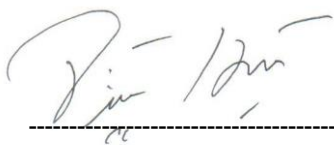
1. Mr. Poja Asvasontichai, Certified Public Accountant No. 4891 and / or
2. Mr. Thanawut Pibulsaswas, Certified Public Accountant No. 6699 and / or
3. Miss Sulalit Adsawang, Certified Public Accountant No. 7517

of Dharmniti Auditing Co. Ltd. as auditors of the Company and its subsidiaries located in Thailand only for the year 2017, the 9<sup>th</sup> year of the auditing company. Also, the audit fee is fixed at not exceeding 1,910,000 baht per year, including the fees for audit and certification of BOI compliance. For checking and certification of investment promotion (BOI) more, the audit is charged at 40,000 baht per certificate. For opening a subsidiary during the year, the fixed audit fee shall not exceed 100,000 baht per company, excluding other expenses such as the cost of traveling to work in the provinces. The auditors listed above do not have any relationship or interest with the Company, the management, major shareholders or people related to such persons.

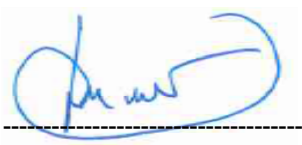
#### **7. Performance of duties under the Charter of the Audit and Good Corporate Governance Committee**

The ACGC assessed its performance of duties by evaluating the authority and function, ACGC members, meetings, internal control, financial reporting, compliance with the rules and regulations, auditors, internal auditors, reporting of the Audit Committee, performance appraisal. There was also individual and group self-assessment in line with good corporate governance practices of listed companies in the Stock Exchange of Thailand. Moreover, the Charter of the ACGC and the Charter of the Internal Audit Department have been reviewed on an annual basis to ensure the specified scope of full duties as assigned by the Board of Directors effectively according to good corporate governance principles so as to benefit the stakeholders equally.

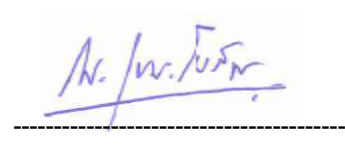
The ACGC had overall opinions that the duties were performed adequately and completely as specified in the Charter of the ACGC approved by the Company's Board of Directors by using knowledge, ability and carefulness with independence, no limitation on getting information from the management, staff and people involved. Also, the opinions and suggestions were provided for the benefit of all stakeholders equally



(Miss Charanya Sangsukdee)  
Chairman of the ACGC



(Assoc. Prof. Dr. Ekkachai Nittayakasetwat)  
Member of the ACGC



(Mr. Nuttawut Khamayothin)  
Member of the ACGC

## Report of Risk management Committee



Asst. Prof. Dr. Ekachai Nittayakasetwat  
Chairman of Risk Management Committee  
Panjawattana Plastic Public Company Limited

Dear Shareholders

Panjawattana Plastic Public Company Limited

Year 2016 is another year that the world economy was at risk in various terms affecting Thai economy and there were internal factors leading to lower economic expansion than anticipated from the beginning of the year. This could be seen from figure of export, low agricultural product price, decelerated tourism, fluctuation of oil price and currency exchange. These factors are what the risk management committee must recognize and it arranged the meeting to follow up situations and to manage risk in accordance with changing circumstances caused by uncontrollable external factors along with strategies of business operation. The risk management committee comprised 6 committees and 3 of them were independent committees with duties to supervise and support

effective risk management in the entire organization and also emphasize on implanting organizational culture about risks continually.

During 2016, the risk management committee has arranged 2 meetings with following essences of operations

1. Reviewing policy of risk management to be suitable and consistent with business environments of the company and changing industry.

2. Considering the opinions on mitigation plan for risks affecting business plan year 2016 and following up progress regularly so that risks are managed to be in acceptable level. It includes emphasizing on essential risk management of the organization and in each operating line and business group of the company.

3. Giving suggestions and guidelines and following up and assessing annual risk management result for year 2016 for risk management team and board of directors to operate and develop effective risk management system.

4. Giving opinions, suggestions, considering and assessing risks of investment project and business plan of the company

However, risk management committee is determined to define and management risks not to cause severe impacts on action plans of the company so that the company can achieve organization's goal and to maintain ultimate benefits of shareholders and relevant people.

Asst. Prof. Dr. Ekachai Nittayakasetwat  
Chairman of Risk Management Committee



## Report of Nomination and Remuneration Committee



Dr. Damri Sukhotanang  
Chairman of Nomination and Remuneration Committee  
Panjawattana Plastic Public Company Limited

Dear Shareholders

Panjawattana Plastic Public Company Limited  
The Nomination and Remuneration Committee (NRC) of Panjawattana Plastic Public Company Limited consists of 3 directors who are experts in various. The number of independent directors shall be two-thirds or more than half with an independent director as committee chairman according to the policy on good corporate governance.

The Nomination and Remuneration Committee performed duties under NRC Charter to consider the policy for good corporate governance of candidates to the posts of director and chief executive officer of the Company as well as the formulated methods and criteria for determining fair and reasonable remuneration of director and chief executive officer and fairly to stakeholder.

For recruiting the directors and chief executive officer, consideration was given to qualifications, knowledge, abilities, experience and diversity in many professions to specify the qualifications of directors required for recruitment to be eligible according to the composition and structure of the Committee based on the Company's strategy and mission. A transparent process was available by providing the opportunity for minority shareholders to nominate the candidates considered eligible for selection as directors, which was published by the Stock Exchange of Thailand and the Company's website. At the shareholders' meeting last year, no shareholder nominated the candidate to the recruitment process.

In 2016, the Nomination and Remuneration Committee convened twice and considered the review of policy, Charter of NRC, evaluation of the whole committee and sub-committee, assessment of the chief executive officer. Consideration was also given to the fixed remuneration of director and chief executive officer on the basis of obligations and responsibilities, performance compared with the target set, turnover and the size of business with more expansion and complexity, including a comparison of remuneration of listed companies in the same industry or similarly-sized business. There was also an examination of the director development program to be able to perform duties more efficiently.

Dr. Damri Sukhotanang  
Chairman of Nomination  
and Remuneration Committee



Vision:

“Panjawattana Plastic PCL is one of the biggest manufacturers in plastic production industry based in Thailand. We reach success not only in Thailand but we step forward into regional level.

With strong confidence that great relationship between customers and us and our partners will be the path to success that can make us trusted organization with confidence of our production competitiveness to support numerous needs of customers and we are ready to alter in every form incessantly.



Mission:

“We are ready to progress for unceasing business growth by seeking every possible market by using our strong production efficiency to step forward as a winner with excellent business operation pattern.

Our resolution is “we will be the best for customer for co-creation with our production quality and we determine to be the leader in every market, we are in and expand business opportunity and competitive advantage for customers we can apply production pattern to response their need.”

Together We **GROW** เราจะ **GROW** ไปด้วยกัน

**G**

Generate Partnership

ร่วมใจ  
สร้างพันธมิตร



**R**

Race with Business Dynamism

ตามโลกธุรกิจ  
ต้องทันสมัย



**O**

Observe Trustworthiness

น่าเชื่อถือ โปร่งใส  
วางใจได้



**W**

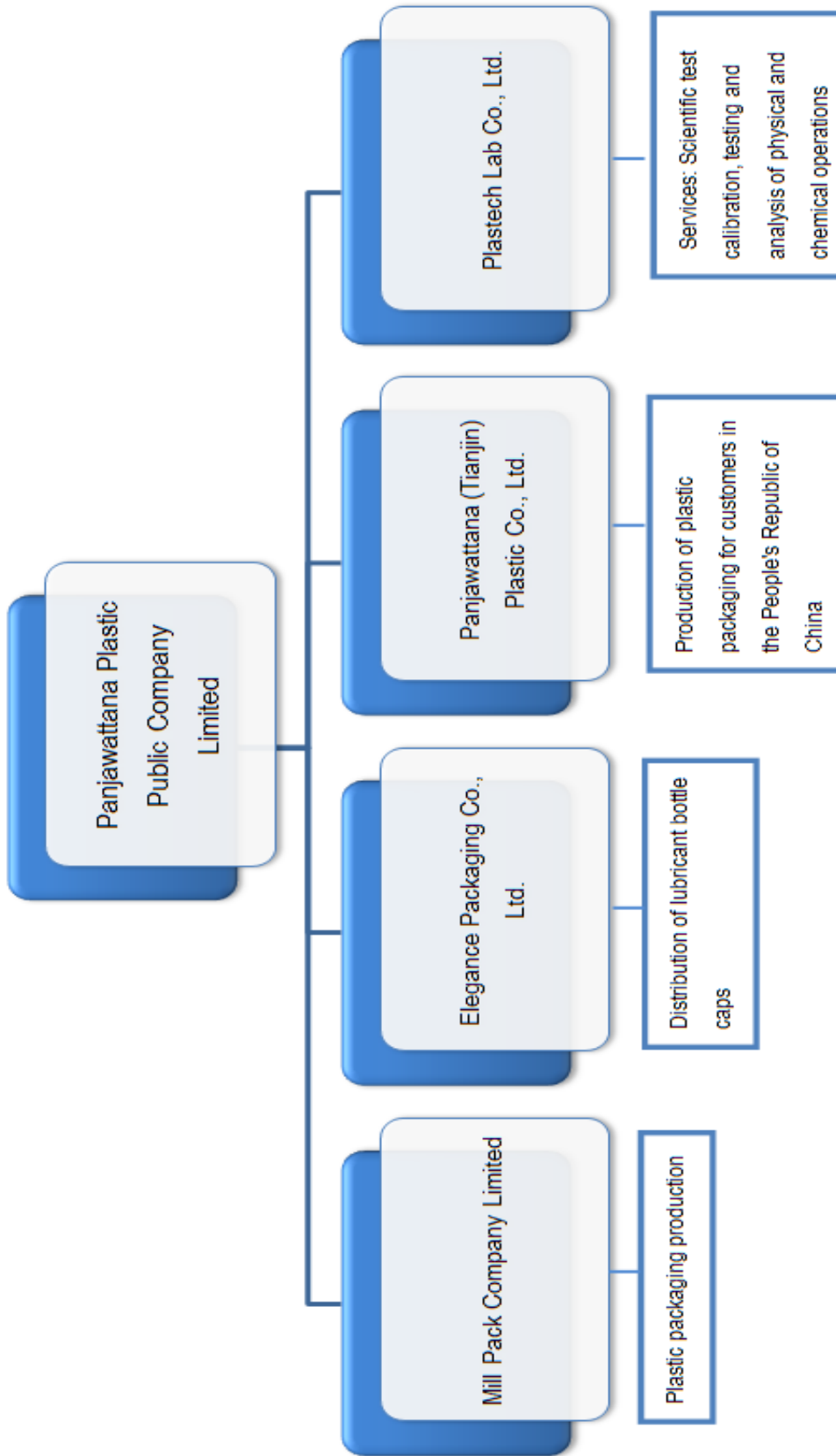
Work of Excellence

ผลงานเลิศ ไปไกล  
จนเลื่องลือ



**GROW** นี้คือ...ค่านิยมของเรา... ชาวปัญญาวัฒนา

Shareholding Structure of the Group



### **Overview of the Subsidiary Group's Businesses**

	<b>Company</b>	<b>Shareholding Proportion (Percent)</b>	<b>Product</b>
1.	Mill Pack Company Limited	99.98	Plastic packaging for consumption
2.	Elegance Packaging Co., Ltd.	99.97	Supply and distribution of lubricant bottle caps
3.	Panjawattana (Tianjin) Plastic Co., Ltd.	100.00	Plastic packaging for customers in the People's Republic of China
4.	Plastech Lab Co. , Ltd.	99.99	Services: Scientific test calibration, testing and analysis of physical and chemical operations

### **Relationship with business group of major shareholders**

For the Company's core business, there is no significant relationship or connection with other businesses of major shareholders. There are only occasional relationships as normal transactions. The sale of plastic packaging is the general market price with normal commercial terms like ordinary customers. The Company uses the selling price-cost-profit structure just as the Company produces and sells to other customers. The rental of land from shareholders and directors is comparable to market price with normal commercial terms. Consultancy fee with the shareholders and directors is the rate stipulated in the regulations on the employment of staff according to the Company's policy with details mentioned under the topic of management and corporate governance titled Inter-transaction.

## Significant Changes and Developments

The Company's Significant Changes and Developments in the past 4 years in details are as follows:

Year	Significant Changes and Developments
2012	<ul style="list-style-type: none"> <li>● The company was approved of the investment support from the Investment Support Committee as per the Investment Support Charter No. 1745(2)/2555. The Committee approved the support on 16 January 2012.</li> <li>● The company increased the registered capital from THB 220 million to THB 276 million on 3 February 2012.</li> <li>● The company begun trading shares in Stock Exchange of Thailand on 28 February 2012 for the first time.</li> <li>● MILLPACK COMPANY LIMITED was approved of the investment support from the Investment Support Committee as per the Investment Support Charter No. 1882(5)/2555. The Committee approved the support on 3 April 2012.</li> </ul>
2013	<ul style="list-style-type: none"> <li>● The company invested in constructing a spray painting and a plastic container factory at Pin Thong 2 industrial estate in Chonburi in order to meet the demand of automobile parts market. They were approved of the investment support from the Investment Support Committee as per the Investment Support Charter No. 1044(2)/2557. The Committee approved the support on 16 October 2013.</li> </ul>
2014	<ul style="list-style-type: none"> <li>● The company established a subsidiary under the name PJW Drink Tech Company Limited on 10 February 2014 to produce and sell non-alcohol beverage with the registered capital of THB 1,000,000 in the beginning.</li> <li>● Increasing the registered capital of Panjawattana (Tian Jin) Plastic from USD 2.2 million to USD 2.5 million.</li> <li>● The company established a subsidiary under the name PJW Food Pack Company Limited on 1 September 2014 to produce and sell food and non-alcohol beverage packaging with the registered capital of THB 20,000,000 in the beginning. The company made the dissolution of PJW Drink Tech Company Limited on 16 December 2014 because of management underneath same group of industrial within PJW Food Pack Company Limited.</li> <li>● The company has awarded the Top Corporate Governance Report Awards 2014 on 27 November 2014</li> </ul>
2015	<ul style="list-style-type: none"> <li>● The Meeting of the Shareholders of the Company for the year 2015 on 21 April 2015 resolved to increase the authorized capital of the Company previously from 276,000,000.00 Baht to be the authorized capital of 287,040,000.00 Baht through newly issuance of 22,080,000 million ordinary shares at par value of 0.5 Baht per share to support the stock dividend payment to the Company's shareholders in the rate of 25 existing shares per 1 stock dividend for total value of not more than 11,040,000.00 Baht.</li> </ul>



Year	Significant Changes and Developments
2015	<ul style="list-style-type: none"> <li>● The Company registered for capital increase from 276,000,000.00 Baht to be 287,039,972.50 Baht on 18 May 2015.</li> <li>● The Company has been approved for investment promotion from the Board of Investment pursuant to Investment Promotion License No. 58-2011-0-00-1-0 upon approval of the Board for promotion on 17 March 2015.</li> <li>● The Company has been approved investment promotion from the Board of Investment pursuant to Investment Promotion License No. 58-2010-0-00-1-0 upon approval of the Board for promotion on 23 March 2015.</li> </ul>
2016	<ul style="list-style-type: none"> <li>● PJW Food Pack Company Limited, the subsidiary, has changed its name into Plastech Lab Company Limited, on 12 May 2016 and has added the company's operating objective in parts of quantity and standard inspection service for all kinds of products, scientific testing service, standard calibration and physical and chemical laboratory testing and analysis.</li> <li>● The Company has been certified for Innovation Capability and Innovative Organization for 2016 from Innovation Capability Promotion Project for Entrepreneurs in Stock Exchange of Thailand on 5 October 2016 by National Innovation Agency (Public Organization) and Stock Exchange of Thailand.</li> </ul>

## Type of Business and Nature of Business Operation

### Nature of Business Operation

PJW is a producer and supplier of plastic containers & closures and automotive plastic parts of high quality and with custom designs according to clients' requirements for the product brands that are recognized in each end-use industry and among consumers in general. Its products are manufactured through two main processes: blow molding and injection molding. The product range covers plastic bottles and gallons of various shapes, bottle closures, and plastic parts for automobiles and motorcycles. A variety of plastic packaging products are manufactured for containing lubricants, fresh milk and yoghurt milk, consumer products, farm chemicals and automotive parts. Major raw materials are polyethylene and polypropylene.

Currently, PJW has four factories:

1. Factory located in Bang Bon, Bangkok
2. Factory located in Muang District, Samutsakhon Province
3. Factory located in Pinthong Industrial Estate 2, Sri Racha District, Chonburi Province
4. Factory located in Tianjin, China

The plastic containers and plastic parts manufactured by PJW for each customer will have different specifications up to customers' needs which can be classified by their applications as follows:

1. Lubricant packaging
2. Fresh milk and yoghurt milk packaging
3. Consumer goods packaging and Agro chemicals packaging
4. Automotive plastic parts

- **PJW's revenue structure classified by type of customers, for the years 2014-2016**

#### Income Structure Classified by Geography

Description	2014		2015		2016	
	Million Baht	Percent of sale	Million Baht	Percent of sale	Million Baht	Percent of sale
Domestic sales	2,140.36	93.04	2,540.58	93.17	<b>2,483.21</b>	<b>90.05</b>
Abroad sales	154.55	6.72	180.45	6.62	<b>266.79</b>	<b>9.67</b>
<b>Gross sales</b>	<b>2,294.91</b>	<b>99.75</b>	<b>2,721.03</b>	<b>99.78</b>	<b>2,750.00</b>	<b>99.73</b>
Other income	5.64	0.25	5.87	0.22	<b>7.58</b>	<b>0.27</b>
<b>Total income</b>	<b>2,300.55</b>	<b>100.00</b>	<b>2,726.90</b>	<b>100.00</b>	<b>2,757.58</b>	<b>100.00</b>

### Income Structure Classified by groups of products

Description	2014		2015		2016	
	Million Baht	Percent of Growth Rate	Million Baht	Percent of Growth Rate	Million Baht	Percent of Growth Rate
Lubricant packaging	1,280.53	60.51	1,364.67	59.32	<b>1,352.14</b>	<b>49.59</b>
Milk and yoghurt milk packaging	288.59	13.64	326.35	14.18	<b>333.14</b>	<b>12.22</b>
Consumer goods and chemical liquid packaging	246.44	11.64	238.16	10.35	<b>274.32</b>	<b>10.06</b>
Automotive parts	293.60	13.88	365.73	15.90	<b>761.43</b>	<b>27.93</b>
<b>Gross sales</b>	<b>2,109.16</b>	<b>99.67</b>	<b>2,294.91</b>	<b>99.75</b>	<b>2,721.03</b>	<b>99.78</b>
Other income	7.05	0.33	5.64	0.25	<b>5.87</b>	<b>0.22</b>
<b>Total income</b>	<b>2,116.21</b>	<b>100.00</b>	<b>2,300.55</b>	<b>100.00</b>	<b>2,726.90</b>	<b>100.00</b>

### Types of Products

The plastic containers and plastic parts manufactured by PJW can be classified by type of application by customers as follows:

- a) **Lubricant packaging:** The Company produces and distributes plastic bottles, gallons and tanks of various sizes and shapes for containing lubricating oil up to customers' needs. These products range from small plastic containers sized 0.5, 0.8, 1, 3, 4, 5 and 6 liters, and larger ones sized 18 and 20 liters.



- b) **Milk and yoghurt milk packaging:** The Company produces and distributes plastic packaging for containing fresh milk and yoghurt milk of various sizes. As these plastic products are used to contain food, the Company has paid high attention to the production process. Its production process and operation units are separated, e.g. clean room, machinery and workers, are separated from the production lines hence preventing contaminated dust and bacteria as well as enhancing quality control according to the standards of the GMP (Good Manufacturing Practice) and the HACCP (Hazard Analysis and Critical Control Point). These product sizes range from 80 ml., 100 ml., 190 ml., 200 ml., 450 ml., 830 ml., 2 liters and 5 liters.



- c) **Consumer goods and chemical liquid packaging:** The Company produces and distributes plastic containers for consumer goods, including cleaning liquid products such as bathroom & sanitary ware cleaner, floor cleaner, dishwashing liquid, etc.; fabric softener; talcum powder; and others.



- d) **Automotive plastic parts**: The Company produces automotive plastic parts and distributes to its customers, both the car and motorcycle product makers and the 1<sup>st</sup> Tier Suppliers. The car makers use PJW products as components of the vehicles, such as windshield washer tank, radiator coolant reserve tank, air duct, lid, spoiler, gear cover, etc.



- e) **Automotive plastic painting parts** the Company is a manufacturer and distributor of automotive parts painting to customers under trade mark of various auto brands, including injection molding services, dip and spray-painting plastic products to the company, which is a car manufacture (Product Maker). They will bring the Company's product to be a component of automobile parts.



● **Benefits and Conditions under BOI Privileges**

The Company is awarded tax benefits from investment by the Thailand Board of Investment in accordance with Investment Promotion Act B.E. 2520. The key information is shown in the below table;

	Panjawattana Plastic Public Co., Ltd.					Milk Pack Co., Ltd.	
						Bangkok Branch	Samutsakhon Branch
<b>Investment Promotion Certificate</b>	1080(10)/2553	1745(2)/2555	1044(2)/2557	58-2010-0-00-1-0	58-2011-0-00-1-0	1379(5)/2556	1882(5)/2555
<b>Effective Date</b>	April 1, 2010	March 10, 2012	March 28, 2014	October 25, 2016	Unused	October 5, 2011	May 31, 2012
<b>Expiry Date</b>	March 31, 2017	March 9, 2019	March 27, 2021	October 25, 2023	.	October 4, 2019	May 30, 2020
Is a producer and supplier of plastic containers & closures and automotive plastic parts Type 6.12 producer and supplier of plastic containers & closures and automotive plastic parts Type							
<b>Investment Promotion</b>							
1. Exemption from corporate income tax from net profit of the promoted business	Exempted for 7 years	Exempted for 7 years	Exempted for 7 years	Exempted for 7 years	Exempted for 7 years	Exempted for 8 years	Exempted for 8 years
2. The period after expiry of tax exemption period which is allowed to deduct the loss from the net profit	5 years	5 years	5 years	5 years	5 years	5 years	5 years
3. Exemption/reduction of import duty for machines which are approved by BOI committee	Exempted	Exempted	Exempted	Exempted	Exempted	Exempted	Exempted
4. Exemption of withholding tax for dividend paid to the Company's shareholders	Exempted	Exempted	Exempted	Exempted	Exempted	Exempted	Exempted

## Competitive Strategy

The Company is a producer and a supplier of plastic containers, closures, and plastic for automotive parts of high quality and with custom designs according to customers' requirements. The products are acceptable by customers in term of products' and services' quality. The Company makes importance and takes good care of production process; starting from package design, raw materials procurement, production control, including inspection of quality and fineness of the products, and on-time delivery to customers; to ensure that the products are produced according to customers' requirement and design.

The Company runs its business based on the following strategies.

- (1) Products' quality: The Company takes quality control of the products into its account to ensure that the products' quality meet customers' requirement. The Company focuses on products' design, procurement of raw materials with required specification as specified by customer, including quality assurance for finished goods which is held in 2 levels as follows;
  1. Quality control and inspection in production process; and
  2. Final inspection before delivery to customers to ensure that the products' quality are meet customer's requirement.
- (2) On-time delivery: The Company concerns about products control and delivery to customer on time and regularly to create customers' confidence
- (3) Production security: The Company can product and procure the products to match with customers' requirement, specified quantity, and time schedule; to ensure that customers will receive the products according to their requirement and in time, especially automotive parts which must delivery to match with their just-in-time process.
- (4) Capability in increasing or expansion of production capacity: The Company is capable to increase or expand its capacity to support customers' business growth and expansion. With customers' requirement, the Company can produce more products for them.
- (5) Improvement of production process to increase cost management efficiency: The Company is committed to improve production process and cost management continuously to raise up its competition capability and to persuade its customers. As the Company has its pricing structure of "Cost plus Pricing", thus the Company's cost reduction will also reflect customers' cost, and then can increase customers' capability in competition.

In addition, the Company has developed and applied operating process and system for using in the Company's production process to increase efficiency in cost management. The Company has developed the Total Productive Maintenance (TPM) program since 2000, thus it can control its production cost and also retain profitability.

(6) Good responsibility and relationship with customer

- Capability in increasing of production capacity to response customers' requirement: Sometimes, customers may require the products in higher volume suddenly. However, the Company is capable to adjust production line to increase its production capacity in accordance with customers' requirement shortly.
- Long-term relationship with customer: The Company has the policy to retain its long-term relationship with customer by preparing and securing production capacity for supporting customers' business, including increase capacity and develop new process for complete service.
- Confidentiality for customers' information: The Company engages in keeping confidential of customers' information by controlling not to use or disclose customers' information; i.e. technical information in relation with customers' products, other information which is customers' secret, and any other information which has some effect on competitiveness and business operation; to third party or use the information for personal's benefits.

**Customer Segment and Target Group**

Most of Company's customers are the owner of famous brand in each industry, including general consumers who require plastic packaging and plastic parts with standard quality. The customer segments can be categorized as follows;

1. Lubricant packaging
2. Milk and yogurt milk packaging
3. Consumer goods and agro chemical packaging
4. Automotive plastic parts

**Distribution Channels**

The Company sells its products locally via several distribution channels to reach the target groups as follows;

- Selling by marketing team: The Company assigns its marketing team, who has experience, knowledge, and capability to approach customers, to contact customers directly. The marketing team will meet customers and present products and product's details, which are match with customers' requirement. This process can create acknowledgement about new requirement of customers. In addition, the marketing team may have to cooperate with other departments in the Company, such as production and planning, to jointly prepare and present the information which match with requirement of each customer.
- Selling by bidding: This is one channel of the Company to sell its products. Most customers in the group of automotive plastic parts and lubricant packaging use this method for supplier selection. The Company's marketing team will follow up for the news of customers' bidding activity to submit its quotation. The bidding will be allowed only for existing suppliers (close bidding) to be awarded and received customers' orders.



- Direct contact of customers: Some customers contact the Company for purchasing its products directly because reference from the existing customers.

### **Pricing Strategy**

The Company set the selling prices of plastic containers and plastic parts in term of cost plus pricing. Price setting can be done either by (1) jointly determination between the Company and its customers before starting of production process; and (2) the Company set selling price to compete with other manufacturer.

Prices of raw materials, i.e. Polyethylene (PE) and Polypropylene (PP), take major parts in manufacturing cost. Although the raw materials are bought locally, they are commodity products, their price are determined by their supply and demand in the world market which is dynamic and can cause price variation. As a result, the products selling prices are set to be adjustable on monthly or quarterly basis for only customers who allow adjusting price to secure the Company gross margin.

For some customers who do not open for products price adjustment, the Company can negotiate with them by referring raw materials' price change.

### **Products or Services procurement**

#### **Products Procurement**

#### **Production and Production Capacity**

Currently, the Company and its subsidiaries have 4 manufacturing plants. The 3 plants are located in Thailand; Bangkok, Samutsakorn province, Chonburi province; and another plant is located in Tienjin, Republic of China.

#### **Raw Materials**

The major raw materials are plastic pellets, dry colorant, and stickers & shrink film, which specification, type, and quality grade will be specified by customers as follows;

1. Plastic Pellets used by the Company are listed below;

- a) Polyethylene (PE)

They are high-flexibility plastics, i.e. LDPE (Low Density) and HDPE (High Density). The plastic containers produced from PE are lubricant packaging, milk and yogurt milk packaging, and consumer goods packaging.

- b) Polypropylene (PP)

They are the plastics which have higher toughness and flexibility than Polyethylene (PE) and can withstand with high temperature and humidity. Sample products are bottle cap, automotive parts, and bicycle parts.

2. Dry Colorant

Production of plastic packaging and plastic parts uses dry colorant as major composition as well as plastic pellets. All raw materials will be mixed in certain ratio to receive required color and physical properties.

3. Stickers and Shrink films

To produce plastic containers, customer will determine pattern, price and manufacturer of stickers and shrink films, then the Company will contact the manufacturers and suppliers for running production.

Most of plastic pellets, dry deodorant, and stickers and shrink films are bought from local suppliers. There are only some plastic pellets and stickers which are bought from abroad. The Company is aware that price of plastic pellets changes according to oil price and balance between supply and demand of the world market, then the management always follows up price and demand of plastic pellets regularly to plan for purchasing in correspondence with quantity and schedule in production plan.

### **Environmental Impact**

Plastic parts manufacturing process does not release any pollution which affect environment. However, there are some plastic scraps from finished products which can be recycling to be used as a raw material in production at the ratio identified by the Company. Regarding plastic bags and cartons for containing products can be reused until damage, the Company will sell them to third party.

Although, there are 2 factories of the Company where are not located in industrial estate, they have to follow regulations of Department of Industrial Works, Mistry of Industry. Regarding another 2 factories located in Pinthong Industrial Estate, they can comply with regulations of Industrial Estate Authority of Thailand.

The Company has already achieved ISO 14001:2004, the standard of environmental management, which can guarantee that the Company has good environmental protection and control system to avoid some effects from its production to environment.

### **Competitive Condition and Trend of Industrial Situation**

<sup>1</sup>Thai economy in 2016: gross domestic product (GDP) expanded for 3.2% compared to 2.9% in 2015 indicating the rebound of economy in positive way. Expansion of export sector, investment in government sector and tourism were still main factors of economic expansion and it's obvious that export sector had a sign of recovery with its expansion at 3.6% and investment in government sector and state enterprise continually expanded for 9.9% from major projects leading to more construction. Agricultural sector expanded for 0.6% from better circumstances of drought and tourism expanded due to tourism promotion measure of the government. So, in 2016, the income from tourists increased for 11.1%. However, many economic figures such as tourism, export and government investment still expanded lower than anticipation of the government in the beginning of the year

<sup>1</sup>For financial policy, the government still retained the policy of interest rate at 1.50% per annum and it was concession that was sufficient for stimulating economy and controlling Baht currency to promote export. Investment projects of the government and state enterprise especially construction according to government's projects and state enterprise expanded for 2.7% and 44.0% respectively including the investment of state enterprise for approximately 580 billion Baht and substantial budgetary payment for government's investment. This made construction industry expand for 8.3% and it was anticipated that the private sectors would have increasing investment as a result of government's investment projects.

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<sup>1</sup> Office of the National Economic Development Board (NEDB)

<sup>1</sup>Automobile industry in 2015 was stagnant that could be noticed from automobile product group including sale and maintenance, parts and accessories. The industry declined for 6.8% and 5.8% respectively which was consistent with <sup>2</sup>Data of automobile production that slightly increased for only 1.68% due to stagnant domestic market as decrease of seated automobile, commercial automobile as well as PPV (and SUV) because domestic economy was decelerated along with the automobile purchase stimulation in the end of 2015 before adjusting excise tax which was valid on 1 January 2016. The export figure in Asia, Europe and Middle East was decreased. For year 2017, it is anticipated that the automobile production will be increased 2.86% in total amount of 2.0 million cars with emphasis on producing for domestic distribution increasing 5.07%.

<sup>2</sup>**Car Sales and Production Quantity**

(Unit :100,000 cars)	2011	2012	2013	2014	2015
<b>Production</b>	24.54	24.57	18.80	19.12	<b>19.44</b>
(%YOY)	68.32	0.14	-23.49	1.71	<b>1.68</b>
<b>Total automobile quantity</b>	14.25	13.26	8.82	8.00	<b>7.68</b>
(%YOY)	79.52	-6.98	-33.52	-9.29	<b>-3.86</b>
<b>Distribution volume</b>	6.65	6.28	3.70	3.05	<b>2.80</b>
(%YOY)	84.57	-5.66	-41.11	-17.39	<b>-8.35</b>
<b>Export volume</b>	10.23	11.28	11.28	12.04	<b>11.89</b>
(%YOY)	39.07	10.27	0.00	6.81	<b>-1.36</b>

<sup>1</sup>Industry of lubricant container: In 2016, many parties were concerned about impacts on lubricant container product as a result of the trend of electric vehicle and promotion policy of the government. Some companies responded it and started to do research and development for commercial distribution. Nevertheless, the executives agreed that technology of electric vehicles needed to be more studied about capacity of usage along with sources of raw materials used to make batteries for automobile and charging station. However, the electricity generating source of Thailand and some other countries still have limitations and the consumers are still confident with internal combustion engine. Therefore, it is anticipated that income of lubricant container is still growing for a while. However, the company plans to support risks in every dimension. For industry of plastic container for consumer goods, it is generally growing according to the government's measures promoting expenditures that could be noticed from expansion of department store and general shops. This led to the expansion of retail trading for 5.6% and product index increased in every category along with durable products and intermediate goods.

<sup>1</sup> Office of the National Economic Development Board (NEDB)

<sup>2</sup> Office of Industrial Economics (OIE)

<sup>1</sup>For Thai economy in 2017, it is likely to grow for 3.0-4.0% increasing continually from 2.9% and 3.2% in 2015 and 2016 respectively. The inflation rate is anticipated to range for 1.2 - 2.2% and current account surplus is 9.4% of GDP with supporting factors from the recovered export sector, the expansion of agricultural factor after mitigated drought along with expanding government's investment for 14.4% according to the investment framework of state enterprise and urgent transportation project in 2016. It included driving of tourism that is likely to be good. It's anticipated that the revenue will be about 1.93 trillion Baht increasing 9.8%. However, expansion of Thai economy still has limitations and risk factors from fluctuation of economic system and world finance is another issue that needs to be monitored and assessed closely. However, in 2017, it is anticipated that Thailand will grow from the increasing investments of government sector and tourism but investment and expenditure of private sector will recover gradually depending on reliability and clarity of domestic and international economic policy.

<sup>1</sup>World economy in 2017 is anticipated to grow 3.3% with positive factors from economy of USA, Eurozone along with the economic recovery of many essential countries such as India, Japan. What to be monitored is Eurozone that European Central bank (ECB) still retained the same interest rate. However, there were still impacts from unity of Eurozone in case United Kingdom leaves EU. For USA, there were positive factors from better household consumption along with tax policy and development of infrastructure that could significantly drive economic expansion. However, for Chinese economy, it is anticipated to expand decreasingly from previous year from 6.7% to 6.5% with anticipated risk factors from policy implementation of USA, outflow of capital as well as financial issues and real estate resulting in the decrease of investment in fixed asset. However, there are supporting factors from domestic consumption, investment in infrastructure, increase of minimum wage rate and income diversification to rural area so that domestic expansion is in accordance with the expansion of production industry. The management realized this growth opportunity of lubricant container, consumer good container and agricultural chemical container with anticipation that the income and market share of Panjawattana (Tianjin) Plastic Public Company Limited is highly possible to increase.

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<sup>1</sup> Office of the National Economic Development Board (NEDB)

## Risk Factors

The Company has been aware of the risks, and followed the impact of event which could be a risk to the business operations of the Company periodically in order to the consideration and the risk management is prudent and effective. The Company has appointed a Risk Management Committee and a working group, which is a senior executive involved to act as analyzing risk factors and assessing the risks occurring. To find out method to prevent or manage risks appropriately. In addition, the Risk Management Committee will report to the Audit Committee and the Board of Directors to informed and consider at least every six months. The risks which have a significant influence on the Company concluded as follows;

### **1. Risk of fluctuation of raw material price**

Plastic industry is one of many industries that are affected by oil price because plastic industry is directly connected with petroleum industry and petrochemical industry. If the price of crude oil in world market is increased or decreased, it will lead to the higher or lower cost of raw materials together with the price of plastic pellets in the nation that will be compared with trade price in world market with currency of USD. Therefore, currency of Baht and US Dollar influences national plastic pellet price also.

In 2016, the demand of oil was high as a result of better world economy together with the achievement of agreement for oil production of OPEC resulting in the decelerated oil supply. It includes hardening of US dollar that led to the increase of oil price and plastic pellet price. However, although product price in plastic container industry could be adjusted according to the price of raw materials, the adjustment could not be done immediately as it takes time to inform customer about such changes, so the company needed to take care of this cost.

However, the Company has a policy of risk management, fluctuations of plastic beads prices with tracking the movement of plastic beads prices closely. There is the analysis of price trends that are going in a particular direction and to plan for further orders. Including the assessment of the demand for raw materials in each period and considering the import of raw materials from abroad. So that companies can manage the procurement of raw materials for maximum performance.

### **2. Risk of reliance on few major customers**

The Company realizes importance of risks in expanding industry of plastic container products and automobile parts especially income from plastic containers as main revenue proportion of the Company that are distributed to major entrepreneurs of the country in industries of lubricants, milk and automobile industry and it made sale contract with such clients also. With high volume of order and many manufacturers in the same industry, clients have high bargaining power and opportunity that they will not renew the contract with the Company or partially orders products from the opponents. If the Company loses such clients, it will not be able to find the replacement immediately and it may affect constancy and continuity of income or it may diminish revenue of the Company for a moment of time in the future.

However, with long experience of the company together with development of product quality, risk from newcomers to capture market share is barely possible because most clients recognize quality of products and reliability rather than only price factor. Previously, the Company did research and development for products along with seeking for new technology by asking for cooperation of the government and private sectors to improve production resulting in better quality products and it could reduce production cost so that customers would receive highest quality products at reasonable price.

### **3. Risk of World and domestic economic system**

The Company emphasizes on impacts from risk of national and world economic system including policy and measures such as finance and treasury along with foreign trade policy that affects business operation of the Company. This is risk factor as pressure toward revenue growth in the future of the company that did investment to support expansion of automobile part market and packaging industry domestically and internationally. Therefore, the company managed risks by diversifying revenue proportion in each industry without concentration including milk and consumer good packaging industry with good growth rate that it does not change much according to impacts of economic fluctuation. The increase of sale proportion of lubricant containers and automobile parts along with milk packages that are indirectly exported to countries with high economic growth such as Indonesia, Vietnam, Hong Kong and Singapore included market expansion to foreign countries such as establishing lubricant container factory in China. In addition, the company also focused on financial management policy by controlling capital structure by debt to capital ratio and considered leverage of the business regularly to ensure that the Company had sufficient and strong financial status to support uncertainty and fluctuation of economic system in the future.

### **4. The risk of competition from new producers.**

According to a manufacturing of plastic packaging and automotive components is the business using an investment is not very high. The business structure is not complex. Thus, there is a risk that the new operators shall compete in this industry. Or even the customers, if they have the idea to produce the plastic packaging itself, they can be done. The ASEAN Economic Community or AEC opening can make the market more liberal. There is also the movement of production base into the country. As a result, there are more competitors in the industry. The price competition is more intense than ever.

However, with the experience of the Company is long term, coupled with the development of products quality and the Company's products, resulting to the risk that new competitors shall hit the market,

it is quite difficult. Most of customers realize the quality of the product rather than just consider the price factor singly. Moreover, the Company can respond the requirement of customers in this segment always greatly. In the past, the Company has promoted the research and development, including seeking for new technologies to improve in terms of production to get a quality product even better. As well as reducing manufacturing costs, so that customers will receive the highest quality products at reasonable prices.

## **5. The risk of no long-term contracts.**

Most of company and customers in the group of plastic packaging will make a purchasing contract in short-term for 1- 2 years or there is no making a contract. However, it is depending on the policy of contract making by each customer, which is the general practice of the industry. Additionally, the Company received bids from competing with other vendors when the contract is expired, customers may also renew or hold a qualifying new producers. It may be risk of losing customers. However, the company has the risk from the contract is not renewed low level in the past, because customers have confidence in the quality of standard products, delivering the goods on time, and the ability to expand production capacity to respond the needs of customers as well.

The customers in the plastics parts for automotive, the risk of termination of production is very low as well. Typically the operator will not change manufacturers until version of the product is clear or having problems of quality. The average age of products is appropriate 5-7 years, depending on the style and appearance of the products in each industry. Moreover, it takes a long time to test the quality of components of the operator until it is confident to deliver orders. If the Company has manufacturing operations in accordance with the terms of the contract, Car manufacturers will not change or cancel the order. However, the Company has various customers in the industries. There is no the sale number of any customer who has sold more than 30 percent of total sales, in order to spread the risk of income from no long-term contracts.

## **6. Risk of Exchange Rate**

Under the global economic is uncertainty, the monetary policy through interest rates, taking measures of QE to stimulate the economy in the countries around the world; the United States, European Union, or the country in Asia, where have the major economies system like China and Japan, including the domestic economic conditions are fluctuated according to different circumstances. This is the resulting in the transfer of funds, various operators whether importers or exporters are faced with the risk of exchange rate. It impacts on the business profits and its ability to conduct business. Although the Company will not be affected by fluctuations in the exchange rate as an exporter because the main income was from sales in the country, but as importers of machinery or raw materials of some kind which shall be imported from abroad. Depreciation or recovering of value of money in trading partners, it impacts on the production costs of the Company. The Company had to bear the cost more. Therefore, the Company has learned how to hedge the risk of exchange rate. There is the track of movement of foreign exchange rates closely; including the study in an analysis of the trend of the movement of foreign currency. The Company has selected transactions of Forward or made purchasing contracts of foreign exchange in advance for situation or condition which should act reasonable in order to prevent or reduce the losses that may be caused by exchanging in the money.

Moreover, the Company also has distributed income with increasing exports of plastic parts of automotive parts industry to foreign countries to reduce the risk of the exchange rate of value of the baht which is fluctuated seriously in recent time.

## **7. The risk of changes on the flow and consumption habits of consumers**

The current of campaign for the preservation of the environment, it makes consumers and operators begin to realize what effect the environment more. This may cause people to change their consumption habits by turning to consumer products that are environmentally friendly substitute. For example; the selection of products from the bioplastics instead of 100% plastic products, the bioplastics is an alternative type of plastic produced from agricultural products such as maize, cassava and sugarcane, etc., which has the process differing from conventional plastics. Therefore, changes on current consumption may lead to a negative impact on the Company; the Company shall be prepared to respond to those changes happening.

However, the proportion of bio-plastic compared with general plastic was not much and cost of bio-plastic was substantially higher than general plastic because it is made of agricultural raw materials which included cost of cultivation as well. Furthermore, quality of bio-plastic contained limitations that could not be completely replaced and it still takes times too develop some qualities. This makes bio-plastic as an option for consumers and it grows only in niche market. However, production system, injection and molding of products could support bio-plastic very well with the investment to optimize not many machines and equipment. For electricity-driven automobile, the management recognized that many automobile companies had to take times for research and development with limitation of battery, origin of resource and power source to support industrial growth. However, the Company studied and considered risks about such matters occasionally to consider appropriateness and trend of further investment in the future in case of having potential and supporting markets.

## **8. The risk of a majority shareholder in the Company holding more than 60 percent**

The company's majority shareholder is the HemMontharop groups, which hold shares in the Company totaling of 63.60 percent at March 17, 2017. Aforementioned shareholding proportion is more than 60 percent; the group of largest shareholder has the power to control the Company and influence to the Company's decision on all matters that shall be approved by the shareholders' meeting, excepting for the matters required by law or the Company's regulation specified to get the votes for third in four of the AGM. Therefore, the other shareholders of the Company have the risk from unable to collect the vote for checking and balancing the matter presented by the majority shareholder in the AGM to consider.

However, the Company has established the management structures to achieve balance and reviewing the management properly, which comprise of sub-committees that is; Audit and Governance Committee, Risk Management Committee, The Nomination and Remuneration Committee, and Executive Committee. Their power scope and duties are specified clearly.

The Company has appointed four committees, who is not a representative of the majority shareholders from total of nine directors. It is divided into three of the Independent Director / Audit Committee, and another one is the independent director who is not Audit Committee acting to the first Chairman of the Board, or it is calculated to 44.44 percent to serve the balance of power in the administration, screening agenda offered to AGM for consideration, as well as monitoring the actions of the directors and executives representing the majority shareholder. Moreover, in the case of transactions related to directors, the majority shareholders, and person with control authority, including those who may have a conflict, aforementioned person cannot vote to approve the transaction.



## GENERAL INFORMATION AND OTHER KEY INFORMATION OF THE COMPANY

<b>Company Name</b>	: PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED
<b>Symbol</b>	: PJW
<b>Registration Number</b>	: 0107554000208
<b>Authorized Capital</b>	: 574,080,000 ordinary shares at par value of Baht 0.50, total in amount of Baht 287,040,000
<b>Paid-up Capital</b>	: 574,079,945 ordinary shares at par value of Baht 0.50, total in amount of Baht 287,039,972.50
<b>Nature of Business</b>	: PJW is a producer and supplier of plastic containers & closures and automotive plastic parts of high quality and with custom designs according to clients' requirements for the product brands that are recognized in each end-use industry and among consumers in general. Its products are manufactured through two main processes: blow molding and injection molding and painting. The product range cover car accessories to customers.
<b>Registered Address (Head Office)</b>	: No. 19, 21, Soi Ekkachai 63, Ekkachai Road, Bang Bon Sub-district, Bang Bon District, Bangkok 10150  Telephone Number: 0-2898-0018, 0-2898-1008  Facsimile Number: 0-2898-0633
<b>Samuthsakhon Branch</b>	: 28 Moo 2 Chaimongkol Sub-district, Muang District, Samutsakhon Province 74000  Telephone Number: 0-2150-5988, 0-3483-9130-1  Facsimile Number: 0-2150-5987
<b>Chonburi Branch</b>	: Pin Thong Industrial Estate 2, No. 150/62 Moo 9, Nhong Kham Sub-district, Sriracha District, Chonburi Province 20110  Telephone Number: 0-3834-7187-8, 0-3834-7205, 0-3834-7207 Facsimile Number: 0-3834-7189
<b>Homepage</b>	: <a href="http://www.pjw.co.th">www.pjw.co.th</a>
<b>Contact Investor Relations</b> (For general information)	: Telephone Number: 0-2150-5988 Ext. 153 E-mail Address: <a href="mailto:ir-pjw@pjw.co.th">ir-pjw@pjw.co.th</a>
<b>Contact Company Secretary</b>	: Telephone Number: 0-2150-5988 Ext. 153
<b>Contact the Audit Committee's Secretary</b>	: Telephone Number: 0-2150-5988 Ext. 176 E-mail Address: <a href="mailto:ac-secretary@pjw.co.th">ac-secretary@pjw.co.th</a>
	(For complain, notice about corruption clue, and/or infringement of code of conduct and/or good corporate governance)

## GENERAL INFORMATION OF SUBSIDIARIES

<b>Company Name</b>	: MILK PACK COMPANY LIMITED
<b>Paid-up Capital</b>	: 12,000 ordinary shares at par value of Baht 2,500 total in amount of Baht 30,000,000
<b>Registered Address</b>	: No. 19, 21, Soi Ekkachai 63, Ekkachai Road, Bang Bon Sub-district, Bang Bon District, Bangkok 10150 Telephone Number: 0-2898-0018 Facsimile Number: 0-2898-0633
<b>Nature of Business</b>	: Manufacturing of plastic packaging, mainly used for lubricant packaging for medium and small customers
<b>Company Name</b>	: ELEGANCE PACKAGING COMPANY LIMITED
<b>Paid-up Capital</b>	: 10,000 ordinary shares at par value of Baht 100 total in amount of Baht 1,000,000
<b>Registered Address</b>	: No. 19, 21, Soi Ekkachai 63, Ekkachai Road, Bang Bon Sub-district, Bang Bon District, Bangkok 10150 Telephone Number: 0-2150-5988, 0-3483-9130-1 Facsimile Number: 0-2150-5987
<b>Nature of Business</b>	: Lubricant Bottle Cap
<b>Company Name</b>	: PLASTECH LAB COMPANY LIMITED
<b>Paid-up Capital</b>	: 2,000,000 ordinary shares at par value of Baht 10 total in amount of Baht 20,000,000
<b>Registered Address</b>	: No. 28 Moo 2, Chaimongkol Sub-district, Muang District, Samutsakhon Province 74000 Telephone Number: 0-2150-5988, 0-3483-9130-1 Facsimile Number: 0-2150-5987
<b>Nature of Business</b>	: The servicing test of products and/ or standard of overall products, testing and analyzing physical and chemical of products
<b>Company Name</b>	: PANJAWATTANA (TIEN JIN) PLASTIC COMPANY LIMITED
<b>Paid-up Capital</b>	: US Dollar 2,500,000
<b>Registered Address</b>	: Building no.4, Hongtai Industrial Estate, No. 78 Taihua Road, Tianjin Economic-Technologic Development, Tianjin, 300457 RPC Telephone Number: (+86) 22-2532-7703 Facsimile Number: (+86) 22-2532-8323
<b>Nature of Business</b>	: Manufacturing of lubricant packaging for customers in Republic of China

**OTHER REFERENCES**

**Securities Registrar** : Thailand Securities Depository Co., Ltd.  
The Stock Exchange of Thailand Building  
93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400  
Telephone Number: 0-2009-9000

**Auditor** : Dharmniti Auditing Co., Ltd  
267/1, Pracharat 1 Road, Bang Sue Sub-district,  
Bang Sue District, Bangkok 10800  
Telephone Number: 0-2587-8080

**Legal Consultant** : Wayu & Partners Co., Ltd  
9/8 Soi Sukhumvit 63, Sukhumvit Road,  
Khlong Ton Nua Sub-district, Wattana District Bangkok  
Telephone Number: 0-2714-2799

\*\*\*\*\*  
The investor reading from annual registration statement (From 56-1) were presented on the securities and exchange commission website at [www.sec.or.th](http://www.sec.or.th) or company website at [www.pjw.co.th](http://www.pjw.co.th)  
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## BOARD OF DIRECTORS



**Dr. Damri Sukhotanang**  
 • Board Chairman  
 • Independent Director



**Mr. Kongsak Hemmontharop**  
 • Vice Chairman  
 • Director



**Mrs. Malee Hemmontharop**  
 • Director



**Mr. Wiwat Hemmondharop**  
 • Director



**Mr. Satit Hemmondharop**  
 • Director



**Dr. Pirun Hemmondharop**  
 • Director



**Miss Charanya Sangsukdee**  
 • Chairman of Audit Committee  
 • Independent Director



**Assoc. Prof. Dr. Aekkachai  
 Nittayakasetwat**  
 • Audit Committee  
 • Independent Director



**Mr. Natthawut Khemayotin**  
 • Audit Committee  
 • Independent Director

**BOARD OF DIRECTORS**  
**AUDIT COMMITTEE**  
**RISK MANAGEMENT COMMITTEE**  
**NOMINATION AND REMUNERATION COMMITTEE**  
**BOARD OF EXECUTIVE COMMITTEE**

**Board of Directors**

1.	Dr. Damri Sukhotanang	Board Chairman / Independent Director
2.	Mr. Kongsak Hemmontharop	Vice Chairman / Director
3.	Mrs. Malee Hemmontharop	Director
4.	Mr. Wiwat Hemmondharop	Director
5.	Mr. Satit Hemmondharop	Director
6.	Dr. Pirun Hemmondharop	Director
7.	Miss Charanya Sangsukdee	Independent Director
8.	Assoc. Prof. Dr. Aekkachai Nittayakasetwat	Independent Director
9.	Mr. Natthawut Khemayotin	Independent Director

**Audit Committee**

1.	Miss Charanya Sangsukdee	Chairman of Audit Committee
2.	Assoc. Prof. Dr. Aekkachai Nittayakasetwat	Audit Committee Member
3.	Mr. Natthawut Khemayotin	Audit Committee Member

**Risk Management**

1.	Assoc. Prof. Dr. Aekkachai Nittayakasetwat	Chairman of Risk Management Committee
2.	Miss Charanya Sangsukdee	Risk Management Committee member
3.	Mr. Natthawut Khemayotin	Risk Management Committee member
4.	Mr. Wiwat Hemmondharop	Risk Management Committee member
5.	Mr. Satit Hemmondharop	Risk Management Committee member
6.	Dr. Pirun Hemmondharop	Risk Management Committee member

**NOMINATION AND REMUNERATION COMMITTEE**

1.	Dr. Damri Sukhotanang	Chairman of Nomination and Remuneration Committee
2.	Mr. Natthawut Khemayotin	Nomination and Remuneration Committee member
3.	Mr. Natthawut Khemayotin	Nomination and Remuneration Committee member

**BOARD OF EXECUTIVE COMMITTEE**

1.	Mr. Wiwat Hemmondharop	Chairman of the Board of Executive Committee
2.	Mr. Satit Hemmondharop	Executive Committee member
3.	Mrs. Malee Hemmontharop	Executive Committee member

## Securities Focus and Shareholders

### Securities Focus

Panjawattana Plastic Public Company Limited has association to company limited on November 30, 1987 and registered to listed company in market for alternative investment (mai) on February 24, 2012

### Shareholders Structure

As at December 31, 2016 the Company has Authorized Capital of Baht 287,040,000, divided into 574,080,000 ordinary shares with a par value of Baht 0.50., Paid-up Capital of Baht 287,039,972.50, divided into 574,079,945 ordinary shares with a par value of Baht 0.50

As at March 17, 2017 top 10 Company's major shareholders are shown below;

Shareholders' lists	As at March 17, 2017	
	Number of shares	%
<b><u>The Hemmontharops</u><sup>1/</sup></b>		
1. Mrs. Malee Hemmontharop	114,797,874	20.00
2. Mr. Kongsak Hemmontharop	106,169,439	18.49
3. Mr. Wiwat Hemmondharop	75,225,360	13.10
5. Dr. Pirun Hemmondharop	35,688,640	6.22
4. Mr. Satit Hemmondharop	32,661,428	5.69
6. Mr. Charvan Hemmondharop	554,004	0.10
<b>Total</b>	<b>365,096,745</b>	<b>63.60</b>
<b><u>The Other shareholders in top 10 list</u></b>		
1. Mr. Thaveesak Thipakornrojanakij	7,221,500	1.26
2. Mrs. Phiyarat Boonsawang	6,560,000	1.14
3. Mr. Somboon Tanyawan	5,250,000	0.91
5. Mr. Prasert Lohaviboolsub	5,031,600	0.88
6. Mr. Anurak Boomsawang	5,010,000	0.87
<b>Total</b>	<b>29,073,100</b>	<b>5.06</b>
<b><u>Other minor shareholders</u></b>	179,910,100	31.34
<b>Total</b>	<b>574,079,945</b>	<b>100.00</b>

1/ The Company major's shareholders who have significant influence on conducting the Company's policy, management, or its business operation

**Acquisition report of the Company's Directors and Executives**
**From January 1 – December 31, 2016**

Name - Surname	Position	December 31, 2015	Percentage of shares (%)	Changed of shares	December 31, 2016	Percentage of shares (%)
<u>Paid-up Capital</u>		<u>574,079,945</u>			<u>574,079,945</u>	
● <u>Directors</u>						
1. Dr. Damri Sukhotanang	Board Chairman / Independent Director	260,000	0.05%		260,000	0.05%
2. Mr. Kongsak Hemmontharop	Director	106,169,439	18.49%		106,169,439	18.49%
3. Mrs. Malee Hemmontharop	Director/ Vice President	114,797,874	20.00%		114,797,874	20.00%
4. Mr. Wiwat Hemmondharop	Director/ Chairman of The Board of Executive Directors	75,225,360	13.10%		75,225,360	13.10%
5. Mr. Satit Hemmondharop	Director / Chief Executive Officer	42,661,428	7.43%	(10,000,000)	32,661,428	5.69%
6. Dr. Pirun Hemmondharop	Director	35,688,640	6.22%		35,688,640	6.22%
7. Miss Charanya Sangsukdee	Audit Committee Chairman /Independent Director	260,000	0.05%		260,000	0.05%
8. Assoc. Prof. Dr. Aekkachai Nittayakasetwat	Independent Director	156,000	0.03%		156,000	0.03%
9. Mr. Natthawut Khemayotin	Independent Director	260,000	0.05%		260,000	0.05%
● <u>Chief Executive</u>						
1. Mrs. Prim Chaiyawat	Chief Financial Officer/ Secretary	364,000	0.06%		364,000	0.06%
2. Miss Penchan Tobarameekul	Chief Operating Officer / Chief Operating Officer - Chonburi Branch (acting)	364,000	0.06%		364,000	0.06%
3. Mr. Seksan Sinbunluekul	Chief Product Engineer and Development Officer	364,000	0.06%		364,000	0.06%

## Dividend Payment Policy

### Dividend Payment Policy of the Company

The Company has a policy to pay dividend for its shareholders at the rate not less than 40% of net profit after corporate income tax in the company-only financial statements and after legal reserve. However, the Company may set to pay less than the rate specified in the policy, depending on its operational performance, financial position, liquidity, necessity to use working capital, business expansion plan, and other rationales and factors as deemed appropriate by the Board of Directors and/or the shareholders.

### Dividend payment policy of subsidiary companies

Each subsidiary company has a policy to pay dividend at the rate not less than 50% of net profit after corporate income tax in its company-only financial statements and after legal reserve. However, each subsidiary company may set to pay less than the rate specified in the policy, depending on its operational performance, financial position, liquidity, necessity to use working capital, business expansion plan, and other rationales and factors as deemed appropriate by the board of directors and/or the shareholders of each company.

### The dividends paid in the previous years

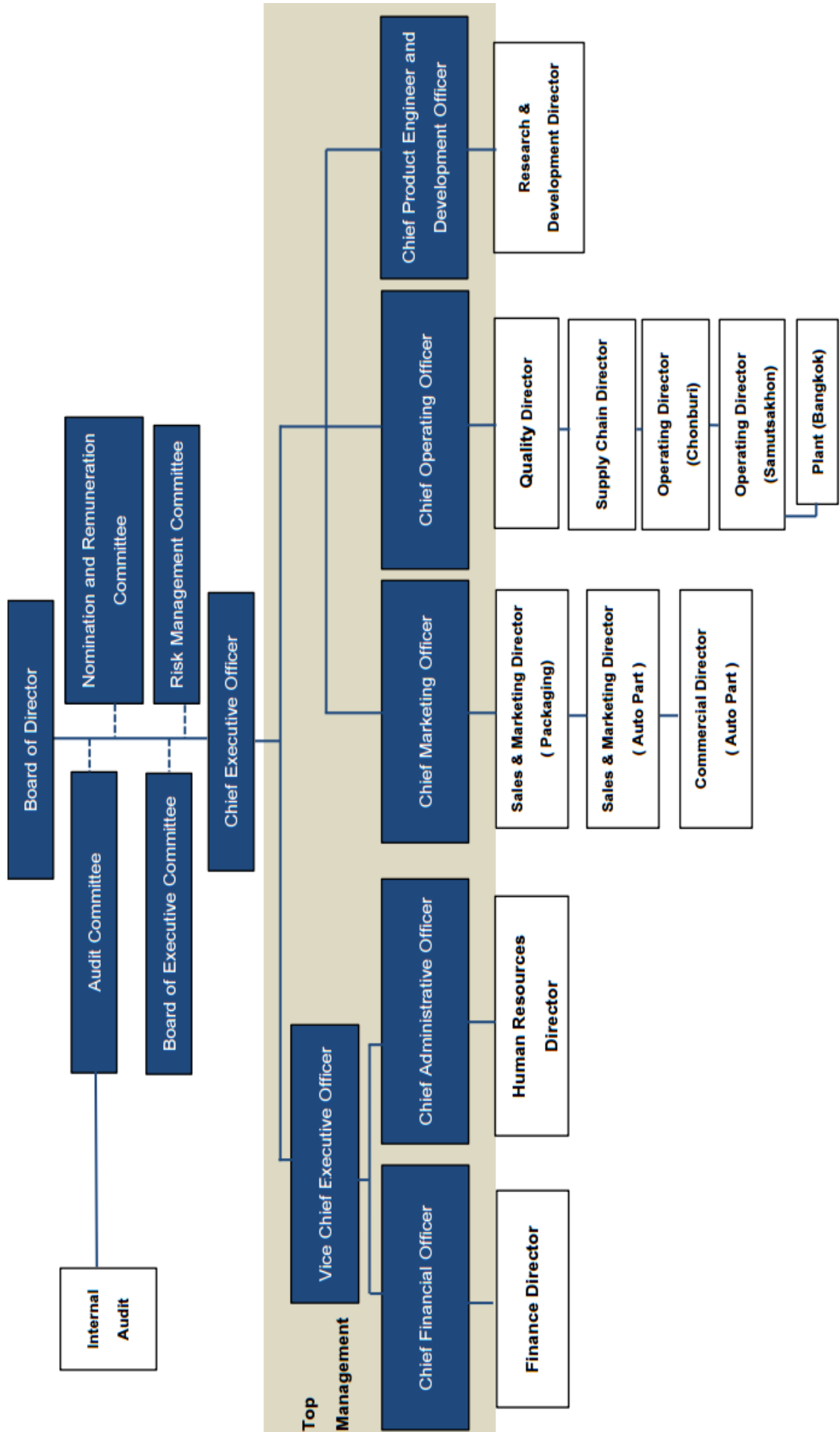
Year	Net profit per share (Baht/share)	Cash Dividend (Baht/share)	Stock Dividend (Existing : New)	Dividend per net profit %
2011	0.37	0.18	-	67.43
2012	0.35	0.15	-	44.81
2013	0.18	0.10	-	54.63
2014	0.03	-	25 : 1	66.01
2015	0.18	0.10	-	55.92
2016*	0.24	0.13	-	53.59

**Remark:** \*The Company's Board of Directors No. 2/2017 dated March 2, 2017 has its resolution to pay for dividend regarding the 2016 performance at Baht 0.13 per share. However, the resolution will be proposed to the 2017 Annual General Meeting of Shareholders, to be held on April 28, 2017 for further approval.



## Organization Structure

## Organization Structure



## Organization Structure

PJW organization structure consists of the Board of Directors, the Executive Committee, the Audit Committee, the Risk Management Committee and Nomination and Remuneration Committee. Its executives are qualified as stipulated in Section 68 of the Public Limited Companies Act 1992 and in accordance with the relevant notifications of the Capital Market Supervisory Board. The company's management structure has to consist of many persons who have different knowledge including industrial skill, finance and accounting skill, business administration skill, legal skill, international trade skill, and Good Corporate Governance skill. The Board of Directors has included independent director at least one-third of total amount members, at least 3 persons are independent director and at least 1 person being woman director. The Company has organized its management structure as follows:

### **Board of Directors**

As of 31 December 2016, the Board of Directors is composed of nine members below:

<i>No.</i>	<i>Name</i>	<i>Position</i>	<i>BOD's meeting attendance</i>
1.	Dr. Damri Sukhotanang	Board Chairman/Independent Director/Nomination and Remuneration Committee Chairman	6/6
2.	Mr. Kongsak Hemmontharop	Vice Chairman	6/6
3.	Mr. Wiwat Hemmondharop	Director/Chairman of The Board of Executive Directors/Nomination and Remuneration Committee Member	6/6
4.	Mrs. Malee Hemmontharop	Director/Vice President/Executive Committee Member	6/6
5.	Mr. Satit Hemmondharop	Director/Executive Committee Member/Chief Executive Officer/Risk Management Committee Member	6/6
6.	Dr. Pirun Hemmondharop	Director/ Risk Management Committee Member	6/6
7.	Miss Charanya Sangsukdee	Director/Independent Director/Audit Committee Chairman/Risk Management Committee Member	6/6
8.	Assoc. Prof. Dr. Aekkachai Nittayakasetwat	Director/Independent Director/Audit Committee Member/Risk Management Committee Chairman	6/6
9.	Mr. Natthawut Khemayotin	Director/Independent Director/Audit Committee Member/Risk Management Committee Member/Nomination and Remuneration Committee Member	5/6

Mrs. Prim Chaiyawat acts as Secretary to the Board of Directors

### **Authorized Directors**

Directors authorized to sign on behalf of the Company are two of the three directors, namely Mr. Wiwat Hemmondharop, Mr. Satit Hemmondharop, and Mrs. Malee Hemmontharop, to co-sign documents with the Company seal affixed.

### **Term of office**

At each annual general meeting of shareholders, one-third of the total directors are due to vacate the office. If the number of directors cannot be divided by three, the closest number to one-third shall apply. The method for vacating directors from office in the first and second year after the Company's registration is by drawing lots. On the following years, the directors who are in office the longest shall retire. The retiring directors may be re-elected as the directors for another term.

### Scope of duties and responsibilities of the Board of Directors

1. Have power and responsibility for performance according to the laws, objectives and Articles of Association of the Company, as well as the resolutions of the shareholders' meetings, with adherence to "The Best Practices for Directors of Listed Company" as stipulated by the SET;
2. Make available the balance sheet and profit and loss statements at end of the Company accounting period that have been audited and certified by external auditors and propose to the annual general meeting of the shareholders;
3. Jointly determine vision and mission of the Company in order to correspond the goals;
4. Determine goals, directions, policies, business plans and budget of the Company; monitor and supervise the performance and administration of the Executive Committee to ensure that it is effectively and efficiently in accordance with the policies, plans and budget. The Executive Committee also has the duties to monitor and ensure that the Company has complied with the law on securities and exchange, notifications of the Capital Market Supervisory Board, and the rules and regulations of the SET, such as connected transactions, acquisition and disposal of assets or other laws relevant to the Company's business;
5. Consider and have power to determine organization structure, appoint Executive Committee, Chief Executive Officer and other sub-committee as appropriate, and determine the scope of duties of Executive Committee, Chief Executive Officer and sub-committees. Such authorization must not be made in the manner that empowers the person to determine and approve transactions that he/she or other person may be involved in conflicts of interest or conflicts of interest in any other nature with the Company or its subsidiary (if any) (as defined in the notification of the Capital Market Supervisory Board and/or the SET, and/or other notifications of relevant agencies) except the case of approving a transaction according to the policy and criteria earlier considered and approved by the Board.
6. Prepare an Annual Report and take responsibility for preparation and disclosure of duly audited financial statements to reflect the Company's financial position and operational performance in

the previous year, and present them to the annual general meeting of shareholders for their approval;

7. Ensure that the business ethics and code of conducts for the management and the employees have been made available in writing and acknowledged by the management and the employees. The Board shall earnestly monitor compliance with the code of conducts;
8. Determine and set out a risk management policy; ensure adequacy of system or procedures for risk management by setting out appropriate measures and controls to mitigate impacts on the business operations;
9. The Board may authorize one or more than one directors or any other person to act on its behalf under supervision of the Board, or may delegate power to the person within a specified timeframe as the Board deems it appropriate. The Committee may revoke, withdraw, change or correct that authorization as appropriate.

Such authorization must not be made in the manner that empowers the person to determine and approve transactions that he/she or other person may be involved in conflicts of interest or conflicts of interest in any other nature with the Company or its subsidiary (if any) (as defined in the notification of the Capital Market Supervisory Board and/or the SET, and/or other notifications of relevant agencies) except the case of approving a transaction according to the policy and criteria earlier considered and approved by the Board.

#### Scope of duties and responsibilities of the Chairman of the Board of Directors

1. Be responsible on behalf of leader of directors regarding conducting, monitoring and managing each minor committee to achieve determined succession plan.
2. Being on behalf of president in shareholders' meeting.
3. Being right to vote make a final decision when the vote of the board of directors equally result in conclusion.

#### **Executives**

As of 31 December 2016, the Company has ten executive members from The Meeting of the Board of Directors No.5/2014 held on 14 August 2014. The purpose of reorganization is to reinforce the business operation:

<i>No.</i>	<i>Name</i>	<i>Position</i>
1.	Mr. Satit Hemmondharop	Chief Executive Officer Chief Marketing Officer (Acting)
2.	Mrs. Malee Hemmontharop	Vice President Chief Administrative Officer
3.	Mrs. Prim Chaiyawat	Chief Financial Officer
4.	Miss Penchan To-Barameekul <sup>1/</sup>	Chief Operating Officer
5.	Mr. Seksan Sinbunluekul <sup>2/</sup>	Chief Product Engineer and Development Officer

Remark :

- <sup>1/</sup> Miss Penchan To-Baramuekul has resolution to appointed work positions Chief Operating Officer in January 14, 2016
- <sup>2/</sup> Mr. Seksan Sinbunluekul has resolution to appointed work positions Chief Product Engineer and Development Officer in November 10, 2016

Scope of duties and responsibilities of the Chief Executive Officer:

1. Supervise, manage and perform the duties of normal business conducts for the Company's interest in accordance with the objectives and the Articles of Association, rules, regulations, resolutions, policies, work plans and budgets endorsed by the Board's and/or the shareholders' meeting under relevant laws and/or scope of authority designated by the Board of Directors;
2. Control and oversee the business operations and/or daily administration of the Company;
3. Determine and propose the Company's business policies, business plans, targets, operational plans, business strategies, annual budgets for the Company's operations, budgets shown in annual report, management authority to the Executive Committee and Board of Directors for approval;
4. Implement the policies of Board of Directors by translating them into directions, guidelines, strategies and business targets which will be assigned to the management team for further action;
5. Oversee and follow up the performance of the executives; give advice on rectifications of problems and obstacles to ensure that the executives and management team act in accordance with the strategies and business plan and in line with the Company's policy;
6. Monitor and evaluate performances of duties of the management team; report the results of operations, management and progress of the operations to the Executive Committee, the Audit Committee and the Board of Directors on a regular basis;
7. Approve the expenditures for the Company's normal business conducts such as the purchase of property, major investment and other transactions for the Company's benefits. The power to approve shall be for normal commercial transactions in an amount not more than Bt. 15 million per item and not exceed the budget endorsed by the Board of Directors;
8. Perform any other duties as assigned by the Executive Committee or the Board.

In undertaking any matter that the Chief Executive Officer or his authorized person or other person that may have conflicts of interest (as defined in the notification of the Capital Market Supervisory Board and/or the SET, and/or other notifications of relevant agencies) or conflicts of interest in any other nature with the Company or its subsidiary and/or associated companies, the Chief Executive Officer has no authority to approve the said matter. Hence, he must propose to the meeting of the Board of Directors and/or shareholders (as the case may be) for its approval, except the case of approving a normal transaction under normal trade conditions in accordance with the notification of the Capital Market Supervisory Board and/or the SET, and/or other notifications of relevant agencies.

### **Company Secretary**

At the 8/2011 meeting of the Board of Directors on 18 August 2011, the meeting appointed Mrs. Prim Chaiyawat as the Company Secretary in accordance with Section 89/15 of the Securities and Exchange Act 1992 as amended by the Securities and Exchange Act No.4, 2008 with the following scope of duties and responsibilities.

1. Provide basic advice to the Board of Directors concerning compliance with the laws, rules, regulations and the Company's Articles of Association, and monitor correct practices regularly;
2. Be responsible for disclosing Company information in line with the regulations and requirements of the SET and the Office of Securities and Exchange Commission;
3. Prepare and maintain the following documents;
  - 3.1 Registration of the Company's directors;
  - 3.2 Invitation letters to the Directors meeting and minutes of the meetings;
  - 3.3 Invitation letters to shareholders for meeting and minutes of the shareholders' meeting;
  - 3.4 Company's annual reports;
  - 3.5 Reports of conflicts of interest of Directors and executives.
4. Handle other task according to the Securities of Exchange Commission announcement.

### **Remuneration of Director and Executive**

#### ● **Director**

The Company considers determining remuneration and the Nomination and Remuneration Committee considers determining the director remuneration under consideration on function and responsibility of the director, turnover of the Company, appropriateness and comparison referring to the business in the same type as the Company or similar to the Company and referring to the information of the remuneration for the Company's director and executive, to be proposed to the Board of Directors for regular considering and proposing to the Meeting of Shareholders for approval on director remuneration every year.

#### ○ **Monetary Remuneration**

In 2016, the Meeting of Shareholders approved and determined structure of monetary director remuneration rate in total limit of not more than 3,200,000 Baht per year as follows.

Element of Remuneration	Amount
1. Meeting Allowance	
— Chairman of the Board	25,000 Baht/Meeting/Person
— Chairman of the Audit and Corporate Governance Committee	15,000 Baht/Meeting/Person
— Chairman of the Risk Management	15,000 Baht/Meeting/Person
— Chairman of the Nomination and Remuneration Committee	15,000 Baht/Meeting/Person
— Director and Sub-Committee Member	10,000 Baht/Meeting/Person
2. Monthly Remuneration (particularly for independent director)	10,000 Baht/Meeting/Person
3. Bonus for independent director in total amount of not more than	1,000,000 Baht

**Director Remuneration of Panjawattana Plastic Public Company Limited paid in the Year of 2016**

List	Director Remuneration (Baht) Paid in the Year 2016						
	Allowance of the Board's Meeting				Particularly for Independent Director		Total (Baht)
	The Company	Audit	Risk Management	Nomination and Remuneration <sup>2/</sup>	Monthly Remuneration	Bonus	
Number of Meetings for 2558	6 Meetings	7 Meetings	3 Meetings	2 Meetings			
1.Dr. Damri Sukhotanang	150,000	-	-	15,000	120,000	250,000	535,000
2.Mr. Kongsak Hemmondharop	60,000	-	-		-		60,000
3.Mrs. Malee Hemmondharop	60,000	-	-		-		60,000
4.Mr. Wiwat Hemmondharop <sup>1/</sup>	60,000	-	20,000	10,000	-		90,000
5.Mr. Satit Hemmondharop	60,000	-	20,000		-		80,000
6.Dr. Pirun Hemmondharop	60,000	-	20,000		-		80,000
7.Miss Charanya Sangsukdee	60,000	105,000	20,000		120,000	200,000	505,000
8.Assoc.Prof.Dr.Aekkachai Nittayakasetwat	60,000	70,000	30,000		120,000	200,000	480,000
9.Mr. Natthawut Khemayothin	60,000	70,000	20,000	10,000	120,000	200,000	480,000
Total	630,000	245,000	130,000	35,000	480,000	850,000	2,370,000

○ **Other Remunerations**

The Company does insurance policy in type of responsibility of the director and executive officer (D&O).

● **Executives**

The Nomination and Remuneration Committee determines the determination criteria and policy of the remuneration for the Chief Executive Officer and top executives, and regularly reviews every year to be consistent with the Company's overall operation, operating result, and competitiveness in business group for retention of the Company's key executives. The remunerations of the executives consisted of below.

○ **Monetary Remuneration**

The Company paid remuneration with below details for the executives.

Type	Year 2016	
	Number of Executives	Amount (Baht)
Salary and Bonus	6 <sup>1/</sup>	33,352,437.05
Provident Fund Contribution	6 <sup>1/</sup>	1,679,381.37

Remark:

1/ 10 executives and 1 Chief Executive Officer and during 1 January – 31 December 2016

○ **Other Remunerations**

The Company insures health insurance and arranges posting cars for top executives. The Company has none of remuneration policy for director or staff in the nature of shares, debentures or any other securities.

**Personnel**

As at 31 December 2016, total staffs of the Company and its subsidiaries (excluding 12 executives) have been 1,481 persons that can be divided into the following lines g

Main Line	Number of Staffs	
	Year 2014	Year 2015
Management and Office	182 persons	190 persons
Marketing, Research and Development	65 persons	52 persons
Production Management and Production	1,348 persons	1,239 persons
Total	1,595 persons	1,481 persons

● **Staff Remuneration**

Total remuneration of the staffs includes salary, overtime pay, allowance, bonus, social security contribution, compensation fund contribution, welfare grants, and others.

Detail	Year 2015	Year 2015
Number of Staffs (persons)	1,595 persons	1,481 persons
Remuneration (Million Baht)	434.05 Million Baht	430.05 Million Baht

● **Other remunerations**

Provident fund

The company and subsidiaries asset a provident fund by partly deducting money from salary of employee combined with contribution paid by the company. Such fund was registered as provident fund in accordance with regulations of Ministry of Finance and the fund manager was permitted with objectives to build up morale for employees and to motivate them to work with the Company in the long run.

Health Insurance

- The company makes health insurance for employees at division leader level and above along with personal accident insurance for delivery employees.

● **Personnel development policy**

The Company has a policy to develop personnel regularly by recognizing that employees are valuable asset and the key that can operate business successfully and achieve the goal. Therefore, the Company is determined to develop the organization to be learning organization to increase knowledge, capability and potentials of employees and it is beneficial to the organization having efficient personnel that can creates works for the company and develop themselves to grow in career path along with the company. It provides both external and internal trainings annually.



### **Internal Training**

To promote and upgrade potentials of executives and employees to be able to work responding strategy and goals of the Company efficiently and effectively, the Company designs and develops courses of in-house training which can be graded as follows

#### For manager-level employee :

The Company develops manager-level employees to develop skill of leadership together with new knowledge in strengthening proficiency in more effective management. Besides, it's the way to get prepared for future promotion in accordance with the progress in career path that they can compete and be ready to be a leader in industry of current and future businesses.

#### For operating employee :

The company develops operating employees by providing courses for them to fully develop knowledge and capability according to their duty, professional line and responsibility. It is to develop skills, knowledge and capability in operating works and increasing efficiency by their line of responsibility such as financial and accounting standard, skill of computer system and technology, marketing and sale skill and ISO system etc.

#### For every employee :

The company develops every employee by providing a course to train about main knowledge and capability so that they can perform works in accordance with organizational culture for ultimate efficiency such as orientation for new employees, implantation of organizational culture and raising awareness about ethics, morality and compliance with principles of good corporate governance, code of conduct and anti-corruption policy etc.

### **External training**

The Company supports employees to be trained in seminars arranged by external training institution to increase knowledge or study new innovation about changing aspects so that they can apply it to improve and develop organization's operations with competitive edge.

- **Policy of personnel management and development with information technology**

The company implements technology in managing and developing human resources to support quick human resource management to reduce cost and to create highest efficiency. Apart from being used to manage employees, analyze manpower and control leave and practices as well as training and development, the Company also uses it to support decision making for sustainable success of the organization.

- **Policy of In-house Relationship and Attachment Creation**

The Company defines a policy to create relationship and attachment at any level in the organization between executives and employees and it also promote synergy by focusing on creating organizational values and cultures for effective cooperation and coordination. Accordingly, in previous year, the company arranged many activities such as CSR activity, annual party, Asakai meeting between leader and employee in every morning and management outing activity etc.

## Corporate Governance

Panjawattana Plastic Public Company Limited has always recognized the importance of developing effective management policies, together with the advancement of organizational transparency and accountability. This will bring trust and confidence to all parties involved, resulting in sustainable business growth under the Company's Code of Conduct and compliance with relevant laws. Panjawattana Plastic has strategically developed a set of good corporate governance policies, while keep them updated to conform to the current economic and business situations aiming to generate enhanced operations capacity. With well-developed standards, the advanced business implementation has been expected to be pursued by employees of all levels, supported by various organization-based activities aiming to foster the excellence of good corporate governance. The Company has adopted the principles of good corporate governance for registered companies prescribed by the Stock Exchange of Thailand (SET) and has also taken into account the comments and suggestions featured in the annual assessment report of the Thai Institute of Directors (IOD). With the expectation to use them as guidelines for business accomplishment, the Board members, executives, and employees of Panjawattana Plastic have determined to strictly pursue such good corporate policies and rely on them in an efficient and consistent manner. In the past year, there was no situation or incident going against the approved good corporate policies, according to the following guidelines.

### **Part 1 Rights of Shareholders**

**Key Concept:** *A shareholders possesses the right of ownership by controlling the Company through the appointment of the Board of Directors to act on his/her behalf and the right to make a decision about major changes to the Company. The Company should encourage all shareholders to exercise their rights.*

Panjawattana Plastic recognizes and values fundamental rights of shareholders, both as investors in securities and as owners of the Company, including trading or transferred shares, sharing of profits for the Company, obtaining the Company's news and information in a sufficient manner in order to be authorized for casting a vote as well as appointing or removing a member of the Board of Directors or an auditor. Shareholders are also required to be responsible for matters that affect the Company, including the allocation of dividends, determination or amendment of rules and regulations and requirements of the Memorandum of Understanding (MOU), maximization or minimization of capital, approval of special transactions, and proposal of inquiries or expression of opinions on various issues acknowledged and approved by the Board of Directors in the meeting of shareholders.

## **1. Organization of the Meeting of Shareholders**

- 1.1 The Company maintains and encourages all shareholders, whether they are major or minor shareholders, foreign shareholders, or institutional investors to attend the shareholders' meeting.
- 1.2 The Company has assigned Thailand Securities Depository Company Limited, acting as the Company's securities registrar, to be responsible for delivering an invitation letter of shareholders to participate in the meeting of shareholders, where invited shareholders can spend a period of time studying the meeting-related information within a period of seven (7) days prior to the actual meeting date or as required by relevant laws. The registrar is also required to advertise the meeting invitation letter and other related notices in any of the local newspapers within a minimum period of three (3) days prior to the actual meeting date, where the meeting invitation letter and other related notices should be required to be advertised in the preferred newspapers for three (3) consecutive days.
- 1.3 The significant information on date, time, venue, and agendas should be provided promptly, with sufficient explanations and rationales detailed for each proposed agenda as specified in the Attachment of the Annual General Meeting and the Extraordinary General Meeting of Shareholders, while avoiding any action deemed to have restricted an opportunity of a shareholder to study on the Company's information technology affairs.
- 1.4 The Company is required to provide all shareholders with the right to attend the meeting and cast a vote fully and freely, while preventing any action that limits an opportunity for shareholders to participate in the meeting of shareholders.
- 1.5 The Company is required to provide shareholders with an opportunity to propose an agenda in advance, reportedly starting from October to December of every year, while submitting any inquiry related to the proposed agenda ahead of the meeting by keeping shareholders informed about the updated information via the news reporting system possessed by the Stock Exchange of Thailand (SET). The Company is also required to announce rules, regulations, standards, and procedures of the meeting of shareholders via the Company's website [www.pjw.co.th](http://www.pjw.co.th) in the Investor Relations section.

- 1.6 In case where any shareholder is unable to attend the meeting of shareholders on their own, the Company has determined to provide the shareholder with an opportunity to appoint any independent director or person to act as an authorized representative to participate in the meeting on his behalf by using any form of the letter of power of attorney introduced by the Company in the attachment of the meeting invitation letter.
- 1.7 Prior to the meeting date, the Company is necessarily required to provide an opportunity for all shareholders to propose their comments, suggestions, and inquiries related to any proposed agenda. Shareholders will be informed about significant details related to such comments, suggestions, and inquiries via the news reporting system possessed by the Stock Exchange of Thailand (SET) as well as the Company's website [www.pjw.co.th](http://www.pjw.co.th) in the Investor Relations section.

## **2. Procedures of Meeting of Shareholders**

- 2.1 The Company is required to encourage the Board of Directors, executives, and personnel of related agencies, including its auditor, to attend the meeting of shareholders promptly.
- 2.2 The Company has been encouraged to use a barcode system for registration and voting in order for the meeting to be implemented promptly and accurately. Meanwhile, for attending the meeting, shareholders are required to make a registration within two (2) hours prior to the meeting's starting time. The registration period can be extended to the time before the resolution of the final agenda is approved, where the Company's staff members will be deployed to warmly welcome all shareholders and facilitate them with what they require.
- 2.3 At the meeting of shareholders, all shareholders will be authorized to express their opinions, comments, suggestions, and inquiries on particular agendas in an unbiased manner. In the meantime, there will be members of the Board of Directors and related executives present in the meeting to be responsible for all proposed inquiries. Important issues and resolutions of agendas will be recorded in the minutes of the meeting of shareholders aiming to unveil transparency and accountability of implementation, where the Chairman of the meeting of shareholders will mainly be responsible for the allocation of time required for each agenda.

- 2.4 For the appointment of members of the Board of Directors, shareholders will be offered an opportunity to cast a vote once for every nominee. Shareholders are authorized to elect a qualified nominee to be in the position of the Board of Directors to secure the shareholders' interests aiming to generate further diversification and foster greater benefits for all shareholders.
- 2.5 The Company will assign an independent person to act as a counter or checker of casted votes for both shareholders' ordinary and extraordinary meetings, while being required to disclose the voting results to the meeting and record them in the minutes of the meeting of shareholders.

### **3. Preparation of Meeting Minutes and Introduction of Meeting Agendas**

- 3.1 As the Company will record the minutes of the meeting of shareholders, all voting procedures will be announced to shareholders prior to the meeting. Shareholders will be allowed to express opinions, raise inquiries, record replies of inquiries related to the meeting agendas, and acknowledge the list of attended members of the Board of Directors and those who are absent from the meeting.
- 3.2 The Company will report the voting results and resolutions of agendas via the website of the Stock Exchange of Thailand (SET) as well as the Company's website [www.pjw.co.th](http://www.pjw.co.th) on the same date of the meeting or within 09:00 a.m. of the next business day. Additionally, the minutes of the meeting of shareholders will be submitted to the Stock Exchange of Thailand (SET) within fourteen (14) days following the meeting date.

## **Part 2 Equitable Treatment of Shareholders**

**Key Concept:** *All shareholders, both executive and non-executive shareholders, including foreign shareholders, should be treated equally and fairly. Minor shareholders who are treated unequally or unfairly should have been compensated in an appropriate manner.*

### **1. Disclosure of Information before the Meeting**

- 1.1 The Company will announce the schedule of the meeting of shareholders, together with the agendas and opinions provided by members of the Board of Directors via the website of the Stock Exchange of Thailand (SET) and the Company's website at least within twenty-eight (28) days prior to the meeting date.

- 1.2 The Company will keep all shareholders informed about the rules and regulations required for the meeting of shareholders as well as the voting procedures, including the right to vote for each type of share as stated in the meeting invitation letter and other related notices prior to the commencement of the meeting.
- 1.3 The Company is required to prepare the meeting invitation letter and other related documents in Thai and English versions to facilitate both Thai and foreign shareholders.

## **2. Protection of Minor Shareholders' Rights**

- 2.1 The Company has developed its policies to foster equality for all shareholders, particularly with minor shareholders. Minor shareholders are amiably invited to propose agendas and qualified persons to be elected as members of the Board of Directors prior to the meeting date, with the detailed information required for the consideration and/or eligibility and consent of nominated persons starting from October to December of every year. The Company is required to keep all shareholders informed about the rules, regulations, and other related issues via the news reporting system of the Stock Exchange of Thailand (SET) and the Company's website in the Investor Relations section, where the Company will screen the agendas that will be truly beneficial for the meeting and elect qualified persons to be members of the Board of Directors through the Audit and Corporate Governance Committee before being proposed to the Board of Directors for further consideration and specification in the meeting agendas accordingly.
- 2.2 The Company will not add any new agenda without informing the shareholders in advance, aiming to provide them with an opportunity to study each agenda thoroughly before making their decisions.

## **3. Prevention of Internal Information**

- 3.1 The Company strictly supervises the use of internal information to prevent the exploitation of internal data for themselves or others in a wrongful or illegal manner to ensure fairness and equality to all stakeholders. The Company has developed a set of guidelines for keeping its internal information and procedures to prevent the use of internal information for personal gain in a written notification, while urging its members of the Board of Directors, executives, and employees not to trade the Company's securities by using any confidential information and/or internal

information or entering into any action deemed to have used any confidential information and/or internal information that may directly or indirectly cause damage to the Company. Besides, members of the Board of Directors, executives, and employees obtained any confidential information and/or internal information are not allowed to use such information before being disclosed to the public, including their related persons, for instance, spouse or child under the age of majority, to directly or indirectly trade the Company's securities (considered a nominee of a private fund) within a period of one (1) month prior to the disclosure of the quarterly and annual financial statements and within a period of three (3) days following the date of disclosure.

- 3.2 The Company has informed its members of the Board of Directors and executives about the duty to report on the holding of the Company's securities and related punishment provisions in accordance with the Securities and Exchange Act, B.E. 2535 (1992) as well as the regulations issued by the Stock Exchange of Thailand (SET). In case where any member of the Board of Directors or executive has traded the Company's securities, he will be required to report on his holding of the Company's securities, including the holding of the Company's securities represented by his spouse or child under the age of majority complying with the provision of Section 59 of the Securities and Exchange Act, B.E. 2535 (1992) within a period of three (3) official working days for the Office of the Securities and Exchange Commission (SEC)'s acknowledgement and announcement to the general public. Meanwhile, the Company's secretary will be required to report on the alteration of the holding of the Company's securities conducted by the member of the Board of Directors or executive to the meeting on a quarterly basis.
- 3.3 The Company has developed its policies to impose disciplinary actions for those who seek personal gains from the Company's internal information or expose any confidential information and cause damage to the Company. The disciplinary actions have been expected to be implemented in an appropriate manner depending on cases, which can be verbal admonition, warning notice, probation, dismissal, or termination of employment.

#### **4. Interests of the Board of Directors**

- 4.1 The Company has adhered to the principles of equitable treatment of shareholders, while being committed to pursuing its transparent and verifiable practices to manage stakeholder interests, particularly in considering transactions between the Company and its stakeholders or any other third person involved.
- 4.2 Regarding the above-mentioned provision, in case of any occurrence of unfavorable issue, a stakeholder is required to report such case to the company immediately and will not consider or cast a vote for the case. The Company will disallow any member of the Board of Directors or executive who owns stakes on a certain agenda to consider or cast a vote for such agenda.

#### **5. Implementation for Interconnected Transactions**

For any cross-transaction that may exist in the future, Panjawattana Plastic has determined to comply with the provisions of the Securities and Exchange Act, B.E. 2535 (1992) as well as the regulations, notifications, orders, and requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand (SET) in accordance with accounting standards prescribed by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King. The Company's implementation for interconnected transactions can be explained below.

In case of commercial transactions subject to commercial terms, they must generally be implemented fairly and transparently in accordance with the market prices and the arms' length principles. The Company has also developed its guidelines for the implementation required for such transactions acknowledged and approved by the Audit Committee prior to proposing to the Board of Directors for a final consideration and approval. The Company's Management is allowed to grant an approval for such transaction as the requirements of such transactions are subject to the trade agreements approved in the same manner and deemed to have been practiced by partners of agreement in general, without prejudice to the position of the Board of Directors or executive and the member of the Board of Directors and executive holding stakes on a certain agenda will not be allowed to cast a vote for such agenda. The Company will prepare a summary report on each related transaction to be reported to the Audit Committee and the meeting of the Board of Directors on a quarterly basis.

Commercial transactions subject to general trading terms must be considered commercial transactions that are normally performed by the Company for business or commercial purposes, in which the business should generally be deemed similar to the Company's business aiming to support normal business



transactions. Such transactions must be subject to trade conditions with fair prices and conditions and must not result in any transfer of benefits, including trade terms, described as follows:

- Prices, terms, and conditions granted to the Company or the general public.
- Prices, terms, and conditions of interrelated persons allowed to be granted to the general public.
- Prices, terms, and conditions that the Company proposes, considered the similar prices, terms, and conditions proposed by the similar business operator to be granted to the general public.

In case where the Audit Committee possesses no expertise or competency to consider potential interconnected transactions, the Company will arrange an independent expert or an external auditor to provide opinions on such interconnected transactions to ensure that the right decision is made by the Audit Committee and/or the Board of Directors and/or the meeting of shareholders depending on cases. This can also guarantee that such interconnected transactions will not result in any transfer of benefits between the Company and any third person with conflict of interest, but it will provide the highest benefits for all shareholders.

### **Part 3 Roles and Responsibilities of Stakeholders**

**Key Concept:** *All stakeholders should be treated nicely and fairly by the Company in accordance with their respective applicable laws aiming to foster effective cooperation between the Company and its stakeholders to create organizational stability, financial wealth and business sustainability.*

#### **1. Code of Conduct for Stakeholders**

Panjawattana Plastic has always recognized the importance of securing the rights for all stakeholders, while realizing that all supports and comments from stakeholders will bring the greatest benefits to the Company's business operations, management, and development. Hence, the Company has managed to comply with the relevant laws and regulations, ensuring that all stakeholder-related rights are fostered in the most efficient and reliable manner.

Additionally, regarding the business operations, the Company has taken into account the rights of all stakeholders, including political rights, universal human rights, and non-infringement of intellectual property. The Company has also increased its awareness on environmental protection and social responsibility according to the following guidelines.

**Shareholders:** The Company will treat all shareholders nicely and equally, as part of the strategy to obtain the highest benefits for them. The Company will not be committed to pursuing any action deemed to have abused or deprived the rights of shareholders, while recognizing the importance of maintaining

sustainable growth for the Company's business operations in order to create the added value for products and services, backed by the compensation of high yields conforming to the principles of good corporate governance.

**Employees:** The Company has remained firm to provide all of its employees with competency development projects. Admittedly, all employees are considered valuable resources that will lead the Company to splendid business achievement. The working atmosphere will promote the effectiveness of teamwork and development of employees' competency to advance their careers and secure their occupational opportunities at the same time, guaranteed by appropriate remunerations rewarded for enhanced quality of operations and management, supported by the principles of occupational health and safety, where employees at all levels are expected to work together in harmony with equality and compassion.

**Customers:** The Company is strictly committed to bringing the highest satisfaction and confidence to all customers, who are always expected to be provided with excellent products and services developed under the principles of quality and safety to be available at affordable prices. As the development of product and service standards is anticipated, the Company also plans to maintain good relationship with its customers earnestly and consistently, while promising not to use the customer's information for organizational gains and benefits of others.

**Partners and Creditors:** The Company always takes into account the equality, fairness, and morality to in running its business, while keeping benefits with partners and creditors by complying with relevant laws and stay away from being involved in corrupted actions and illegal conducts of all kinds. As part of the intention to maintain a concrete relationship with both business partners and creditors, in case where the Company may accidentally or unintentionally fail to comply with any obligation under the signed agreement, the Company will collaborate with its partners and creditors to mutually seek the most effective solutions to solve an existing issue. In selecting a strategic partner, the Company has reiterated its intention to rely on suppliers and service providers by pursuing the operational procedures, procurement schemes, assessment of service providers, and development of service providers.

**Competitors:** The Company will cope efficiently and strategically with its competitors and promote fair competition in accordance with the international principles and under the framework of business competition laws. The Company will also adhere to the rules of fair competition, not causing any trade barrier or destroying any competitor's reputation.

**Public Sector:** The Company has been urged to pay closer attention to transparency and morality in dealing with government authorities and public officials in order to avoid any improper action that may ruin the Company's principles of good corporate governance, while being committed to pursuing the anti-bribery

policies related to any government authority or public official considered the exploitation of business benefits and opportunities.

**Community, Society, and Environment:** The Company has fostered a set of business policies with its earnest responsibility for the community, society and environment in terms of safety, quality of life, and conservation of natural resources. To make use of natural resources in an efficient manner, the Company's products, services, and operational procedures are developed in line with relevant rules, regulations, and standards required by globally renowned business organizations worldwide. Also, the Company has encouraged its employees to be more conscious of the community, society, and environment they live in, as part of the intention to promote a better quality of life for all Thai people.

## **2. Anti-Bribery and Corruption Policies**

Panjawattana Plastic has strategically developed efficient anti-corruption measures and set out the principles of business ethics, supported by the morality and transparency in dealing with business transactions, officials, and organizations to avoid unfavorable actions that may cause conflicts with good management principles. The Company has always encouraged its employees to possess clear understanding on anti-bribery and corruption policies and practices through the launch of knowledge-based seminars and workshops. Anti-bribery and corruption policies consist of:

- 1) Anti-corruption policies
- 2) Political support policies
- 3) Remuneration acceptance policies
- 4) Offense reporting and complaint filing protection policies

The Company has determined effective guidelines for anti-bribery and corruption, which can be described in three major categories including:

1) Corruption Risk Assessment – The Company will conduct this type of assessment on a yearly basis, where causes and effects of corruption, together with related outcomes, will all be identified to ensure greater development of anti-bribery and corruption measures.

2) Code of Conduct for Preventing and Monitoring of Corruption Risk – The Company has determined to rely on the following requirements.

- Arrangement of trainings for executives and employees to ensure comprehensive knowledge on good corporate governance, code of conduct, and anti-bribery and corruption measures at least once a year.

- Management of efficient verification process, internal control system, and risk management strategy covering key operational systems to prevent and monitor possible risks of corruption as well as provide the most efficient and appropriate solutions to tackle existing issues.
- Development of effective offense reporting and complaint filing channels to ensure secure protection for the general public as a whole. A person reporting an offensive case or filing a complaint will be protected from all possible threats.

3) Monitoring Guidelines and Implementation Assessment for Anti-Bribery and Corruption – The Company has come up with strategic procedures described below:

- Encouraging executives and employees to prepare an assessment form in compliance with good corporate governance policies, codes of conduct, and anti-bribery and corruption measures on a yearly basis.
- Allowing the internal audit company to conduct its internal audit tasks to ensure effective risk management, good corporate governance, and productive suggestions on anti-bribery and corruption to be proposed to the Audit Committee accordingly.
- Conducting a regular review on anti-bribery and corruption measures prior to proposing to the Audit and Corporate Governance Committee in a timely and consistent manner.

### **3. Offense Reporting and Complaint Filing**

Panjawattana Plastic has issued effective policies for the protection of offense reporting and complaint filing based on equality and justice, while focusing on maintaining good relationship among people in the organization. Hence, an employee who files a complaint and other people involved in such complaint in good faith will be of great benefit to the Company and staff members as a whole. As a consequence, the employee filing the complaint, giving verbal information on the fact of evidence, or considering the fact of evidence, despite difficulties caused to the Company, will all be guaranteed by the Company that the reporting of offense or filing of complaint will never cause any reason for dismissal, punishment, or adverse effect on the said employees. The Company will take care of all employees involved and consider the fact of evidence in a transparent and unbiased manner to ensure good working atmosphere among employees.

The Company provides effective channels for offense reporting and complaint filing described as follows:

1. CG Report

- Tel: 02-150-5988 or 034-839-130 ext. 153 and 176

- E-mail: [cgreport@pjaw.co.th](mailto:cgreport@pjaw.co.th)

2. Corporate Secretary Office addressed to:

Panjawattana Plastic Public Company Limited

28 Moo 2 Rata II Road, Chai Mongkhon sub-district, Mueang Samut Sakhon district,

Samut Sakhon province 74000

3. Internal Audit Office

- Tel: 02-150-5988 or 034-839130 ext. 176 and 168

- Postal mail addressed to:

Internal Audit Office

Panjawattana Plastic Public Company Limited

28 Moo 2 Rata II Road, Chai Mongkhon sub-district, Mueang Samut Sakhon district,

Samut Sakhon province 74000

4. The Audit and Corporate Governance Committee

- Email: [auditcommittee@pjaw.co.th](mailto:auditcommittee@pjaw.co.th) and [ac-secretary@pjaw.co.th](mailto:ac-secretary@pjaw.co.th)

- Postal mail addressed to:

The Audit and Corporate Governance Committee

Panjawattana Plastic Public Company Limited

28 Moo 2 Rata II Road, Chai Mongkhon sub-district, Mueang Samut Sakhon district,

Samut Sakhon province 74000

To report on offense or file a complaint, it is required to use polite statements to clearly identify facts or circumstances. The offense reporting and complaint filing will be considered with transparency and fairness under the management and supervision of the Audit and Corporate Governance Committee, where all information related to offense reporting or complaint filing cases will be maintained with confidentiality.

#### **Part 4 Disclosure and Transparency of Information**

**Key Concept:** *The Company is required to disclose the significant information related to the Company's financial and non-financial transactions in an accurate and transparent manner based on the principles of convenient accessibility, absolute equality and enhanced trustworthiness.*

The Board of Directors of Panjawattana Plastic has always recognized the importance of disclosing accurate information on financial and non-financial transactions in a complete, timely, and transparent manner in accordance with the rules of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) as well as other information that may have a potential influence on decision making of investors, shareholders, and stakeholders of the Company. Additionally, the Company has developed its policies to disseminate the information to its shareholders and investors as well as the general public through various communication channels developed by the Stock Exchange of Thailand (SET).

The Company has developed its website for all stakeholders to access the Company's information, with the disclosure of rules and guidelines for good corporate governance in accordance with relevant laws and regulations approved by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). The website also features the Company's annual reports, financial statements, good corporate governance policies and codes of conduct, measures against corruption cases, type of business operations, meetings of shareholders, news related to the Stock Exchange of Thailand (SET), media news, and details of members of the Board of Directors, executives, and investment groups of the Company.

Also, the Company has introduced its Investor Relations section served as a new contact channel, providing significant information on meetings of analysts and press conferences on the Company's performance. The newly developed channel also provides domestic and foreign investors with sufficient information regarding the Opportunity Day in order to report the Company's performance quarterly and annually. The Company has also made debut of newsletters for the press, investment promotion activities for Thailand-based investors, and visits to the Company.

The Board of Directors is responsible for the financial statements of the Company as well as the financial information appearing in the annual report. The financial statements are required to be prepared in accordance with generally accepted accounting standards applied in Thailand, while adopting appropriate accounting policies and practices in a consistent manner. The disclosure of information is sufficient and complete for the financial statements. In this regard, the Audit and Corporate Governance Committee will thoroughly review the quality of financial reports and internal control systems, including adequate disclosure of the related information in the notes to the financial statements to be reported to the Board of Directors.

#### **Part 5 Responsibilities of the Board of Directors**

- Key Concept:**
- *The Board of Directors is required to play an important role in corporate governance aiming for the highest benefits of the Company.*
  - *The Board of Directors is directly responsible for coping with shareholders and liberated from the Management.*

## 1. Structure of the Board of Directors

The Board of Directors consists of people who possess knowledge, ability and experience that can bring benefits to the Company. They are key players in policy formulation and corporate overview. The Board of Directors also plays a pivotal role in supervising and evaluating the Company's performance in accordance with the plans as well as operating the Company's business in accordance with relevant laws, regulations, and resolutions of the meeting of shareholders, encouraged by good morality developed under the code of conduct, including overseeing the management to meet the organizational goals and guidelines, while bringing the most preferred benefits to the Company and shareholders.

The structure of the Board of Directors is diverse across the profession, specialization in the industry, competency in financial and accounting for business management and international marketing, knowledge of strategic crisis management, and legal and corporate governance. This is considered more than one-third of the entire independent directors, which will provide a balance in voting on various considerations. Also, the Audit and Corporate Governance Committee consists of three independent directors and one independent female director.

Currently, the Board of Directors consists of nine directors, representing five major shareholders (three out of nine are executive directors) and another four independent directors (three out of four serve as members of the Audit and Corporate Governance Committee). The number of independent directors is in line with the Company's rules established by the Office of the Securities and Exchange Commission (SEC), at least one-third of the total number of directors. The term of each independent director should not exceed nine years in order to comply with the principles of good corporate governance required by the Stock Exchange of Thailand (SET). Those independent directors may be reappointed if it is deemed appropriate.

According to the Company's regulations, for every annual general meeting, at least one third of the members of the Board of Directors are due to be retired. In case where the number of members of the Board of Directors cannot be divided into three parts, it is required to remain the number closest to one-third. Members of the Board of Directors who will be retired in the first year and the second year after the registration are required to draw tickets for resignation. For the following year, members of the Board of Directors who have been in place for the longest period of time are required to be retired. However, the retiring directors may be re-elected.

Additionally, the Board of Directors has been required to appoint a subcommittee consisting of the Audit and Corporate Governance Committee, Risk Management Committee, Nomination and Remuneration Committee, and executive board to perform specific duties and propose certain issues to the Board of Directors for consideration or acknowledgment. Such committees possess the rights and duties as determined by the authorities of each committee.

The Board of Directors possesses a set of policies mentioning that the Chairman and Chief Executive Officer must not be the same person in order to clarify responsibilities of the regulator. The Company has clearly defined the responsibilities of the Board of Directors, with effective operational and management power. The Board of Directors is required to be responsible for policy formulation and oversight of executive management at the policy level, while the Company's executives are set to manage the organization in various extents to be in accordance with the policies set by the Chairman of the Board of Directors and Chief Executive Officer to be a different person.

To effectively implement good corporate governance, the Board of Directors of the Company has set policies, stating that each director cannot serve more than five other listed directors, chief executive officers, and senior executives of the Company. A maximum of five directors may be appointed by the Board of Directors, excluding the subsidiaries. This must initially be approved by the Board of Directors.

The Board of Directors has appointed the Company's Secretary to provide legal advices and rules. Members of the Board of Directors must recognize and oversee all activities practiced by the Board of Directors, including coordination to abide by the board resolutions as well as other duties and responsibilities in accordance with the rules and regulations set forth by the Securities and Exchange Act.

## **2. Roles and Responsibilities of the Board of Directors**

The Board of Directors is responsible for conducting regular reviews and approving important matters regarding the Company's business operations, varying in the review and approval of visions and missions, financial goals, risk management strategies, organizational plans, and investment budgets to supervise the management to operate effectively and efficiently according to the Company's policies and plans.

### **- Separation of Duties between Policy Formulation and Routine Administration**

The Board of Directors has determined the levels of roles and responsibilities in setting corporate governance policies as well as day-to-day management strategies. As the Chairman and Chief Executive Officer are elected by the Board of Directors, the Chairman and Chief Executive Officer cannot be the same person. They are considered leaders and key players in making decisions on corporate policies. Consequently, the Board of Directors' meeting has been required to consider and set business goals with the Management aiming to manage and supervise the Board of Directors' meeting efficiently and effectively by encouraging all members of the Board of Directors to participate in the meeting and express their opinions independently. The Chairman has been expected to chair the Company's meeting of shareholders. The Chairman is not required to participate in day-to-day management, but is anticipated to offer a continuing support and guidance to the Management through the Chief Executive Officer. At the same time, the Chief Executive Officer is responsible



for managing the Company within the authority delegated by the Board of Directors (details of roles and responsibilities of the Chief Executive Officer are required to be disclosed under the Management Structure).

**- Corporate Governance Policy**

The Company has established its corporate governance policies in a written form, where the Board of Directors is required to grant its approval for such policies. The Board of Directors will regularly review policies and implementation of policies. Meanwhile, the Company is required to communicate with everyone in the organization to foster a better understand towards the corporate governance policies aiming to encourage them to strictly pursue the policies.

Following the Board of Directors' meeting No. 1/2013 held on February 20, 2013, the resolution had approved the Audit Committee to be renamed as the Audit and Corporate Governance Committee to play its pivotal roles in promoting, studying, revising, evaluating, and reviewing corporate governance guidelines as well as business ethics practices of the Company, complying with the rules established by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).

**- Code of Conduct**

The Board of Directors always adheres to correct and unbiased business practices. The Company has strategically developed its code of conduct policies served as practical guidelines for business excellence fostered by members of the Board of Directors, executives, and employees, which can reflect the Company's business transparency and morality for stakeholders and everyone involved in the Company's business operations, while being able to prevent conflicts of interests. The use of internal information and the confidentiality of information can ensure massive benefits for internal control, intellectual property, and information technology and communications.

The Company has notified all members of the Board of Directors, executives, and employees to strictly adhere to such guidelines.

**- Conflict of Interest**

The Board of Directors has set its policies on conflicts of interests based on the basic principles that business activities must be carried out for the best interests of the Company, while being able to avoid any conflict of interest, where members of the Board of Directors, executives, and employees must review and prevent conflicting interests on a regular basis. In addition, the Company possesses a strong relationship with its subsidiaries, particularly in considering business transactions. The Company has also been urged to determine who is involved in items required to be acknowledged and considered as well as those who must

not participate in the consideration or possess no authority to authorize the business transactions, including the transactions considered by the appropriateness of prices and terms associated with outsiders.

The Audit and Corporate Governance Committee will propose all related transactions to the Board of Directors, including transactions with conflicts of interests. This has been considered in a highly cautious manner complying with the rules of the Stock Exchange of Thailand (SET), which will also be disclosed in the annual report and the Annual Registration Statement (Form 56-1).

The Board of Directors and executives of the Company, including their spouses and children under the age of majority, are required to keep the Company informed about the change in holding of the Company's securities. The change is also required to be reported to the Securities and Exchange Commission (SEC) under Section 59 of the Securities and Exchange Act, B.E. 2535 (1992) within three (3) business days following the date of purchase, sale, or transfer. No members of the Board of Directors or executives are allowed to disclose the internal information to any third party or unauthorized person. Trading of securities is required to be completed within one (1) month before the financial statements are made available to the public and at least three (3) days following the dissemination of such information in order to prevent misuse of such information.

#### **- Internal Control**

The Board of Directors has recognized the importance of supervising the internal control system at both operational and management levels. The internal control system is an important mechanism developed to ensure quality management to reduce possible business risks and enable effective business operations by appropriately allocating resources and achieving the targeted goals, while protecting properties from being damaged or leaked. This will help everyone in the organization to comply with relevant laws and regulations as well as secure their investment plans efficiently and appropriately. As a consequence, the Company has set its obligations to empower executives and administrators in a clear written form. It effectively controls the use of the Company's assets for the highest benefits of the Company.

The Board of Directors has assigned the Audit and Corporate Governance Committee to review the suitability and effectiveness of the internal control system provided by the Management, including the preparation and review of internal control systems, financial reporting policies, and operational insights as well as risk management strategies determined to focus on early warning signs and unusual incidents.

The Internal Audit Agency is responsible for reviewing and evaluating the Company's both financial transaction and non-financial information. The agency is also required to assess the adequacy of the internal control system at least once a year to ensure the system in place can perform its functions efficiently and appropriately at all times. Meanwhile, the agency has to review the compliance of various internal regulations

to ensure that the Company has fully complied with relevant rules and regulations, while offering concrete supports to corporate governance policies by reporting the evaluation results directly to the Audit and Corporate Governance Committee.

#### **- Risk Management**

The Board of Directors has evolved effective risk management policies to ensure safety and security of the organization as a whole. Risk Management Committee is involved mainly in monitoring and managing risks that can possibly take place anytime. At present, the Company has appointed the Risk Management Committee to ensure that the Company's risk management is maintained and managed in the most effective manner in accordance with the well-developed risk management policies. In case of difficulties, the Company must apply its productive measures to manage and control existing risks. The Risk Management Committee is required to fully understand the causes of risks and apply corrective actions to cope efficiently with their consequences. This will clearly result in huge benefits provided for the Company, creating new business opportunities that will add a greater value to the organization.

#### **- Report of the Board of Directors**

The Board of Directors is responsible for the Company's financial statements by assigning the Audit and Corporate Governance Committee to review financial reports and ensure that financial reports are prepared in an accurate and consistent manner in accordance with generally accepted accounting standards. The Company discloses important information in a transparent and sufficient manner. The accounting department and the auditor are required to collaborate with each other to submit the financial reports to the Board of Directors on a quarterly basis. The Board of Directors is responsible for reviewing the financial statements of the Company, including financial information (Report of the Board of Directors' Responsibilities for Financial Statements) as appeared in the annual report. The financial statements are prepared in accordance with financial reporting standards and they should be verified by the Company's auditor who will be responsible for the Disclosure of important information, both financial and non-financial, based on complete and accurate facts.

### **3. Meeting of the Board of Directors**

The Board of Directors will schedule its meeting in advance each year to allow all members of the Board of Directors to allocate time and be prepared to participate in the meeting in every 3-month period, where additional meetings may be required. With clear agendas, documents must be submitted at least within five (5) business days prior to the actual meeting date. In case where any urgent case may arise, the Board of Directors is allowed to call an urgent meeting as necessary, where the minutes of the meeting and the collection of certified reports for reference and verification will be recorded. In addition, the Company has

prepared its performance report to be submitted to the Board of Directors on a monthly basis as member of the Board of Directors can consistently monitor the performance of the Management.

At the meeting, the Chairman of the Board and Chief Executive Officer jointly set the agendas and consider each agenda of the Board of Directors' meeting by providing each member of the Board of Directors with the opportunity to come up with various topics to be considered as meeting agendas.

In consideration of various matters, the Chairman of the Board will provide members of the Board of Directors with the opportunity to propose comments freely. The resolution of the Board of Directors' meeting is required to be passed by majority votes, where one member possesses one vote. The Company has completed its quorum, at the time of the resolution, of not less than two-thirds of the total number of the Board of Directors.

All members of the Board of Directors possess the right to inspect and verify all meeting documents and other important documents. In case where any inquiry is raised by any member of the Audit and Corporate Governance Committee, the Board of Directors and the Management of the Company must respond promptly and as fully as possible.

In case where the Board of Directors may disagree with any resolution, the Board of Directors can ask the Company's Secretary to record the objection in the minutes of the meeting or file a statement of objection to the Chairman of the Board.

At each meeting of the Board of Directors, the Company's Secretary is required to attend the meeting and propose all agendas to the Chairman of the Board for final approval.

#### **4. Remuneration**

The Nomination and Remuneration Committee is responsible for determining the Board of Directors' remuneration by considering the performance and responsibilities of each member of the Board of Directors, comparing to the remuneration offered to the Board of Directors and executives of other listed companies. The Board of Directors' remuneration will be paid on a yearly basis.

The Company has issued its policies to pay the remuneration to the senior management, namely the Chairman of the Executive Committee and the Chief Executive Officer, approved by the Nomination and Remuneration Committee. The rates should be competitive comparing to entrepreneurs of the same business in order to maintain the quality of management. The Chairman of the Board and the Chief Executive Officer will be eligible to receive additional compensation according to their further assigned duties and responsibilities.

## **5. Knowledge Development for the Board of Directors and Secretary**

The Company has encouraged its Board of Directors, executives, and secretary to attend training courses and seminars that are beneficial to them. The training programs and seminars are organized by the Thai Institute of Directors, the Stock Exchange of Thailand (SET), the Securities and Exchange Commission (SEC), and other independent agencies throughout the year. The Board of Directors, approved by the Thai Institute of Directors (detailed in the profile of each member of the Board of Directors), is required to make a visit to the production plant at least once a year to encourage the exchange of business insights between members of the Board of Directors and top executives.

## **6. Self-Assessment of the Board of Directors**

The Board of Directors has been urged to participate in a self-assessment program to evaluate its performance. Expected to be conducted on a yearly basis, the results obtained from self-assessment will help improve the efficiency of operations and management. The self-assessment form has been approved by the Stock Exchange of Thailand (SET).

In evaluating the performance of members of the Board of Directors and Subcommittee, it is required to rely on the following criteria.

### **1. Performance Evaluation of the Board Committee**

- Structure and qualifications of the Board
- Roles and responsibilities of the Board
- Board Meetings
- Acting Director
- Relationship with the Management
- Self-development of directors and executives

### **2. Performance Evaluation of the Subcommittee**

- Structure and qualifications of the Board
- Board Meetings
- Roles and responsibilities of the Board

For each topic, the Subcommittee will be required to cast votes, where the scores will be taken as the average rating of the entire Board. The evaluation criteria will be calculated and summed up in percentage of the total score for each topic.

Above	85%	=	Excellent
Above	75%	=	Very good
Above	65%	=	Good
Above	50%	=	Fair
Below	50%	=	Poor

#### Performance Evaluation Report of the Board of Directors for 2016

Description	Assessment Result	Criteria
<b>The Board of Directors</b>	94.17	Excellent
<b>The Audit and Corporate Governance Committee</b>	93.41	Excellent
<b>The Risk Management Committee</b>	89.17	Excellent
<b>The Nomination and Remuneration Committee</b>	95.00	Excellent

#### 7. Performance Evaluation of Chief Executive Officer

The Board of Directors has developed an annual performance appraisal for the Chief Executive Officer by using the evaluation form approved by the Stock Exchange of Thailand (SET) and use the index to measure the success of the organization versus the success of targeted goals and annual plan.

#### 8. Succession Planning for Senior Executives

The Board of Directors has recognized the importance of the succession plan and the management development plan, relying on the career management and succession plan established by the Nomination and Remuneration Committee. The procedures and criteria for the nomination of the Board of Directors and high-ranking executives are developed in a written form to ensure clear understanding on the scope of development.

Methods and criteria for recruiting the Board of Directors and high-ranking executives are explained below:

- 1) The Board of Directors is required to determine the executive development plan.
- 2) The Nomination and Remuneration Committee is required to indicate the knowledge, ability, and experience required for the position, where qualified candidates are expected to perform their functions efficiently for each task.
- 3) The Chief Executive Officer is required to evaluate performance and knowledge of executives with the required competency regarding individual development plans.

4) The Chief Executive Officer is required to review and summarize the results of the succession planning of Chief Executive Officer on a yearly basis.

#### **Subcommittee**

The Board of Directors should focus on good corporate governance policies and it has established a subcommittee, including the Audit and Corporate Governance Committee, the Risk Management Committee, the Nomination and Remuneration Committee, and the Executive Committee consisting of qualified persons in accordance with the provision of Section 68 of the Public Limited Companies Act, B.E. 2535 (1992) and the Notification of the Capital Market Supervisory.

The Board of Directors has determined the scope of authority and responsibility of each committee to review and assign effective policies according to the roles and responsibilities under the Company's good corporate governance.

#### **Audit and Corporate Governance Committee**

As of December 31, 2016, the Audit and Corporate Governance Committee consisted of three (3) independent directors.

<b>Name</b>	<b>Position</b>	<b>Attendance (time)</b>
1. Miss Charanya Sangsukdee	Chairman of Audit Committee	7/7
2. Assoc. Prof. Dr. Aekkachai Nittayakasetwat	Audit Committee Member	7/7
3. Mr. Natthawut Khemayotin	Audit Committee Member	7/7

Ms. Supattra Nijjaya acted as Secretary to the Audit and Corporate Governance Committee.

The three members of the Audit and Corporate Governance Committee are highly specialized in accounting, taxation, financial management, and risk management and experienced in reviewing the financial statements.

In 2016, seven board meetings were held to review quarterly financial statements and annual financial statements.

### **Term of Audit and Corporate Governance Committee**

1. Chairman of the Audit and Corporate Governance Committee –3 years
2. Members of the Audit and Corporate Governance Committee – 3 years

Upon the completion of the term, the retired Chairman and members of the Audit and Corporate Governance Committee are allowed to be reappointed in addition to the termination of the term mentioned above. The Chairman and members of the Audit and Corporate Governance will vacate upon the following cases.

1. Resignation
2. Death
3. Lack of qualifications under the required rules and regulations.
4. The Board of Directors has resolved to vacate the term.

Any member of the Audit and Corporate Governance Committee expected to resign is required to announce the resignation in a writing notice to be submitted to the Chairman of the Board. The Audit and Corporate Governance Committee expecting to resign prior to the end of the term is required to submit a resignation letter to the Company within no less than thirty (30) days in advance and provide reasons for the Board of Directors to consider the appointment of another qualified member to replace the resigned position. The Company must notify the resignation and submit a copy of the letter of resignation to the Stock Exchange of Thailand (SET) as the member of the Audit Committee and the Corporate Governance Committee is withdrawn before the termination of the term.

In case where the position is vacant for other reasons regardless of the expiration of the term, the Board of Directors is required to appoint a qualified person to substitute the member of the Audit and Corporate Governance Committee within three (3) months following the date when the number of audit committee members becomes incomplete in order to ensure consistent performance of the Audit and Corporate Governance Committee

### **Roles and Responsibilities of the Audit and Corporate Governance Committee**

1. Review the Company's financial reporting processes properly and adequately.
2. Review the Company's internal control system and internal audit system to ensure that they are maintained in an efficient and suitable manner, while considering the independence of the internal audit unit as well as approving the appointment, transfer, and dismissal of the chief of the internal audit unit or any other agency responsible for internal audit.
3. Consider, comment, and keep an eye on the budget and strength of the internal audit agency.



4. Review the Company's continuous improvement of good corporate governance, including necessary guidelines and recommendations for development as well as encourage the Company to set good corporate governance policies.

5. Review the Company's risk management procedures in an appropriate standardized system.

6. Cooperate with the Risk Management Committee and Risk Management Working Group to consider the Company's risk management report.

7. Review the Company's compliance with the Securities and Exchange Act, B.E. 2535 (1992), Stock Exchange of Thailand (SET)'s regulations and other relevant laws.

8. Consider, select, nominate, and dismiss any person acting as the Company's auditor and propose the compensation of such person at least once a year.

9. Consider interconnected transactions or other transactions that may have conflict of interest to comply with the laws and regulations established by the Stock Exchange of Thailand (SET).

10. Prepare a report of the Audit and Corporate Governance Committee to be disclosed in the Company's annual report. The report must be signed by the Chairman of the Audit and Corporate Governance Committee and must contain the following information:

(A) An opinion on the accuracy, completeness, reliability and reliability of the Company's financial report;

(B) An opinion on the adequacy of the Company's internal control system;

(C) An opinion on the compliance with the Securities and Exchange Act, B.E. 2535 (1992), Stock Exchange of Thailand (SET)'s regulations and other relevant laws;

(D) An opinion on the suitability of the auditor;

(E) An opinion on the transactions that may lead to conflicts of interests.

(F) Number of meetings of the Audit and Corporate Governance Committee and the attendance of each member attending the meetings;

(G) Comments on the overall aspects and performances of the Audit and Corporate Governance Committee appointed by the Charter;

(H) Other items that shareholders and investors should be informed under the scope of duties and responsibilities assigned by the Board of Directors;

11. Supervise the process of offense reporting and complaint filing not complying with the code of conduct or corporate governance policies to assure that the Company has efficiently applied the independent investigation process.

12. Monitor special investigations as necessary.

13. In the event of the following items or actions, the Audit and Corporate Governance Committee should report to the Board of Directors to carry out the amendment within the specified period of time deemed appropriate by the Audit Committee and the Corporate Governance Committee.

- (A) Conflict of Interest;
- (B) Fraud or irregularity or defect in the internal control system;
- (C) Violations of the Securities and Exchange Act, B.E. 2535 (1992), Stock Exchange of Thailand (SET)'s regulations and other relevant laws;

14. Consider and review the charter of the Audit and Corporate Governance Committee at least once a year to cover obligations under the principles of good business practices expected to be achieved by the Board.

15.

Perform other duties as assigned by the Board of Directors with the approval of the Audit and Corporate Governance Committee.

In accomplishing the above-mentioned requirements, the Audit and Corporate Governance Committee is directly responsible for the Board of Directors' resolutions as well as the Company's operations related to other third parties.

#### **Risk Management Committee**

The Board of Directors of Panjawattana Plastic Public Company Limited always recognizes the importance of promoting risk management throughout the organization and establishes the Risk Management Committee consisting of at least three independent directors and two high-ranking executives. The Risk Management Committee has been expected to review and monitor risk factors and impacts that may cause to the Company, providing financial, operating, environmental, and legal marketing advices, which include the formulation of policies and supervision of the risk management system to minimize the impact on the Company's business. Scopes of roles and responsibilities indicate that the Risk Management Committee is required to perform its duties effectively as assigned by the Board of Directors.

As of December 31, 2016, the Risk Management Committee was composed of six (6) members.

Name	Position	Attendance (time)
1. Assoc. Prof. Dr. Ekkachai Nittayakasetwat	Chairman of the Risk Management Committee / Independent Director ประธานกรรมการบริหารความเสี่ยง / กรรมการอิสระ	2/2
2. Ms. Jaranya Saengsukdee	Director of the Risk Management Committee / Independent Director	2/2

Name	Position	Attendance (time)
3. Mr. Nattawut Khemayothin	Director of the Risk Management Committee /	2/2
4. Mr. Wiwat Hemmontharop	Independent Director Director of the Risk Management Committee	2/2
5. Mr. Sathit Hemmontharop	Director of the Risk Management Committee	2/2
6. Dr. Pirun Hemmontharop	Director of the Risk Management Committee	2/2

Mrs. Prim Chaivat acted as Secretary to the Risk Management Committee.

#### **Term of Risk Management Committee**

Members of the Risk Management Committee Member are expected to be in the position for a period of three (3) years. Similarly, the retired members can be re-elected. The Risk Management Committee is directly responsible for the Board of Directors and possesses the authority and duties as assigned by the Board of Directors.

#### **Roles and Responsibilities of the Risk Management Committee**

1. Define the risk management policy and the overall risk management frameworks of the company, including the risk management plan and prepare the risk management report. This covers various risks that influence the Company's goals and operations.

2. Consider and approve the risk influences and propose to the Board of Directors for acknowledgment.

3. Acknowledge and comment on the results of risk assessment and risk management measures to ensure that the Company has sufficient and appropriate risk management procedures.

4. Provide supports for successful corporate risk management and suggestions on how to protect and reduce the level of risk to an acceptable level.

5. Monitor and evaluate the Company's performance in accordance with the defined risk management policies and plans to allow the system to perform efficiently.

6. Provide advices and supports for the Board of Directors, the Management, and the Risk Management Working Group.

7. Report on the organizational development, including the status of risk, guidelines for risk management, and results of risk management to be proposed to the Board of Directors in a regular manner.

8. Provide feedbacks and suggestions for using services provided by the third parties to ensure independent advices on the scopes of operations to manage risk management efficiently and appropriately.

9. Review risk management policies and plans to be consistent with changes influenced by both internal and external factors.

10. Review and revise the charter to be appropriate and consistent with the business environment and/or applicable to regulatory agencies to be proposed to the Board of Directors.

11. Possess the authority to appoint working groups or additional personnel as well as employ outside experts when necessary to stimulate effective risk management and prevent possible risks that may occur.

12. Perform other duties related to risk management as assigned by the Board of Directors.

13. Prepare an annual performance report on a yearly basis.

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

The Nomination and Remuneration Committee (NRC) was established in accordance with the resolution of the Board of Directors' Meeting No. 6/2557, held on November 12, 2014. The Company has developed its recruitment criteria for selecting the right person to be in charge of the Board of Directors and the Chief Executive Officer in accordance with good corporate governance principles.

The Nomination and Remuneration Committee is required to consist of fully qualified members under the requirements of the Notification of the Capital Market Supervisory Board. It consists of not less than three (3) directors with more than half of the independent directors. Meanwhile, the Chairman of the Nomination and Remuneration Committee must be an independent director.

As of December 31, 2016, the Nomination and Remuneration Committee had three (3) members detailed below:

Name	Position	Attendance (time)
1. Dr. Damri Sukhothanang	Chairman of the Nomination and Remuneration Committee / Independent Director	1/1

Name	Position	Attendance (time)
2. Mr. Nattawut Khemayothin	Director of the Nomination and Remuneration Committee / Independent Director	1/1
3. Mr. Wiwat Hemmontharop	Director of the Nomination and Remuneration Committee	1/1

Mr. Wassapol Phawatwong acted as Secretary to the Nomination and Remuneration Committee.

#### **Term of the Nomination and Remuneration Committee**

The Nomination and Remuneration Committee is required to be in the position for a period of three (3) years. The members of the Nominating and Remuneration Committee who are retired can be re-elected. The Nomination and Remuneration Committee is directly responsible to the Board of Directors and has the roles and responsibilities as assigned by the Board of Directors.

#### **Roles and Responsibility of the Nomination and Remuneration Committee**

##### **1.1 Nomination**

1.1.1 Consider the composition of the Board to suit the organization and condition in accordance with the changing business environments.

1.1.2 Define rules, policies, and procedures for the Nomination and Remuneration Committee, the Subcommittee, and the Chief Executive Officer of the Company to conform to the organizational structure.

1.1.3 Consider and select qualified candidates in the case that the position has become vacant to be proposed to the Board of Directors for approval prior to proposing to the meeting of shareholders for the approval of the appointment of a new director

1.1.4 Facilitate minority shareholders in nominating a person to be appointed as a new director prior to the annual meeting of shareholders.

1.1.5 Provide a succession plan for the Chief Executive Officer and review the plan on a regular basis.

1.1.6 Foster the development plan for members of the Board of Directors and determine roles and responsibilities of the Board of Directors based on the principles of good corporate governance.

## 1.2 Remuneration

1.2.1 Define compensation structure and other benefits, both monetary and non-monetary, to be proposed to the Board of Directors and the Chief Executive Officer of the Company.

## 1.3 Other Roles and Responsibilities

1.3.1 Appoint a permanent advisor and/or employ a project consultant to provide advices on the performance of duties and responsibilities when necessary and appropriate. The Nomination and Remuneration Committee can determine the advisor's remuneration at the expense of the Company deemed necessary and appropriate.

1.3.2 Review and revise the Charter of the Nomination and Remuneration Committee in line with the existing situations to be proposed to the Board of Directors for approval.

1.3.3 Perform any other work related to nomination and remuneration of the Board of Directors and the Chief Executive Officer.

1.3.4 Encourage the Chairman of the Nomination and Remuneration Committee to attend the annual general meeting of shareholders.

1.3.5 Prepare an annual performance reports on a yearly basis.

## Executive Committee

As of December 31, 2016, the Executive Committee was established with three (3) members specified as follows:

Name	Position
1. Mr. Wiwat Hemmontharop	Chairman of the Executive Committee
2. Mr. Sathit Hemmontharop	Director of the Executive Committee
3. Mrs. Malee Hemmontharop	Director of the Executive Committee

Mrs. Prim Chaivat acted as Secretary to the Executive Committee.

## Term of the Executive Committee

The Executive Committee has been expected to remain in the position for a period of three (3) years and a retired member can be re-elected.

## **Roles and Responsibilities of the Executive Committee**

The Executive Committee possesses the roles and responsibilities to manage the Company's normal business affairs and administration to be proposed to the Board of Directors for consideration and approval, including the monitoring of the Company's performance in accordance with the policies and measures established by the Board of Directors. Key roles and responsibilities are explained below:

1. Operate and manage the Company's business in accordance with the objectives, regulations, policies, rules, regulations, orders, and resolutions of the Board of Directors' meeting and the meeting of shareholders.

2. Consider the proposal of management and establish organizational structures, policies, directions, and business strategies, while being able to generate the development of budget plans, human resources management, and information technology investment to be proposed to the Board of Directors for further consideration.

3. Possess the authority to appoint the subcommittee and or a working group for the operations and management of the Company to achieve the targeted organizational goals.

4. Monitor the Company's performance in accordance with the policies approved by the Board of Directors and supervise the operations to be maintained with quality and efficiency.

5. Consider the allocation of annual budget in accordance with the management before being proposed to the Board of Directors for consideration and approval.

6. Possess the authority to approve financial expenditures in accordance with the Company's normal aspect of business. Each transaction is required to be implemented within thirty (30) million baht or not exceeding the budget approved by the Board of Directors.

7. Approve major capital expenditures determined by the allocation of annual budget delegated or approved by the Board of Directors in principle.

8. Approve the borrowing credit limit for any loan within a period of not more than five (5) years or not exceeding thirty (30) million baht, not exceeding the budget approved by the Board of Directors.

9. Consider entering into a contract with respect to the normal business operations of the Company. The term of the contract or agreement should not exceed eight (8) years, where each transaction should not exceed the value of one-hundred (100) million baht or not exceeding the budget approved by the Board of Directors.

10. Possess the authority for the appointment, commissioning, transfer, termination, wage determination, compensation, and bonus expected to be paid to the Chief Executive Officer.

11. Possess the authority to delegate its power to one or more than one person under the control of the Executive Committee.

12. Take any other actions as assigned by the Board of Directors on a regular basis.

The delegation of authority and responsibility of the Executive Committee is dissimilar to the power of attorney or delegation of authority over which the delegate of the Executive Board can approve the transaction on which he or she may be in conflict (as defined by the Notification of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand (SET) and/or related entities)

### **Nomination and Appointment of Directors and Top Executives**

#### **The Independent Director**

The Company determines the composition of the Board of Directors to comprise of at least one-third of the total number of members of the Board of Directors.

Criteria for the appointment of independent directors will be based on the Company's Board of Directors in accordance with the Public Limited Company Act, the Securities and Exchange Act, and other relevant regulations. Independent directors are expected to possess qualifications, specialization, and experience appropriate for the meeting of shareholders. If an independent director is vacated prior to the expiration of the term, the Board of Directors may appoint an independent director who has the qualifications specified above to assume the position.

The Board of Directors has determined the qualifications of independent directors as follows:

1. Hold not more than 1.0% of the total voting shares of the Company, its parent company, subsidiary company, associated company, major shareholder or the controlling person of the company, including the shareholding of related persons of the independent director.

2. Not considered a member of the management team, a consultant with a regular salary or the controlling authority of the Company, its parent company, its subsidiaries, affiliated companies, subsidiaries, major shareholders or of the controlling person of the Company, unless it has ceased to exist at least two (2) years prior to the date of being appointed as an independent director.



3. Possess no blood relationship by legal registration in the manner of a parent, spouse, sibling, and child, including the spouse of a child, an executive, a major shareholder's controlling authority or the person who will be proposed to be the executive or controlling person of the Company or its subsidiaries.

4. Never have a business relationship with the Company, parent company, subsidiary, associated company. Major Shareholders or the controlling authority of the company in a manner that may interfere with the exercise of independent judgment or a significant shareholder or controlling persons of persons having business relationships with the Company, parent company, subsidiary company, associated company, major shareholder or the controlling authority of the company, unless it has ceased to exist at least two years prior to the date of being appointed as an independent director.

5. Not being the auditor of the Company, parent company, subsidiary company, associated company, major shareholder, or the controlling authority of the Company and is not considered a significant shareholder, controlling authority, or partner of the audit firm.

6. Not being or being a professional service provider, including providing legal advice or financial advisory services. The service fee is more than two (2) million baht per year obtained from the parent company, subsidiary company, associate company, major shareholder or the controlling authority of the Company and is not considered a significant shareholder, controlling authority or the partner of the professional service provider, unless it has ceased to exist at least two (2) years prior to the date of being appointed as an independent director.

7. Not being a director appointed to represent the Company's directors or persons related to major shareholders.

8. Never engage in business that has the same conditions or be considered a significant competitor to the business of the Company or its subsidiaries.

9. Never possess any characteristic that makes it impossible to express independent opinions about the Company's operations.

The independent directors will review and certify their independence at least once a year, together with a report on the Board of Directors' background at the end of the year for the preparation of the annual registration statement (Form 56-1) and the annual report of the Company.

#### **The Board of Directors**

At the Board of Directors' Meeting No. 6/2557, dated November 12, 2014, the resolution was passed at the meeting to set up the Nomination and Remuneration Committee to be responsible for selecting the

appropriate person to be the Board of Directors. The Company has recruited its directors by the major shareholders and/or major shareholders' representatives and/or qualified members of the relevant departments, directors, independent directors, and the Management of the company featured as follows.

1. Possess the qualifications complying with the Public Limited Company Act, the Securities and Exchange Act, rules of the Securities and Exchange Commission, rules of the Stock Exchange of Thailand and principles of good corporate governance.

2. Have the knowledge, ability and experience in various professional fields to be useful and add value to the company.

3. Support and promote the operation of corporate governance to create value for the Company to perform duties with responsibility.

Selection and appointment of directors is in accordance with the procedures set out in the Company's Articles of Association. And the appointed directors must be approved by the shareholders meeting. The resolution of the shareholders' meeting requires the majority votes of the shareholders who attend the meeting and have the right to vote.

1. The Board of Directors of the Company is composed of not less than 5 members. And not less than half of all directors must reside in the Kingdom.

2. The meeting of shareholders shall elect the directors in accordance with the following rules and procedures:

(1) A shareholder has one vote equal to the number of shares he holds.

(2) Each shareholder shall exercise his or her votes, elect one or several persons as directors. In case of the election of several persons, the number of votes for each director cannot be divided.

(3) The person receiving the highest number of votes will be elected as a director

3. Possess at least one third of the Board of Directors. In case where the number of directors cannot be divided into three parts, it is issued by the number nearest to one-third.

Directors who will be retired in the first year and the second year after the registration of the Company will be required to draw a ticket to be resigned in the following year. The member of the Board of Directors who is in the longest position is the one who will resign from the position. The retired directors may be re-elected.

4. Any director who resigns shall submit a resignation letter to the Company. Resignation is effective from the date the letter leaves the Company.

5. In case where the position of the director is vacant for any reason other than the expiration of the term, the board may select a qualified person without any prohibited characteristic under the Public Limited Company Act and the Securities and Exchange Act to be effective on the next Board meeting, unless the director's term is less than two (2) months, the person who becomes the replacement shall be in office only for the remaining term of the replaced director.

The resolution of the committee under paragraph one shall consist of votes of not less than three-fourths of the number of remaining directors.

6. The shareholders' meeting may elect a director to retire before the expiration of his term by not less than three-fourths of the total number of shareholders attending the meeting and having the right to vote. And there are not less than half of the shares held by the shareholders who attend the meeting and have the right to vote.

#### **The Audit and Corporate Governance Committee**

The meeting of the Board of Directors or shareholders (as the case may be) is required to appoint at least three members of the Audit and Corporate Governance Committee to serve as the members of the Audit and Corporate Governance Committee. Each Audit and Corporate Governance Committee member must be an independent director. It must not be a director assigned by the Board of Directors. The Audit and Corporate Governance Committee must possess qualifications in accordance with the Securities and Exchange Act as well as the regulations of the Stock Exchange of Thailand which prescribe the qualifications and scope of work of the Audit and Corporate Governance Committee.

At least one member of the Audit and Corporate Governance Committee must have sufficient knowledge or experience in accounting or finance to be able to review the reliability of the financial statements.

#### **The Nomination and Remuneration Committee**

The Board of Directors is responsible for appointing a Nomination and Remuneration Committee composed of not less than three directors with more than half of the independent directors. And the Chairman of the Nomination Committee must be an independent director, nomination and remuneration committee member must have knowledge and experience beneficial to the performance of duties as a member of the Nomination and Remuneration Committee, including knowledge of corporate governance, be neutral and independent of the good corporate governance principles of recruiting and nominating candidates for the position.

### **The Risk Management Committee**

The Board of Directors is responsible for appointing a Risk Management Committee to assist the Board in overseeing various levels of risk management within the organization to ensure that the management responsible for the organization's risk management functions. The risk management system effectively and comprehensively covers all risks associated with the organization's business operations. The Risk Management Committee consists of: At least 3 independent directors and senior executives, but should not be less than two (2) members.

### **The Executive Committee**

The Company has developed its policies to recruit executives by selecting qualified, knowledgeable, and experienced people in accordance with human resource management regulations and it must be approved by the Board of Directors and/or the person assigned by the Board of Directors.

The Board of Directors will consider the appointment of the Chief Executive Officer required to be approved by the Board of Directors. The appointment of a supervisor or a person to be responsible for internal audit and control as well as the approval of the Audit and Corporate Governance Committee are required.

### **Holding Position in Other Companies**

The Company has established a policy on holding company positions in other companies (including the Chief Executive Officer) to comply with good practice established or recommended by regulatory requirements to serve as directors in other listed companies of not more than five (5) companies.

In addition, the Company has set internal guidelines in which positions in which the directors must notify in advance of receiving any other position in the company to the Audit and Corporate Governance Committee. This will determine the appropriateness and compliance with the rules and the company secretary is responsible for informing the position of each director so that the Board of Directors will be informed. Shares are acknowledged in the annual report and for holding director positions in other companies or organizations of top executives since the Executive Vice President (including the Chief Executive Officer) is required to obtain approval from the Board of Directors.

### **Development of Knowledge for the Board of Directors and High-Ranking Executives**

The Board of Directors is responsible for promoting and facilitating those involved in the corporate governance system of the Company such as directors, audit committee and corporate governance. High-ranking executives and the Secretary are required to attend seminars, training programs, or activities organized by the Thai Institute of Directors, the Stock Exchange of Thailand, the Securities and Exchange Commission,

or other independent organizations to strengthen the knowledge, which will be useful for performing duties. The Company requires at least one (1) director to attend at least one (1) training session on a yearly basis.

To develop the knowledge of the Board of Directors based on the Board Skill Matrix assessment, the Company's Secretary will consider the courses related to the addition of knowledge and skills to be a liaison with directors and administrators to announce the training of those courses.

#### Details of Training Program Attended by the Board of Directors and Secretary for 2016

2016	Position	Month of Training	Course	Institute
1. Ms. Jaranya Saengsukdee	<ul style="list-style-type: none"> <li>– Chairman of the Audit and Corporate Governance Committee</li> <li>– Director of the Risk Management Committee</li> <li>– Independent Director</li> </ul>	June (1 day)	<ul style="list-style-type: none"> <li>● Audit Committee Forum (R-ACF)</li> </ul>	The Thai Institute of Directors (IOD)
2. Mr. Nattawut Khemayothin	<ul style="list-style-type: none"> <li>– Director of the Audit and Corporate Governance Committee</li> <li>– Director of the Risk Management Committee</li> <li>– Director of the Nomination and Remuneration Committee</li> <li>– Independent Director</li> </ul>	(October) (1 day) (November) (1 day) (November) (2 days)	<ul style="list-style-type: none"> <li>● Driving Company Success with IT Governance (ITG)</li> <li>● Risk Management (Standard)</li> </ul>	The Thai Institute of Directors (IOD)  The Federation of Accounting Professions under the Royal Patronage
3. Dr. Pirun Hemmontharop	<ul style="list-style-type: none"> <li>– Director</li> <li>– Director of the Risk Management Committee</li> </ul>	(November) (2 days) (November) (1 day)	<ul style="list-style-type: none"> <li>● Risk Management (Standard)</li> <li>● Risk Management (Advanced)</li> </ul>	The Federation of Accounting Professions under the Royal Patronage
4. Mrs. Prim Chaiwat	<ul style="list-style-type: none"> <li>– Chairman of the Financial and Accounting Department</li> <li>– Secretary</li> </ul>	(July) (1 day) (November) (2 days)	<ul style="list-style-type: none"> <li>● Consolidated Financial Statements</li> <li>● Risk Management (Standard)</li> </ul>	The Federation of Accounting Professions under the Royal Patronage

2016	Position	Month of Training	Course	Institute
		(November) (1 day)	<ul style="list-style-type: none"> <li>● Risk Management (Advanced)</li> </ul>	The Stock Exchange of Thailand
		(September) (2 days)	<ul style="list-style-type: none"> <li>● Financial Statement Management for Registered Companies 2016</li> </ul>	

#### **Supervision of the Operations of Subsidiaries**

The Board of Directors is responsible for managing the business. In addition, the Board of Directors is responsible for setting visions and strategies for the operations of the subsidiary according to the policies. The Company also possesses its policies to monitor and supervise the operations of the subsidiaries in accordance with relevant laws. The Internal Audit Office and the Corporate Secretariat are jointly responsible for this section.

#### **Supervision of Internal Information**

The Company possesses rules and regulations for the Board of Directors, executives, and employees to keep confidential of the Company's internal information. They must not disclose or exploit the Company's confidential and/or internal information for personal gain or the benefit of others, either directly or indirectly. Also, it is not required to trade, transfer, or receive securities of the Company using confidential information and/or internal information or to engage in any other improper act. This causes damage to the Company, either directly or indirectly. In addition, directors, executives, and employees who receive the internal information must not exploit such information before public disclosure.

In addition, the Company has informed its members of the Board of Directors and executives of their obligations to report their holdings, spouses and minor children in the Company as well as changes in securities holding to the Office of the Securities and Exchange Commission under Section 59 of the Securities and Exchange Act, B.E. 2535 (1992) within three (3) days following the date of the change in securities holding and notify the Company's Secretary to record changes and summaries of securities of directors and executives individually to be presented to the Board of Directors for the next meeting. Violation or non-compliance with the requirements will be penalized under Section 275 of the Securities and Exchange Act, B.E. 2535 (1992).

The Company has imposed disciplinary actions for the benefit of the Company's internal use of information.

#### **Remuneration for Auditors**

According to Section 120 of the Public Limited Companies Act, B.E. 2535 (1992), the annual general meeting of shareholders is required to appoint the auditors. According to the Notification of the Securities and Exchange Commission No. Kor Chor 39/2005 under the topic "Rules, Conditions and Procedures for Reporting", the disclosure of information on financial status and performance of issuing companies No. 20 requires the Company to arrange a rotation of the auditor.

The Company's financial statements for 2016 were reviewed and commented by Mr. Pot Asawasantichai, with the Certified Public Accountant No. 4891, of Dharmniti Auditing Company Limited, appointed as the auditor of the Company for 2017 and 2016 to provide excellent accounting services for the Company and its subsidiaries. The audit fees are detailed below:

#### **Comparison of Audit Fees**

<b>Audit Fees</b>	<b>2017</b>	<b>2016</b>
1. Audit fees	1.905 million baht	1.835 million baht
2. Other service fees	-	-

The proposed auditors possess no relationship or conflict of interest with the Management, major shareholders or anyone related to such person by all means.

## Corporate Social Responsibilities :CSR

Panjawattana Plastic Public Company Limited has operated its business through the concept of sustainability in Economy, Society and Environment in concrete way as the operation principle under organization's Core Value as follows:

Together We **GROW** เราจะ **GROW** ไปด้วยกัน

# G

### Generate Partnership : ร่วมใจสร้างพันธมิตร

มุ่งสร้างสัมพันธ์ภาพอันดีเยี่ยมกับผู้มีส่วนได้เสียทุกภาคส่วน เป็นคู่คิดที่เข้าใจและพร้อมยื่นมือให้ความช่วยเหลือในทุกวิถีทางอย่างผู้เชี่ยวชาญ มีความยืดหยุ่นและเป็นธรรมเพื่อบรรลุเป้าหมายร่วมกัน มีภาพลักษณ์ที่น่าเชื่อถือเป็นที่ไว้วางใจได้และเพื่อสร้างสานและเชื่อมโยงเครือข่ายธุรกิจอย่างไม่มีที่สิ้นสุด



# R

### Race with Business Dynamism : ตามโลกธุรกิจต้องทันสมัย

รองรับทุกความก้าวหน้าทางเทคโนโลยี รู้ทันโลกธุรกิจรอบทิศอย่างรอบด้าน พร้อมทั้งจะปรับตัวอย่างฉับไวและเฉียบคม เพื่อคงประสิทธิภาพสูงสุดในทุกกระบวนการสร้างคุณค่าให้กับธุรกิจ



# O

### Observe Trustworthiness : น่าเชื่อถือไม่รังสีวางใจได้

มีความเป็นมืออาชีพ ซื่อสัตย์ โปร่งใสในทุกกระบวนการ ยุติธรรม และการมีส่วนร่วมดูแลรับผิดชอบสังคม



# W

### Work Of Excellence : ผลงานเลิศ ไปไกลจนเลื่องลือ

ความเป็นเลิศในการทำงาน มีมาตรฐานที่โดดเด่นและเป็นหนึ่งในระยะยาวของอุตสาหกรรม โดยมีบรรยากาศการทำงานที่สอดประสานและสนับสนุนกันและกัน



**GROW** นี้คือ...ค่านิยมของเรา...ชาวปัญญาวัฒนา



## Policy and Overview

### 1. Business Operation with Fairness

The Company has realized and fully emphasized on the effective, transparent and verifiable management system generating the reliabilities to all relevant parties and resulting to the sustainable growth for the business. Under the ethical operation and the compliance with the relevant laws and regulations, the Company has established the policy of good corporate governance through principles and practices consistent with the good corporate governance principle of the Stock Exchange of Thailand (SEC) and the guidelines of Thai Institute of Directors (IOD) in order to enhance existing operation to obviously meet the standard as well as have written Code of Conduct for the business to communicate with the Board of Directors, executives, employees for acknowledgement and adherence continuously. Furthermore, the Company has also arranged the training programs and internal communications through different styles in order to promote the business operation with transparency, morality, responsibility towards all stakeholders, society and environment concerns as well as to reflect values and practices which all employees should behave and perform their duties in line with the specified code of conduct to encourage the authentic and fruitful culture of good corporate governance.

### 2. Anti-Corruption

The Company's Board of Directors has extremely emphasized on the involvement in anti-corruption, determining the written practice way and method related to Anti-Corruption and setting the code of conduct principle for the Company's business. All mentioned practices of anti-corruption measurement had been reviewed and approved by the Board of Directors by assigning the Board of Directors, executives and employees in the Company and subsidiaries including persons or parties related to the business operation to strictly follow to avoid any operations which may affect improper actions and conflicts to the good governance principle. Above and beyond, the anti-corruption is also included giving officials bribery for convenience or the Company's business benefits, and the maximum disciplinary penalty shall be applied for any employees who violate such rule.

**Furthermore, the Company has proceeded the following methods to prevent the involvement in corruption:**

1. The company has communicated its anti-corruption policy by using public relations (PR) tools to all Directors, executives and employees to acknowledge and strictly practice through various channels including electronic communications, announcement on public relations (PR) board, training and the company's activities, as well, to other people outside the company and investors through the company's website.
2. The company has provided whistle-blower hotline, if there is any prohibition or corruption happened, the company must also provide the protection measurement for the safety of

reporter and then report to the Audit Committee for further improvement and solution of such problem with rightness, appropriateness, transparency and fairness

3. The Company shall propose the Board of Directors to review the appropriateness of anti-corruption policy every year.

In 2015, the Company had not found any problems and faults which is the materiality of corruption and operations inconsistent with relevant laws or regulations as well as the violation of business operation's code of conduct

The details of policy and process related to the prevention for corruption are indicated on the company's website [www.pjw.co.th](http://www.pjw.co.th) under the topic of "Good Governance".

### **3. The Respect for Human Rights**

The company has supported and respected the Human Rights and it is restricted that the company's business shall be unable to get involved in the violation of the Human Rights. Furthermore, the Company has encouraged and monitored employees to follow the Human Rights rule within the company's activities as well as practice according to the Human Rights Standards. The Company respects everyone's human rights without separation of race, nationality, gender, color, religion, language, political belief or any other beliefs, impairment or deniability or any other status indirectly relating the duty performance. Correspondingly, the corporate responsibilities towards the Human Rights have also cover the subsidiaries and business partners.

The Company has communicated with all employees and employee representatives to acknowledge and understand the actual operations and circumstances, and has encouraged the conferring/cooperation between employer and employees including employee representatives to enable the development of the quality of working life. Besides, the Company has also respected all employees' opinion including the freedom of giving opinion without interference of information or opinion through various media as well as has arranged the communication channel for liberally listening opinions from stakeholders.

In 2015, the Company didn't receive any complaints related to the violation of Human Rights caused by the Company's business operation from both inside and outside of the Company and also didn't have any legal disputes of labor, consumer rights and business operations.

### **3. Fair Treating towards Labors**

The Company has implemented the policy to treat employees equally and fairly in respect of opportunities, benefits, welfare and potential development. The Company has realized that all employees are valuable resource and significant factor to drive the Company into the success. Therefore, the Company has focused to develop organization to be the learning organization, strengthen cultures and working environment, promote team work, support the development of

employees' knowledge and competency to be more progressive, have job security as well as perform duties with safety awareness and environment concern. Besides, the Company has also provided employees the assurance of the quality of life and safety in working, and has retained good working environment as well as has listened to all employees' opinions and recommendations fairly and equally.

### **Health and Safety**

The Company has realized the importance of employees' and related parties' safety and health in working, therefore, the Occupational Health and Safety Management System according to OHSAS 18001 has been applied as the guideline to create secured environment. The Company has achieved the certification of Occupational Health and Safety System "OHSAS 18001: 2007" since 2013, the operations and practice are strictly controlled in line with relevant laws and regulations.

The Company has supported all employees to perform duties with safety and hygiene in working place and has emphasized on the prevention of accidents which may be happened with full capability as well as has promoted all employees to be aware of safety by providing knowledge through trainings. Besides, the Company has promoted all employees to have good health and hygiene, has kept the working place in hygienic condition and has continuously promoted the implementation of projects and activities which create the awareness of safety.

#### **1) TPM – 5S Activity**

The Company has arranged all employees to get involved in the office and working place's cleanliness and tidiness.

#### **2) Working Safety Week Project**

The Company has always arranged the public relations (PR) activities about safety every year in order to provide knowledge and to encourage all employees to be aware of accidents while operating such as Working Safety Week Exhibition organized on October 17, 2015.

#### **3) Safety Training Project**

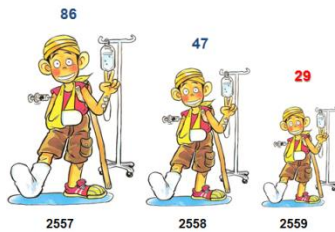
The Company has organized the training on safety with the focus on the knowledge related to how to use equipment for operation and practice method in case of having unexpected incidents. Examples of trainings are The Annual Training of Basic Fire Fighting and Escape for 2015, The Training Course of Job Analysis for Safety, The Training Course of Safety Office in Working, etc.

#### **4) Safety Talk Activity**

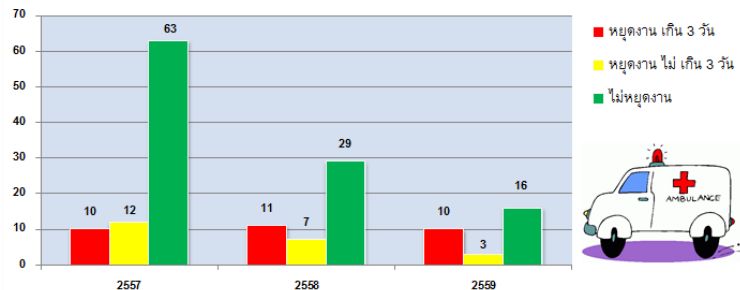
In the week of working, the Company has always organized the Talk Activity and promoted new information related to the safety in working to all employees.

The Campaign of Safety Promotion in Working has effected to the decreasing total number of accidents in 2016 comparing to the previous year.

**No. of Accidents (Time)**



**Ratio of Absence due to injury**



### Compensation and Welfare for Employees

The Company determines compensation and welfare for employees with fairness, the reward system is evaluated on employees' knowledge, competency and performance evaluation based on Key Performance Index (KPI) which is compliance with the corporate target, KPI is the evaluation tool and its objective is to motive employee's duty performance.

Other significant welfares based on position, authority and responsibility are provident fund, health and accident insurance, annual health check-up program, allowances, annual party, sport day and others

### The Development of Employees' Knowledge and Potentials

The Company has policy of human resources development by supporting employees to develop knowledge, competency, potential, positive thinking, morality and teamwork through the process of trainings, seminars, study tours in order to support business expansion and career path opportunities in line with professional areas and capabilities equally. Furthermore, the Company has also encouraged employees to apply their potentials for society's benefits as the good citizen and would like to create smart, good and efficient employees in compliance with the direction and organizational culture according to the key value.

The preparation for employees to be progressive in professional areas with the increasing knowledge and basic skills, specific knowledge in job, knowledge and skill in business including management skill and leadership, has been arranged by providing the various knowledge appropriate to the duty and responsibility of employees in each level as follows :

- Safety in working for employee level
- Corporate Social Responsibilities Management for sustainable development

- Corporate Governance (CG), Anti-Corruption Measurement, Business' Code of Conduct
- Individual Development Plan to develop employees' potentials for supporting organizational growth
- The 360-degree (full circle) Appraisal of executives who focus on the importance of upward appraisal and downward appraisal for self-development and improvement.

However, the creation of team building is important and the Company has emphasized on the development of teamwork skill to support the cross-functional working. The followings are the development of making decision skill and problem solving skill reflecting the effective management and leadership :

- Camping for activity of development and transfers management skill from top executive to middle executives at Sedha Resirt, Kkanjanaburi Province.
- Camping for discipline in working (strict discipline, strong team, excellent organization KYT)
- The Program on 6 Step of Successful Self Development, apart from working team building, the Company also focuses on the skill development of operator-leveled employees in order to effectively perform their works to response clients' needs, for example,
  - Project to testing and Knowledge Assurance for employee
  - Project to association to Technical school for technician and Maintenance technicians

In 2016, the Company trained employees for 17,899 hours in total or 12.08 hours per person per year as average employee training hours.

### รูปกิจกรรม

- Camping for activity of development and transfers management skill from top executive to middle executives at Sedha Resirt, Kkanjanaburi Province.



- Camping for discipline in working (strict discipline, strong team, excellent organization KYT)



- Weekly CG (Corporate Governance)



- 6 Step of Successful Self Development



- Knowledge Evaluation and Assurance Project for operator-leveled employees;



- Working Safety: Arranging SAFETY WEEK Activity to enable employees to realize the safety in working.



- Signing Memorandum of Understanding (MOU) between the Company and Thai-Austrian Technical College.



- Arrangement of Corporate Engagement Development Program.
- Arrangement of Panjawattana Cup (Football Cup) Activity and Miss Recycle Contest on Songkran Day.



## 5. Responsibilities towards Consumers

The company has strong intention to obtain customers' satisfaction and confidence with carefulness and responsibility and would like customers to receive good products/services which have high quality, safety, reasonable price and specified standard. The company has believed that the good and standardized products/services shall create confidences to consumers and this will help customers

to increase more income. In addition, the company has followed terms and conditions of customers, enhancing higher standard of products and services unceasingly and maintain the good and sustainable relationship with customers seriously and regularly as well as does not apply any information of customers for the company or related parties' benefits. As the result that the Company has concentrated and rigorously practiced according to the Quality Standard Principle, the Company has obtained the certification of International Standard as follows :

- **ISO 9001** is the Quality Management System to assure that the manufacturer or service provider has established and maintained the same standard of quality management system with the objective of better response for customer's needs. This standard which can be applied to every business in every industry is related to the design, development, production and service. The company is required to have awareness and set up the clear goal and effective management system principle in order to achieve the specified target.
- **Good Manufacturing Practice: GMP** : criteria or basic conditions required for manufacturing and controlling manufacturer to follow and practice as well as be able to produce food safely, there are 6 factors as follows
  1. Hygiene of location and manufacturing building
  2. Equipment, machines and tools for manufacturing
  3. Production Process Control
  4. Sanitation
  5. Maintenance and Cleanliness
  6. Human Resources
- **Hazard Analysis Critical Control Point: HACCP** means danger analysis, crisis control point is the concept related to the preventive measurement for possible dangers in each process of any activity by having scientific process which had studied about the dangers, prevention methods, controlling and monitoring in order to be assured that the specified preventive measurement is effective all the time.

## **6. Responsibilities towards community, society and environment**

The company has business operation policy related to responsibilities to community, society and environment regarding safety, quality of life and natural resources conservative and has encouraged the utilization of energy effectively as well as has been aware of the quality of life in community and society. The company has realized on the impact of business operation towards environment, so, in any working operation and any decisions including any operations of the Company, it must be assured that the Company's products and business operations are all accurate and complied with rules and regulations or any standards. In addition, all employees have been promoted to have awareness and responsibilities towards community, society and environment as well as to moderately give cooperation in any activities with community where the company has operated its business.



Although the manufacturing process of the company does not have any pollution affecting to environment because all plastic scraps can be recycled, however, the Company has realized the significance of environment, then established environmental management system in order to reduce the effect on environment and to improve surrounding better continuously by executives and all employees' intentions to practice according to the policy, the followings are the implementation of activities under the scope and practice :

- The company has obtained **ISO 14001:2004 Standard** which is the standard related to the management and practice for environment, this can guarantee that the company's environmental prevention system can prevent harm and damage from the company's production in all areas towards the environment. The inspection shall be done by the independent external inspectors.
- The company has operated the work process following to environment law by organizing the measurement of environment, such as measurement for weather quality, noise, heat, lighting and quality of water released from factory, the result of the inspection is qualified according to the standard specified by law.

The company has studied, made research and development for products and production technology including the design of products to have light weight for decreasing the usage of plastic beads. In some cases, the company has cooperated with customers, educational institutes and government agencies

## **7. Innovation and Innovation Diffusion**

The company has developed new knowledge to be economically progressive and innovations which create the balance between value and values towards community, society and environment along with the sustainable growth of business by having following practices:

- The Company had participated in Research to Innovation Development Project in order to study the guideline for creation and development of new things to maximize the revenue or minimize the business cost.
- The Company had applied Finite Element Method (FEM) to duplicate the thickness of Parison to find proper thickness of plastic contents for molding the bottle by Blow molding through Lateral cross section technique, it helps in minimize process, calculation time and more precise result, the Company could spend lesser time and reduce cost of production and testing.
- The Company is developing the production process for Automotive products by using robots instead of manpower for moving and decorating job pieces (Process Development). Presently, the Projects had been approved by the Management and right now, it is in the process of robot purchasing in order to support the Company's production to respond clients' demands and decrease production cost.

- The Company had developed how to increase effectiveness of materials used in producing Automotive products by mixing the coupling agent with raw materials to reinforce job pieces, resulting non-use of steel bar. At present, it is under the experiment according to clients' requirements.

### Operations and Report Preparation

In operating the Company's business operations, all stakeholders' expectation in both internal and external risks, current situation and future possibilities or risk opportunities in every dimensions has been assessed regularly, the Company has considered that the point of views and opinions of all stakeholders shall assist the company to have more complete and clearer understanding to plan and implement the risk prevention and the decreasing of negative effect which may occur in the future.

### Supervision towards stakeholders



**Communication with stakeholders**

Stakeholders	Communication Channels	
 <b>Shareholders</b>	<ul style="list-style-type: none"> <li>- Annual General Meeting of Shareholders</li> <li>- Annual Report</li> <li>- Opening for Company Visit</li> <li>- Investor Relations</li> <li>- News informing to the Stock Exchange of</li> </ul>	<ul style="list-style-type: none"> <li>- Company's Website</li> <li>- Activity of Opportunity Day</li> <li>- Tele-conversation</li> <li>- Roadshow</li> </ul>
 <b>Employees</b>	<ul style="list-style-type: none"> <li>- Meeting</li> <li>- Voice on line</li> <li>- Activity of Morning Talk</li> <li>- Complaints Box</li> </ul>	<ul style="list-style-type: none"> <li>- Public Relations Board</li> <li>- Electronic Letters</li> <li>- Labor Relation Activity</li> </ul>
 <b>Customers</b>	<ul style="list-style-type: none"> <li>- Factory Visit</li> <li>- Complaints</li> <li>- Electronic Letters</li> <li>- Tele-conversation</li> </ul>	<ul style="list-style-type: none"> <li>- Conference Meeting</li> <li>- Company's Website</li> </ul>
 <b>Partners and Lenders</b>	<ul style="list-style-type: none"> <li>- Nomination and Selection Process</li> <li>- Annual Meeting</li> <li>- Electronic Letters</li> <li>- Tele-conversation</li> </ul>	<ul style="list-style-type: none"> <li>- Company's Website</li> <li>- Vendor Evaluation</li> <li>- Providing recommendation</li> </ul>
 <b>Competitors</b>	<ul style="list-style-type: none"> <li>- Being member in many organizations and associations</li> <li>- Party and experience exchange</li> </ul>	
 <b>Government Sector</b>	<ul style="list-style-type: none"> <li>- Being member in many organizations and associations</li> <li>- Participation in any activities</li> <li>- Information providing</li> <li>- Company's Website</li> </ul>	
 <b>Community, Society and Environment</b>	<ul style="list-style-type: none"> <li>- Participation and support activities</li> <li>- Making PR through community leader</li> <li>- Providing assistance</li> </ul>	<ul style="list-style-type: none"> <li>- Receiving complaints</li> <li>- Tele-conversation</li> </ul>

### ***Business Operations affecting Social Responsibility***

The company has operations guidelines to assure that the direction and main target of the sustainable development is in compliance with the changes of economy, society and environment as well as the expectation of stakeholders in order to effectively, efficiently and sustainably grow and develop. The summary of main operations for many areas is as follows :

#### **Operations for Economy**

In 2016, the company had key performance for economy and could provide the economic value to all stakeholders as following details :

Unit : Million Baht

<b>Item</b>	<b>Value *</b>
Income from sales, helping in driving economy	2,749.73
Total net Profit (Loss) to increase value to shareholder	140.99
Salary and Wages to remunerate employees **	430.65
Employees' training expenses	3.53
Donations	
- Temples	0.16
- Hospital	0.17
- Education	0.16
- Others	0.66
Taxes paid to government for utilizing in further development of the country ***	25.33

\* Data from 2016 Financial Statement of the company

\*\* Consisted of salary, wage, welfare and contributions to the providence fund and social security fund, Reserve retirement, Shuttle Bus, New Year Party and Sport Day

\*\*\* Corporate income tax, local tax, property tax, sign tax and withholding tax

#### **Operations for Society and Community**

Since the company has realized the importance of the coexistence with surrounded community and society, the policy framework has been focused on the assistance towards society and community in order to promote the good relationship and have cooperation and support the organization operations from community and society. Besides, the conflict had been decreased while the intensity of future problems has been relieved, the company can increase their understanding and create good recognition and be a good role model for society. All implemented activities had concerned on the benefits of organization and the development of community and society together which has made community confident and trustful towards organization in promoting intimate business relationship and sustainably being success partners to each other. In 2015, the company had organized activities beneficial for society and community as follows :

- **CSR Gathering Power of Harmony, Making Good Deeds for Royal Father Project :**

Panjawattana Plastic Public Co., Ltd. jointly planted trees in forest, built Check Dam, made artificial salt licks at Khao Krajom, Ratchaburi Province.



- **Smile Sharing .....from Elder to Younger Project :** Panjawattana Plastic Public Co., Ltd. jointly

made good deeds to dedicate for our Royal Father by donate things to children at Thammajarinee Wittaya School, Pak Thor Subdistrict, Ratchaburi Province.



- **Funds for National Children Day Project to many schools :** Panjawattana Plastic Public Co., Ltd. has realized the importance of children, we provided funds to support the Children Day's activities to many schools, each school received 2,000 Baht.



- **Fund for Chaimongkol Subdistrict Administrative Organization :** Panjawattana Plastic Public Co., Ltd. has realized the safety of the passer-by in surrounding area of the Company, then gave cooperation with Chaimongkol Subdistrict Administrative Organization to paint worm-shaped bricks in order to reduce number of accidents for passer-by in community.



- **Providing Moonlight Lamps to Khao Perm Si Sawang Temple Foundation:** Panjawattana Plastic Public Co., Ltd. had provided 50 units of moonlight lamps to Khao Perm Si Sawang Temple Foundation to use for more lighting the surrounding areas of school and building.



- **Candle Activity in Buddhist Way :** Panjawattana Plastic Public Co., Ltd. had arranged the Candle Activity in Buddhist way at Kaewmongkol Temple, Kalong Subdistrict, Mueang District, Samut Sakhon Province on July 29, 2016 to promote, continue, and maintain local tradition and culture.



- **Panja friends share kindness to students in rural areas Project** : Panjawattana Plastic Public Company Limited had cooperated with Baan Ram School, Ram Subdistrict, Mueang District, Surin Province in providing 35 units of moonlight lamps for utilizing at football field and surrounding buildings in order to return benefits to nearby community and society on 12 August, 2015.



- **Blood Donation Activity**: Panjawattana Plastic Public Company Limited with the cooperation of the Thai Red Cross Society had implemented the activity of blood donation from the Company's employees. This is a part of blood supply and donation arranged on April 27, 2016 with the objective that National Blood Center of The Thai Red Cross Society will have donated blood to medically utilize for helping other people.



### Operation for Environment

The Company has promoted all directors, executives, employees to utilize resources effectively, suitably, and sufficiently for utmost benefits as well as communicated, provided the knowledge, supported and build awareness for employees and relevant parties to manage the utilization of existing resources for organization's utmost benefits



The company has realized the significance of the environment then established the environmental management system to decrease the effect on environment and improve surroundings to be better continuously. All executives and employees have focused to strictly follow the policy by implementing activities under the scope and practice as follows:

- The company has obtained **ISO 14001:2004 Standard** which is the standard related to the management and practice for environment, this can guarantee that the company's environmental prevention system can prevent harm and damage from the company's production for all areas towards the environment. The inspection shall be done by the independent external inspectors.
- The company has operated the work process following to environment law by organizing the measurement of environment, such as measurement for weather quality, noise, heat, lighting and quality of water released from factory, the result of the inspection is qualified according to the standard specified by law.

The company has continuously organized the activity of energy usage reduction by encouraging employees to be aware of energy conservative within the organization, as well, the company has invested on efficiency improvement of machines and equipment, In 2016, the Company could reduce the use of energy from energy saving measure for 323,949.39 kWh./year in total, or the saving amount of 1,193,581.72 Baht in total, and could reduce the volume of Carbon dioxide (CO<sub>2</sub>) for 188,311.78 kg.CO<sub>2</sub> /year with following activities:

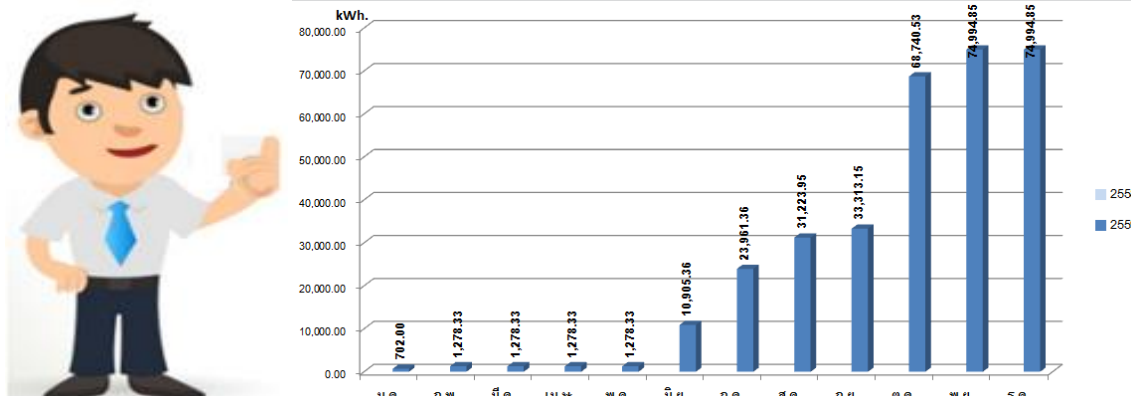
Project Name	Objective
1. Installation of Auto Drain Zero Loss	To reduce wind waste by releasing only water sent from air compressor.
2. Gathering the use of Water Chiller	To prevent water chiller to work overload.
3. Installation of Motion Switch	To light only in the period of user presence.
4. Installation of VSD to pump cold water to line	To always obtain stable pressure of cool water into machine as design
5. Controlling the working of Cooling Tower and Cooling Pump as temperature in water tank	To reduce working time of water pump and Cooling Fan as well as to always have proper temperature of water
6. Changing the 35 RT-sized Chiller from 0.93 kW./RT to be 0.62 kW./RT	To increase effectiveness of Chiller by using lesser electricity with same quality.
7. Changing Bulb of TL-D 36 W to be LED Tube and Changing electrical bulks from High bay 400W bulbs to be LED 200 W bulbs	To reduce the use of electricity and obtain same lighting.

Project Name	Objective
8. Changing Screw motor to be high-effective motor	To reduce the use of electric of plastic blowing machine by maintaining same performance.
9. Improvement of Supporting System	To improve the quality of cool water supply system and cooling system to use lesser energy with same quality.
10. Installation of VSD for Cooling Water Pump to line	To maintain water pressure in water supply tube at desired value.
11. Changing Timer for air-conditioners located at canteen from 24 Hr. to be 7 days	To make air-conditioners located at canteen turning on in the actual period of user presence only.
12. Covering hear insulator for Heater of injection machine	To make the heat temperature of Heater stable.
13. Re-arranging working hours - Previous: Office Staff work every Saturday. New: Office Staff work on alternate Saturday	To reduce the use of energy for office for 2 days a month (minimizing the turn-on period of air conditioners and lights in the office)
14. Controlling on-off time for Boiler and Burner of oven	To reduce the use of LPG by minimizing warming-up period from 2 hours prior running works to be 15 minutes prior running works.

### The graph to saving energies in 2016

The company has saving in used on energy by projects saving energy totaling 323,949.39 kWh./year.

To saving totaling 1,193,581.72 Baht



## Internal control and risk management

### Internal Control

The company realizes importance of providing food internal control system because current environment and business is changing all the time. Good internal control system is an essential mechanism to achieve objectives and targets of the Company. The company has audit and monitor committee that has duties to inspect the company to have suitable and effective internal control and audit and to supervise internal audit control to be really practiced along with auditing operations of the Company to be in accordance with laws on securities and exchange, requirements of Stock Exchange of Thailand and laws relevant to business of the Company.

Audit and Monitor Committee has arranged meeting for at least in every quarter to consider financial statements and audit for the company to have correct financial report that is sufficiently revealed and consider related matters or transactions that may cause conflicts of interest to corresponding with the laws and regulations of Stock Exchange of Thailand and Securities and Exchange Commission as well as supervising the company to have proper and effective internal control and audit system.

In the meeting of corporate's committee 01/2017 on 23 January 2017 in which 3 audit and monitor committees have participated, the corporate's committee assessed adequacy of internal control system of the company by using an assessment form as specified by Office of Securities and Exchange Commission. They asked questions with the management and gathered information from the questionnaires done by the management and report of audit and monitor committee. It could be concluded from the internal control assessment of the company in 5 components as follows

#### 1) Control Environment

The company adheres to value of integrity and virtue. The corporate's committee is independent from the management and has duties of oversight and development in operations covering environment in the organization, risk assessment, operation control, information system and communication and tracking system.

The company has determined scope of power and duties of corporate's committee and sub-committee in writing separated from duties of the management. Furthermore, it has defined the structure, report and duties and responsibilities properly in accordance with business condition and relevant laws. Duties are clearly allotted in major works so as to create balance of inspection. Furthermore, it includes defining and limiting power of working in administration and operation level clearly.

The company is determined to motivate, develop and maintain personnel who have knowledge and capability and to determine personnel to have duties and responsibilities in internal control

#### 2) Risk Assessment

The company defines clear and sufficient objectives to be able to identify and evaluate risks related to achieving company's objectives. The executives and employees in every level in the organization are responsible for identifying and analyzing every type of risks that have impact

on achieving objectives thoroughly and properly along with considering likelihood of corruption and assessing changes that may affect internal control system. It includes defining risk level in organization level and institute level to specify proper management measure and to follow up the risk assessment result to be in acceptable level.

3) Control Activities

The company selects and develops control activities to be consistent with risks and special features of the company such as environment, complexity, work aspects, operation scope and other specifications by considering various formats of control activities between manual control and automated control. It is designed to contain mixed control activities including Preventive Control and detective control by recognizing allotment of duties and responsibilities in works such as approving, recording accounting list and information, handling properties separately for proper reciprocal inspection.

For operation process in information technology system, the company develops general control activities variously and appropriately to ensure that the information technology system of the company is always available and safe for access of irrelevant users by bringing control activities as written policy and procedures. It shall be identified undertaker, duration of practice and resolution for error so that the employees can operate control activities correctly and review the policy and procedures regularly.

4) Information & Communication

The company defines data required in operations including quality internal and external data related to works with data provision so that the committee has adequate essential information to support decision prior to meeting within period specified by law. Besides, it includes recording opinions, suggestions, observations, inquiries and disapproval along with reasons of the committee in every meeting that can be traced back about duty performing of each committee.

In addition, it provides communication in the organization by conveying objectives, polices, practices and duties and responsibilities to support internal control to personnel in every level and in every institute including selecting various communication channels with guidelines for employees to inform data or clues about fraud in the company safely.

The company has process of communication with external shareholders effectively through proper channels and provides investor relation sector and channels for stakeholders to inform data or clues about fraud or corruption safely to audit committee at [Auditcommittee@pjw.co.th](mailto:Auditcommittee@pjw.co.th)

5) Monitoring Activities

The Company follows up and assesses internal control to ensure that internal control is operated completely and suitably by providing assessment from external and internal independent institute. It includes assessing and communicating errors of internal control with undertakers for immediate resolution as well as defining the error report as an essence and progress of problem solving to the corporate's committee, chief executives as seen proper.

The company determines regulations to the management that it shall inform corporate's committee immediately in case of serious corruption or suspected fraud as well as a legal violation or other offences that may affect reputation and financial status of the company significantly.

The corporate's committee agrees that the internal control system in the company is efficient, sufficient and proper with suitable risk management. The company provides enough personnel to operate according to the system effectively and internal control system about monitoring and supervising operations of the company and subsidiaries to protect properties of the company and subsidiaries from the actions of the committee or executives without rights or authority along with transactions with people who may have conflict and relevant people.

#### Internal Audit

Internal audit institute directly reports audit and monitor committee which monitors audit operations to be independent, fair and ethical and to perform duties professionally according to measures of internal audit profession.

Head of internal audit institute performs duties as a secretary of audit and monitor committee to support audit committee to operate works assigned by the corporate's committee and to be the consultant giving advices in various terms such as internal control, risk management and business ethic etc.

The company supports sufficient resources for auditing and assessing internal control in works systems and coordinating with training division to arrange training and activities to promote and educate employees. In 2016, CSA (Control Self-Assessment) training was arranged as internal control with self-assessment from lecturers who have knowledge and ability in educating employees in the organization about self-assessment. This is to ensure that the company operates works according to objectives and has confidence to achieve targets effectively and efficiently. Operations of the company consist of good internal control system that is good enough for running business to support good governance of the company advocating audit and monitor committee with ultimate efficiency and effectiveness under practices according to The Professional Practice Standards of Internal Auditing specified by The Institute of Internal Auditors: IIA.

Internal Audit division made annual internal audit plan in consistence with trends and strategies of the company covering operation process of the company and subsidiary. It is provided based on risk principles focusing on critical risks that affect business operation, objectives and strategies of the company along with anti-corruption audit. The audit plan is approved by the audit and monitor committee with result report and tracking as well as compliance with suggestion from audit to audit and monitor committee for regular consideration.

However, the corporate's committee realizes that any internal control system cannot be guaranteed damages as a result of errors but it can be protected and credited in reasonable level

#### Risk management

Panjawattana Plastic Public Company Limited realizes and gives precedence to risk management and it creates the foundation of organization-level risk management in accordance with The Committee of

Sponsoring Organization of the Treadway Commission: COSO and it applies in risk management in acceptable or proper level so as to achieve objectives, strategies, missions and visions of the company. Risk management is an important instrument in administrating works to achieve goals, prevent damages, and reduce errors in administration. The corporate's committee has appointed 6 risk management committee with duties to monitor risk management closely, define risk management policy and set the risk management framework of the company as well as providing risk management plan and report that covers any kinds if risk affecting goals and business operations of the company and reviewing risks of the company regularly.

Therefore, to enable the company to have internal control system in every level in consortium, business units, line of operation, departments, divisions or in operation process and to promote personnel in every level of the organization to understand risk management process and practice as organizational cultures. Risk management department has provided a manual of risk management of the company so that personnel can use it as guidelines of risk management and it will be an essential instrument that can support every sector of the organization to achieve objectives/ goals and success in operations. This will lead to value addition and sustainable growth of the organization; besides, it can be applied with practices from large to small projects. The realization of errors and preparation of backup plan is better than solving the consequential problems that may cause the loss of expense and resources unnecessarily.

In 2016, the company has arranged the training about risk management (basic) for personnel in many institutes with learning in class and practicing to create knowledge, and understanding in risk management process according to frameworks of COSO. They can apply knowledge to initiate risk management process under their responsible works with effectiveness and efficiency.

## Connected Transaction

### Detail Summary of connected transactions of the company and subsidiaries and persons and enterprise that may have conflict of interest.

For accounting year ending as of 31 December 2016, the company and its subsidiaries had transactions with persons and relevant enterprise that the auditor of the company revealed in Notes to Financial Statements. The audit committee has inspected and had opinions that every transaction is reasonable with normal commercial purpose by providing products and services for persons and relevant enterprises with reasonable price and comparing it with market price in that business. The normal terms and conditions are detailed as follows

#### Detail of Connected Transaction

*Unit: Million Baht*

<i>List of company</i>	<i>Relationship</i>	<i>Share-holding (%)</i>	<i>Essential description</i>	<i>Connected Transaction value</i>	<i>Necessity and Reasonability</i>
1. P.J. Composite Co., Ltd	B	-	- The company sold products to subsidiary	6.33	It is normal business transaction of the company. The sale price is market price with normal commercial conditions as same as general customers. The company uses structure of sale price-capital-profit as same as that the company produced and sold products to other customers
2. Mr. Pirun Montharop	B	-	- Consulting cost	0.84	The company invested in purchasing new machines to support growth and to replace outdated machines. So, it's necessary to consult with expert about equipment and machine provision
3. Mr. Kongsak Hemmontharop	B	-	- The company leased land from the committee and shareholders	1.62	It is normal business transaction of the company. Land rental is compared with market price with normal commercial conditions.

#### Relationship

A = Shareholder and executives    B = Shareholder and committee    C = Subsidiary    D= Shareholder

### **Connected Transaction Approval Measure or procedure**

In 2016, transactions of the company have been inspected by audit committee and approved by the company's committee and they are prioritized benefit of the company. The transactions that will happen in the future with persons may cause conflict of interest with gain and loss. Therefore, the company lets the audit committee to give opinions about necessity and suitability of that transaction. In case the audit committee has no expertise in considering transactions that possibly occur, the company will let independent experts or the auditors to give opinions about such transactions instead so as to support decision of the corporate's committees and/or audit committee and/or shareholders as the case may be. Those who have conflict of interest or gain and loss in doing transactions will have no rights to vote for approving such transaction.

In case the company lends or borrows money from the consortium or relevant person including liability guarantee or exercising properties possessed by the company as loan guarantee or liability guarantee of the consortium or relevant persons, the company will let the audit committee to give opinions on reasonability of transactions, amount, liability, period and interest rate and capital and propose the corporate's committee to consider approving such transaction. It will be considered from principles, conditions and validity of transaction and properness of duration and financial capital. However, the committee with gain and loss shall not vote and has no rights to attend the meeting in that agenda.

### **Policy or Tendency of Connected Transaction**

Sale list of plastic package with relevant companies will be continued in the manner of normal business operation. For list of consulting cost in providing machines and equipment from foreign countries because the company has a plan to carry out continuous project to purchase machines and equipment of the company and its subsidiaries to support growth and replace outdated machines, it is necessary to have personnel who have technical knowledge about such machines and understand plastic production process. They will give opinions and consider deciding to purchase effective machines and equipment from abroad in reasonable price and they can give advice for further development and improvement of machine system to be consistent with objectives, policies and new product styles of the company. In term of managing production capacity and controlling capital along with coordinating works in purchasing machines and equipment, the Company has operated it fairly according to normal conditions and regulations of the company. So, the contract of service is renewed constantly. For land lease from the committee and shareholders, it is still carried on because the factory of Mill Pack Co., Ltd is located on the land of committee and shareholders. Such building is still available and that is why Mill Pack Co., Ltd needs to rent such land by making a lease agreement from the committee and shareholders of the company in reasonable rate.

The corporate's committee realizes every stakeholder under principles of good governance. Nevertheless, for transactions that may cause conflict of interest in the future, the corporate's committee need to proceed in accordance with laws on securities and exchange, regulations, notices, orders or requirements of Stock Exchange of Thailand. Moreover, it shall comply with requirements about disclosure of transactions and property obtainment of the company and its subsidiaries along with the accounting standard specified by Federation of Accounting professions under the Royal Patronage of His majesty the King.



**Financial Highlights**

Description	Consolidated Financial Statements	
	2015	2016
<b>Statement of income</b> (THB million)		
Sales	2,721.03	2,749.73
<b>Total revenues</b>	<b>2,726.90</b>	<b>2,757.32</b>
Expenses		
Cost of sales	2,298.22	2,284.17
Selling & Administrative expenses	287.81	293.05
Finance cost	37.57	34.62
Total expenses	2,623.60	2,611.84
Profit before income tax expenses	103.31	145.48
Income tax expenses	4.86	4.49
<b>Profit for the years</b>	<b>98.45</b>	<b>140.99</b>
<b>STATEMENT OF FINANCIAL POSITION</b> (THB million)		
Total assets	<b>2,508.76</b>	<b>2,425.53</b>
Total liabilities	<b>1,490.09</b>	<b>1,339.36</b>
shareholders' equity	<b>1,018.66</b>	<b>1,086.17</b>
Total equity attributable to equity holders of the parent company	<b>1,013.97</b>	<b>1,086.17</b>
<b>Financial Ratio</b>		
<b><u>Liquidity Ratio</u></b>		
Current ratio (times)	<b>0.80</b>	<b>0.89</b>
Quick ratio (times)	<b>0.50</b>	<b>0.53</b>
Account receivable turnover (times)	<b>6.44</b>	<b>5.51</b>
Average account receivable day on hand (days)	<b>55.92</b>	<b>66.19</b>
Inventory turnover (times)	<b>8.45</b>	<b>8.51</b>
Average Inventory day on hand (days)	<b>42.62</b>	<b>42.90</b>
Account payable turnover (times)	<b>5.47</b>	<b>5.99</b>
Average account payable day on hand (days)	<b>65.84</b>	<b>60.89</b>
Cash Cycle (days)	<b>32.71</b>	<b>48.20</b>
<b><u>Profitability Ratio</u></b>		
Gross profit margin (%)	<b>15.54</b>	<b>16.93</b>
Operating profit margin (%)	<b>5.17</b>	<b>5.11</b>
Net profit margin (%)	<b>3.61</b>	<b>5.11</b>
Return on equity (%)	<b>10.18</b>	<b>13.43</b>

Description	Consolidated Financial Statements	
	2015	2016
<b><u>Asset Management Ratio</u></b>		
Return on asset (%)	<b>4.02</b>	<b>5.71</b>
Return on fixed asset (%)	<b>16.02</b>	<b>19.21</b>
Total asset turnover <sup>1/</sup> (times)	<b>1.11</b>	<b>1.13</b>
<b><u>Financial Controlling Policy Ratio</u></b>		
Debt to equity ratio (times)	<b>1.46</b>	<b>1.23</b>
Interest coverage ratio (times)	<b>3.75</b>	<b>5.2</b>
Dividend payout ratio <sup>1/</sup> (%)	<b>55.92</b> <sup>2/</sup>	<b>53.59</b> <sup>3/</sup>

**Remark :**

1/ Summary from separate of Panjawattana Plastic Plc.

2/ 2016 Annual General Meeting of Shareholders on 2016 on 25, April 2016 resolution to pay for dividend regarding the 2016 performance and retain earning as 0.13 baht/share

3/ The Company's Board of Directors No. 2/2017 dated March 2, 2017 has its resolution to pay for dividend regarding the 2016 performance as 0.13 baht/share and will be present to 2017 Annual General Meeting of Shareholders on 2017 April 28, 2017

## Management Discussion and Analysis: MD&A

### Overview of business operation and significance changes

In 2016, the company had decreasing production capacity at 7.93% compared with previous year due to the machine replacement program as old machines with reduced capacity and high maintenance cost were sold out. During 2014-2015, the company ordered machines to partially support new model of production and some parts were ordering to replace old machines. In general, production capacity in 2016 increased from 2015 at 19.22% as a result of manufacturing new product models to the market. After 2015, new products were developed and sold in the end of the year. During the transformation of package from old to new shape and vehicles of some clients in automobile industry, in 2015, the production capacity was slightly decreased and it started to increase in 2016.

Investment in 2016 for business in Thailand would be emphasized on machinery and improvement of machines and equipment to increase efficiency of production because of the expansion of income from milk, yogurt and lubricant package of new product and to support client's growth especially milk and yogurt package that some clients started to expand market for exporting increasingly. For painting plant, there was slight investment to improve production line appropriately with better cost management. For business in China, it was focused on investment in machines to support expansion of lubricant package sale in the future which started to have various groups of clients.

Turnover in 2016: the company had sale growth at 1.05% which was mostly related to growth from sales of milk and yogurt package that grew at 10.93% and lubricant package growing for 9.29%. For automobile parts, income from manufacturing plastic parts in automobile industry still grew from new model. However, the turnover of automobile parts was decrease due to the decreased order of clients. Sales of consumer good and chemical containers declined as a result of drought together with current economic circumstances. This affected the decreasing demand of clients; however, the Company had better gross profit margin because of higher efficient production especially painting plant that could manage to have reduced loss.

### Production Capacity and Rate of Total Production Capacity Utilization of the Company

(unit : Ton)

	2014	2015	2016
<b>Maximum production capacity</b>	37,023	40,940	<b>37,695</b>
<b>Percent of growth rate</b>	18.50	10.60	<b>-7.93</b>
<b>Actual output</b>	18,268	17,633	<b>21,022</b>
<b>Percent of growth rate</b>	0.50	-3.50	<b>19.22</b>
<b>Percent of production capacity utilization</b>	49.00	43.00	<b>56.00</b>

**Index of Industrial Output of Each Product Related to the Company's Product (Monthly Average Base for 2011)**

Description	2014	2015	2016
Ready-to-drink milk	114.15	123.76	<b>124.74</b>
*Benzene Octane 91 (Unleaded)	46.61	48.40	<b>45.67</b>
*Benzene Octane 95 (Unleaded)	240.29	287.28	<b>306.61</b>
*Diesel Fuel	101.40	115.23	<b>108.37</b>
Primary chemical product except fertilizer and Nitrogen compound	118.36	117.94	<b>117.72</b>
Body cleansing product, chemical and product for home usage	107.82	107.63	<b>108.15</b>
Passenger car, truck, bus, etc.	129.48	132.35	<b>131.32</b>

Source: Office of Industrial Economics

\* It reflected the quantity of vehicle usage indicating the quantity of engine oil replacement

**Revenue Structure and Growth Rate in Each Year under Product Group Classification**

Description	2014		2015		2016	
	Million Baht	Percent of Growth Rate	Million Baht	Percent of Growth Rate	Million Baht	Percent of Growth Rate
Lubricant packaging	1,364.67	6.57	1,352.14	(0.92)	<b>1,477.72</b>	<b>9.29</b>
Milk and yogurt packaging	326.35	13.08	333.14	2.08	<b>369.56</b>	<b>10.93</b>
Chemical solution and consumer goods packaging	238.16	(3.35)	274.32	15.18	<b>201.41</b>	<b>(26.58)</b>
Automotive parts	365.73	24.56	761.43	108.25	<b>701.04</b>	<b>(7.93)</b>
<b>Total revenue from sales</b>	<b>2,294.91</b>	<b>8.81</b>	<b>2,721.03</b>	<b>18.57</b>	<b>2,749.73</b>	<b>1.05</b>
Other revenues	5.64	(0.20)	5.87	4.08	<b>7.58</b>	<b>29.13</b>
<b>Total revenues</b>	<b>2,300.55</b>	<b>8.71</b>	<b>2,726.90</b>	<b>18.53</b>	<b>2,757.32</b>	<b>1.12</b>

**Revenue Structure under Geographic Classification**

Description	2014		2015		2016	
	Million Baht	Percent of sale	Million Baht	Percent of sale	Million Baht	Percent of sale
Domestic sales	2,140.36	93.04	2,540.58	93.17	<b>2,483.21</b>	<b>90.05</b>
Abroad sales	154.55	6.72	180.45	6.62	<b>266.79</b>	<b>9.67</b>
<b>Gross sales</b>	<b>2,294.91</b>	<b>99.75</b>	<b>2,721.03</b>	<b>99.78</b>	<b>2,750.00</b>	<b>99.73</b>
Other income	5.64	0.25	5.87	0.22	<b>7.58</b>	<b>0.27</b>
<b>Total income</b>	<b>2,300.55</b>	<b>100.00</b>	<b>2,726.90</b>	<b>100.00</b>	<b>2,757.58</b>	<b>100.00</b>

According to the economic condition report and index of industrial productivity as above mentioned, it was found that its growth was decelerated in general and some industries started to shrink such as automobile industry, use rate of diesel oil. Previously, industry of instant milk including market of sterilized milk and other kinds of milks such as soybean milk, corn milk and brown rice milk etc. grew only at 0.79%. However, growth rate of milk and yogurt container of the company grew at 10.93% which was higher than growth rate of instant milk industry due to the better circumstances of raw milk shortage of clients. Besides, some clients expanded their export increasingly. For lubricant container group, the company had growth rate at 9.29% which was higher than growth rate of benzene and diesel market and mostly it was growth of lubricant sales in China that could be examined from international revenue that had growth rate up to 47.8% as a result of increasing clients and their continuing orders.

Speaking of plastic parts for automobile industry, its growth decreased for 7.93% while index of automobile industry declined for 0.78% because in 2015, excise tax was restructured resulting in the higher demand of new vehicles in the end of 2015. So, in 2016, the automobile industry expanded decreasingly. Nevertheless, in 2015, automobile manufacturers launched new models to stimulate turnover in 2016 resulting in the fact that in the end of 2015, the Company acknowledged high revenue from molds of new model at once. In addition, the turnover of painted automobile parts in 2016 decreased owing to the contraction of purchase order of clients from the middle model of automobiles since in 2015, the company had substantial revenue from molds. So, in 2016, revenue from plastic parts for automobile industry had declining growth rate. However, income from producing plastic parts in automobile industry in previous year still grew from new model.

In industry of containers for consumer goods and chemicals, the Company had decreased turnover for 26.58% while the equivalent industry condition was still firm. Main factor was drought in 2016 that affected clients in group of chemicals product for agriculture and the contraction of turnover of consumer goods clients. However, the sales of chemical container industry were better in the end of year because such drought problem was mitigated.

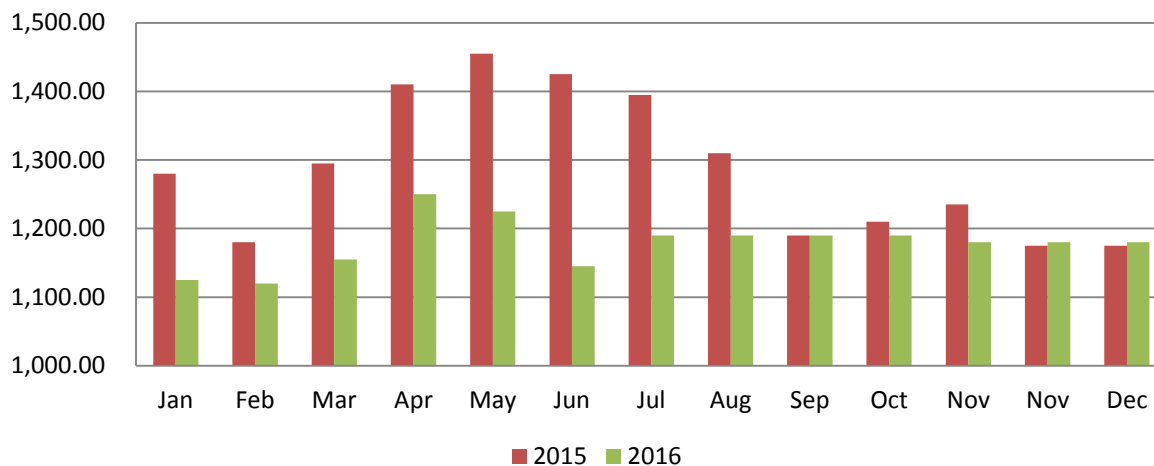
### **Overall Operation and Profitability**

In 2016, the price of HDPE pellets which were main raw materials of plastic container was slightly fluctuated compared with previous year. Nevertheless, it was consistent with price of crude oil in world market that started to be more stabilized. However, factor of fluctuation of US Dollar currency exchange rate got hardened continually leading to the fact that price of plastic pellets domestically sold was getting higher. The Company periodically considered price of plastic pellets domestically and internationally and took advance foreign currency trade agreement into account to mitigate impacts of currency fluctuation. However, most clients of the Company in container industry would adjust price of raw materials by referring to the price announced by The Federation of Thai Industries that they could reduce risks of fluctuation of raw material cost.

The overall operation of the company was getting better as a result of more effective production cost management and higher production capacity rate compared with year 2015 that the sample of new model was tested with high production cost of new products. In 2016, management of production efficiency and upgrade of machines resulted in lower cost especially the painting plant that the Company could control waste cost better

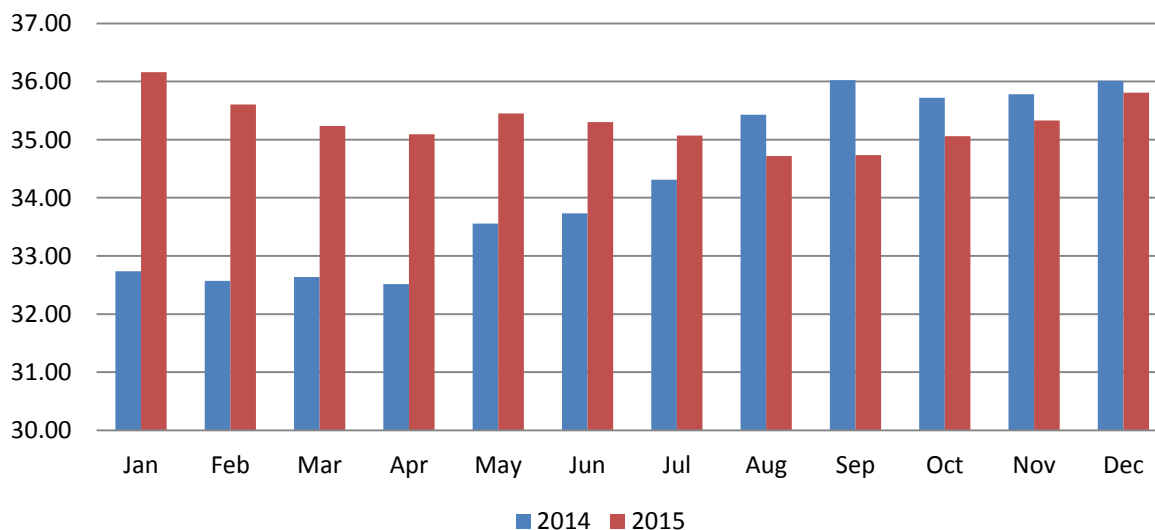
due to higher skills and proficiency leading to better gross profit margin. In addition, the company emphasized on financial cost management resulting in higher net profit margin compared with year 2015.

### AVG. Plastic Resin HDPE Price (USD/Ton.)



Source: Federation of Thai Industries

### Exchange Rate Baht/USD



Source: Bank of Thailand

#### Asset Management Capability

In 2016, the company and subsidiaries had total net asset decreased for 83.24 million baht as a result of the decrease of cash and cash equivalents for 72.07 million Baht. This was mainly because of dividend payment and investment in machines and equipment along with short-term reimbursement. Nevertheless, critical changes of company's asset included the decreasing account receivables for 19.96 million Baht because payment of clients in lubricant container group was more flexible due to the renewal of contract leading to the decline of accrued account receivables in the end of the year. However, in 2016, the Company set reserve for doubtful accounts in amount of 2.3 million Baht (year 2015: 4.27 million Baht) in accordance with the policy of the company that needed to set reserve for account receivables outstanding for more than 12

months. The cause was account receivables of automotive groups with payment center in foreign countries. The company delivered representatives to coordinate about payment in foreign countries to track payment progress of this accrued amount.

Generally, as account receivables in the company were in good class and mostly were large corporations or multinational corporations with top marketing position in the industry, the issue about bad debts of the company was minor. Moreover, within framework of credit management policy, the company considered and categorized credits and amounts for each client with annual review.

For land, building and equipment, the net value increased for 25.11 million baht as a result of investment in machines, equipment and upgrade of outdated machines to increase production efficiency. Nevertheless, capacity use rate of machines in this year increased from previous year as a result of purchase order of lubricant container especially in China and shortage of raw milk in milk and yogurt container market was mitigated along with some clients that expanded their base to export sector more.

The Company still expanded investment in fixed assets continually. When looking back to 2013, the company expanded investment in building and machines for about 554.23 million Baht mostly in Chonburi to expand production line of automobile parts of painting plant and new machines with capacity to produce large-scale work. During 2014, the company expanded investment in building and machine for 280.13 million Baht by improving and expanding clean room system as well as purchasing additional achiness to support increasing capacity in automobile part industry and milk and yogurt container industry. In 2015 to 2016, the company still emphasized on investment in new machines to replace the old ones buying them from China and upgrading machines and supportive equipment along with molds to increase production efficiency and reduce quality and management. The company expanded investment in fixed assets in 2015 and 2016 for approximately 154.65 million Baht and 193.72 million Baht respectively.

#### **Liquidity and Adequacy of the Company's Capital**

In 2016, the Company reduced the withdrawal of overdraft and short-term loan from financial institutions and short-term loan from other people in amount of 80.89 million Baht and 90 million Baht respectively because the volume of account receivable decreased resulting in the reduction of revolving fund use. Long-term loan increased to reduce the burden of overdraft withdrawal and short-term loan and net long-term loan increased 78.20 million Baht.

In 2016, the company had debt to capital according to consolidated financial statements for 1.23 which was better than previous year at 1.46. It had debt to capital according to separate financial statement at 1.28 while in the previous year; it was 1.56 because of better turnover and the decrease of liability for investment. Such ratio met the requirement of retaining financial ration in accordance with loan agreement made with commercial banks for separate financial statement defining that debt to capital must not be over 1.5. However, liquidity ration calculated from current asset divided with current liability excluding long-term liability to be payable within 1 year is currently at 0.93. The company requested the indulgence of retaining financial ratio according to conditions of loan agreement made with commercial banks in part of such liquidity ration which was defined not to be below 1.0 for year 2016.

Nevertheless, the company's management anticipated that in 2017, according to turnover that started to be positive from sales of lubricant container, and milk and yogurt container. For painting plant, it started to control production effectiveness leading to better financial ratio. However, the company considered additional investment of China and domestic projects. If customer base is expanded or there are low-risk investment projects to support new customers with long-term contract, it may lead to higher debt to capital in the future. The management tried to recognize the impacts and risks in both short and long term for any investments

#### Debt Obligation and Management of Off-Balance Sheet Obligation

As at 31 December 2016, the Company's debt obligation and management of off-balance sheet obligation have been as follows (unit: million Baht).

(unit: million Baht)

Obligation	Total	Maturity			
		Not more than 1 year	More than 1-3 years	More than 3-5 years	More than 5 years
Obligation of Long-Term Liabilities	437.21	132.56	191.98	86.35	26.32
Obligation of Financial Lease	6.22	3.19	2.66	0.37	-
Obligation of Operating Lease	61.13	22.99	38.14	-	-
Obligation of Asset Purchase	29.97	29.97	-	-	-
Obligation of Other Debts – Guarantee Obligation	111.72	111.72	-	-	-
<b>Total</b>	<b>646.25</b>	<b>300.43</b>	<b>232.78</b>	<b>86.72</b>	<b>26.32</b>

#### Factors or Events Affecting Future Financial Position or Overall Operation

<sup>1</sup>According to the report of Thai economy anticipation in 2017, gross domestic product (GDP) will expand 3.0-4.0% with supporting factors of export expansion supporting industrial sector and investment and consumption of private sector. It also includes recovery of revenue in agricultural sector which is the supporting factor to better household expenditure of agricultural sector.<sup>1</sup>

<sup>2</sup>Nevertheless, the volume of automobile production in 2017 is anticipated to be 2.0 cars increasing 2.86% compared to previous year. It can be divided as production for domestic distribution for 0.8 million cars increasing 5.07% and production for export at 1.2 million cars increasing 0.97%.<sup>2</sup> However, Thai economy is fluctuating and it depends on world economy, oil price, terrorism, tendency of Baht currency and impacts of international trade policy. Besides, the drive force from economic stimulation measures through government's expenditure such as investment projects, infrastructure, investment subsidization for private sector, border trade especially with CLMV and tourism support will indicate and affect Thai economy.

<sup>1</sup> Office of the National Economic Development Board (NEDB)

<sup>2</sup> Office of Industrial Economics (OIE)



However, for the action plan in 2017, the management recognizes impacts of external factors such as domestic and world economic growth rate, impacts on automobile industry and lubricant container industry after the policy promoting electricity-driven vehicle, drought, flood and natural disasters that affected sales of agricultural chemical container and impacts on implementing policy about foreign trade of USA which is likely to be trade barrier policy, investment and labor. It included stability of Eurozone that many countries had idea to leave this group with both positive and negative factors to industry of container and plastic for automobile industry, cost of plastic pellets and fluctuation of currency exchange as well as internal factors.

Speaking of controlling capital and increasing production efficiency to reduce loss of painting plant, expansion and search for new customers to support the remaining capacity of the painting plant is a factor affecting operations of the company.

Therefore, in 2017, the management and company's committee considers risk of project operations in order to achieve the strategic plan of the company by exercising principles of precaution and observation and external factors affecting operations of the company regularly. It also includes recognizing the increase of fund provision channel and study about fund raising by issuing debentures to support growth in the future as well as considering the financial structuring to be consistent with investment project properly.

## Report on the Responsibilities of the Board of Directors to Financial Reports

The Board of Directors of Panjawattana Plastic Public Co., Ltd. gives importance to the duties and responsibilities for preparation of the Company's and its subsidiaries' financial statements and financial information appearing in the 2016 Annual Report. The financial statements were prepared in compliance with generally accepted accounting principles, which are identified by Accounting Professions Act B.E. 2004 by using proper and continually practiced accounting policies with meticulous and cautious judgment in preparing the Annual Report with adequate disclosure of significant information in the notes to financial statements, to generate maximum benefits for shareholders and investors.

Furthermore, the Board of Directors has prepared effective and appropriate risk management and internal control systems for reasonable confidence that accounting information records are accurate, complete and adequate for monitoring assets and preventing corruption or nonstandard operations.

On this occasion, the Audit Committee, which consists of independent directors, has performed the duties of directing and reviewing accounting policies, the quality of financial statements and internal control systems with consideration regarding the disclosure of information about related transactions. The opinions of the Audit Committee are disclosed in the Annual Report.

The Board of Directors holds the opinion that the company's overall internal control system is adequate and suitable with capacity for building reasonable confidence that the financial statements for the Company and its subsidiaries for the year ending 31 December 2016 are reliable in accordance with the generally accepted accounting standards.



(Dr. Damri Sukhotanang)  
Chairman of the Board



(Mr. Wiwat Hemmondharop)  
Chairman of Executive Board

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

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**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of  
Panjawattana Plastic Public Company Limited

### Opinion

I have audited the consolidated financial statements of Panjawattana Plastic Public Company Limited, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and I have audited the separate financial statements of Panjawattana Plastic Public Company Limited (the Company), which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Panjawattana Plastic Public Company Limited, and its subsidiaries as at December 31, 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended and the separate financial position of Panjawattana Plastic Public Company Limited as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Financial Reporting Standards.

### Basis for Opinion

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

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### **Key Audit Matters**

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

### **Land, building and equipment**

As mentioned in Note 11 in the notes to the financial statements: land, building and equipment, the book value is shown in the consolidated financial statements amounting to Baht 1,498.36 million or 61.77% of the total assets in the consolidated financial statements. This is considered as very significant to the financial statements as the expense figure in the statement of comprehensive income may have impact. The Company has estimated the useful lives of the assets and residual values as at the date of termination of the packaging machinery and automotive parts. The estimate is not appropriate as the Company's machines are imported from overseas, applied only to industrial plants, expensive and have not found the second-hand machinery price for sale in the common market.

### **Risk response by auditor**

I have reviewed the appropriateness of the estimated useful lives of the assets and residual values as at the date of termination of packaging machinery and automotive parts used by the management by inquiring the opinion from the Company's engineers, and checking the machinery usage statistics in the past. It is concluded that the management of the Company has applied the estimates appropriately.

### **Accounting items of Panjawatana (Tianjin) Plastic Co.,Ltd. "subsidiary" in amount of Baht 238.01 million that is included in the consolidated financial statements valued 8.66% of the consolidated financial statements audited by other auditor**

According to the Note 2 in the notes to the financial statements, Panjawatana (Tianjin) Plastic Co.,Ltd. "subsidiary" was established and operated in China and has been audited by another auditor. I did not audit the financial statements of Panjawatana (Tianjin) Plastic Co.,Ltd. "subsidiary" that is included to prepare the consolidated financial statements by myself. Therefore, the items that are audited by another auditor are used and included in the preparation of the consolidated financial statements. It takes time to acquire the data of Panjawatana (Tianjin) Plastic Co.,Ltd. "subsidiary".

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#### Risk response by auditor

I have responded to the risk by communicating with the auditor of Panjawatana (Tianjin) Plastic Co.,Ltd. “subsidiary” by sending the audit questionnaires to the auditor of Panjawatana (Tianjin) Plastic Co.,Ltd. “subsidiary” to reply within the specified period. In addition, I have also reviewed the information that the Company has converted the currency into Thai Baht to be included in the preparation of the consolidated financial statements to ascertain whether it applies the same accounting policy as the Company. I have reviewed the working paper of the auditor of Panjawatana (Tianjin) Plastic Co.,Ltd. “subsidiary” to confirm the accuracy of information in the financial statements of Panjawatana (Tianjin) Plastic Co.,Ltd. “subsidiary”. I have reached a satisfied conclusion that the information included in the preparation of the consolidated financial statements is appropriate and applies the same accounting policy and financial reporting standards as the parent company.

#### **Other Information**

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements and separate financial statements or, if such disclosures are inadequate, to modify our opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the consolidated financial statements and separate financial statements, including the disclosures, and whether the consolidated financial statements and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

(Mr. Pojana Asavasontichai)  
Certified Public Accountant  
Registration No. 4891

Dharmniti Auditing Company Limited  
Bangkok, Thailand  
February 22, 2017



**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2016**

		Baht			
		Consolidated financial statements		Separate financial statements	
		As at December	As at December	As at December	As at December
Note		31, 2016	31, 2015	31, 2016	31, 2015
<b>Current assets</b>					
	Cash and cash equivalents	38,358,888.10	110,424,278.04	10,853,050.85	77,150,871.77
	Short-term loans to a subsidiary	-	-	10,697,640.00	-
	Trade and other accounts receivable	486,054,543.47	506,009,542.59	457,614,997.75	486,193,869.68
	Inventories	270,686,069.61	266,253,006.04	226,921,444.64	240,998,359.86
	Other current assets	89,013,640.98	91,360,268.41	82,622,347.74	70,807,617.63
	<b>Total current assets</b>	<b>884,113,142.16</b>	<b>974,047,095.08</b>	<b>788,709,480.98</b>	<b>875,150,718.94</b>
<b>Non-current assets</b>					
	Long-term loans to a subsidiary	-	-	10,697,640.00	-
	Saving deposits with restriction on use	-	5,500,000.00	-	5,500,000.00
	Investment in subsidiaries	-	-	127,144,777.20	127,144,777.20
	Property, plant and equipment	1,498,360,711.83	1,473,247,931.12	1,316,928,112.80	1,311,266,958.89
	Computer software	7,500,074.02	8,943,358.28	7,044,427.74	8,072,643.29
	Other non-current assets	35,556,895.31	47,018,244.08	30,772,686.16	33,928,798.54
	<b>Total non-current assets</b>	<b>1,541,417,681.16</b>	<b>1,534,709,533.48</b>	<b>1,492,587,643.90</b>	<b>1,485,913,177.92</b>
	<b>Total assets</b>	<b>2,425,530,823.32</b>	<b>2,508,756,628.56</b>	<b>2,281,297,124.88</b>	<b>2,361,063,896.86</b>

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

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENT OF FINANCIAL POSITION (CONT.)**

**AS AT DECEMBER 31, 2016**

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	Baht			
		Consolidated financial statements		Separate financial statements	
		As at December	As at December	As at December	As at December
		31, 2016	31, 2015	31, 2016	31, 2015
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from financial institutions					
	14	390,199,038.18	471,091,600.00	318,355,087.70	447,000,000.00
Short-term loans from other individual					
	15	-	90,000,000.00	-	90,000,000.00
Short-term loans from a subsidiary					
	4	-	-	12,000,000.00	15,000,000.00
Trade and other accounts payable					
	4	362,140,833.70	399,992,756.91	423,730,568.48	400,405,698.35
Current portion of long-term liabilities					
- Long-term loans					
	17	132,563,030.95	139,535,312.16	114,784,072.16	128,463,928.93
- Liabilities under financial lease contracts					
	18	3,192,146.41	5,333,619.94	3,192,146.41	5,333,619.94
Accrued corporate income tax					
		1,089,164.48	1,551,112.02	-	-
Accrued expenses					
		76,140,104.02	75,795,477.01	69,968,932.03	70,554,924.02
Other current liabilities					
	16	23,787,866.60	39,854,420.28	20,594,651.17	37,701,393.06
<b>Total current liabilities</b>					
		<b>989,112,184.34</b>	<b>1,223,154,298.32</b>	<b>962,625,457.95</b>	<b>1,194,459,564.30</b>
<b>Non-current liabilities</b>					
Long-term loans					
	17	304,693,798.22	226,494,484.75	274,818,353.43	206,200,896.66
Liabilities under financial lease contracts					
	18	3,031,071.31	4,336,970.46	3,031,071.31	4,336,970.46
Provision employee benefit liabilities					
	19	39,667,829.68	29,479,987.68	37,171,751.08	27,662,543.08
Deferred tax liabilities					
	13	2,839,311.82	6,605,937.78	2,551,058.06	6,426,695.39
Other non-current liabilities					
		20,000.00	20,000.00	20,000.00	20,000.00
<b>Total non-current liabilities</b>					
		<b>350,252,011.03</b>	<b>266,937,380.67</b>	<b>317,592,233.88</b>	<b>244,647,105.59</b>
<b>Total liabilities</b>					
		<b>1,339,364,195.37</b>	<b>1,490,091,678.99</b>	<b>1,280,217,691.83</b>	<b>1,439,106,669.89</b>

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

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENT OF FINANCIAL POSITION (CONT.)**

**AS AT DECEMBER 31, 2016**

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

	Baht				
	Note	Consolidated financial statements		Separate financial statements	
		As at December	As at December	As at December	As at December
		31, 2016	31, 2015	31, 2016	31, 2015
Shareholders' equity					
Share capital					
Authorized share capital					
574,080,000 ordinary shares of Baht 0.50 each		287,040,000.00	287,040,000.00	287,040,000.00	
Issued and fully paid-up share capital					
574,079,945 ordinary shares of Baht 0.50 each		287,039,972.50	287,039,972.50	287,039,972.50	
Premium on share capital		338,128,000.00	338,128,000.00	338,128,000.00	
Retained earnings					
Appropriated					
Legal reserve	21, 22	28,703,997.25	28,703,997.25	28,703,997.25	
Unappropriated		423,892,256.53	343,562,664.45	354,657,432.11	
Other components of equity					
Differences on the fixed assets acquired under common control company	11	-	-	(7,449,968.81)	
Deficits from business combination under common control company		3,086,493.16	3,086,493.16	-	
Differences from translation of foreign entity		5,315,908.51	13,452,686.54	-	
Total equity attributable to equity holders of the parent company		1,086,166,627.95	1,013,973,813.90	1,001,079,433.05	
Non - controlling interests		-	4,691,135.67	-	
Total shareholders' equity		1,086,166,627.95	1,018,664,949.57	921,957,226.97	
Total liabilities and shareholders' equity		2,425,530,823.32	2,508,756,628.56	2,281,297,124.88	

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

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

		Baht			
		Consolidated financial statements		Separate financial statements	
Note		2016	2015	2016	2015
<b>Revenues</b>					
	3.3				
Sales	4, 29, 32	2,749,734,350.83	2,721,034,523.39	2,558,152,075.85	2,554,624,828.45
Dividend income	22	-	-	56,585,600.00	70,182,450.00
Other income	4, 29, 32	7,580,980.76	5,867,036.07	14,275,308.70	7,884,262.31
<b>Total revenues</b>		<b>2,757,315,331.59</b>	<b>2,726,901,559.46</b>	<b>2,629,012,984.55</b>	<b>2,632,691,540.76</b>
<b>Expenses</b>					
	3.3				
Cost of sales	4	2,284,171,272.86	2,298,215,548.63	2,197,877,446.32	2,228,313,498.75
Selling expense		95,322,392.61	91,600,317.64	87,850,537.07	87,646,807.01
Administrative expenses	4	197,728,371.23	196,212,636.51	173,404,912.88	177,568,471.72
Finance cost		34,616,387.18	37,566,924.22	30,285,932.54	36,152,158.55
<b>Total expenses</b>		<b>2,611,838,423.88</b>	<b>2,623,595,427.00</b>	<b>2,489,418,828.81</b>	<b>2,529,680,936.03</b>
<b>Profit before income tax expenses</b>		<b>145,476,907.71</b>	<b>103,306,132.46</b>	<b>139,594,155.74</b>	<b>103,010,604.73</b>
Income tax expenses	3.19, 26, 32	4,490,939.13	4,860,741.54	327,882.77	341,190.34
<b>Profit for the years</b>		<b>140,985,968.58</b>	<b>98,445,390.92</b>	<b>139,266,272.97</b>	<b>102,669,414.39</b>
<b>Other comprehensive income</b>					
<b>Items that will to not be reclassified to profit or loss</b>					
Actuarial gain (loss) on define employee benefit pla	19	(3,234,582.00)	-	(2,846,676.00)	-
<b>Item that may be reclassified subsequently to profit or loss</b>					
Differences on the fixed assets acquired under common control company		-	-	110,003.61	122,639.73
Differences from translation of foreign entity		(8,136,778.03)	4,638,680.68	-	-
<b>Other comprehensive income for the years</b>		<b>(11,371,360.03)</b>	<b>4,638,680.68</b>	<b>(2,736,672.39)</b>	<b>122,639.73</b>
<b>Total comprehensive income for the years</b>		<b>129,614,608.55</b>	<b>103,084,071.60</b>	<b>136,529,600.58</b>	<b>102,792,054.12</b>

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

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF COMPREHENSIVE INCOME (CONT.)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

		Baht			
		Consolidated financial statements		Separate financial statements	
Note		2016	2015	2016	2015
Profit attributable to					
	Equity holders of the parent company	140,985,968.58	98,481,177.84	139,266,272.97	102,669,414.39
	Non - controlling interests of the subsidiary	-	(35,786.92)	-	-
		<u>140,985,968.58</u>	<u>98,445,390.92</u>	<u>139,266,272.97</u>	<u>102,669,414.39</u>
Total comprehensive income attributable to					
	Equity holders of the parent company	129,614,608.55	103,119,858.52	136,529,600.58	102,792,054.12
	Non - controlling interests of the subsidiary	-	(35,786.92)	-	-
		<u>129,614,608.55</u>	<u>103,084,071.60</u>	<u>136,529,600.58</u>	<u>102,792,054.12</u>
Earnings per share		3.17, 28			
Basic earnings per share					
	Profit attributable to equity holders of the parent company	0.25	0.17	0.24	0.18

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

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2016**

Baht

	Note	Equity holders of the parent company							Non - controlling		Total shareholders' equity
		Issued and paid-up share capital	Premium on share capital	Retained earnings		Other components of equity			Total equity attributable to equity holders of the parent company	Interests	
				Legal reserve	Unappropriated	Unappropriated	Deficits from business combination under common control	Differences from translation of foreign entity			
<u>Consolidated financial statement</u>											
Balance as at January 1, 2015		276,000,000.00	338,128,000.00	27,600,000.00	257,243,013.86	3,086,493.16	8,814,005.86	910,871,512.88	4,726,922.59	915,598,435.47	
Increase in share capital	20	11,039,972.50	-	-	-	-	-	11,039,972.50	-	11,039,972.50	
Legal reserve	21	-	-	1,103,997.25	(1,103,997.25)	-	-	-	-	-	
Dividend	22	-	-	-	(11,057,530.00)	-	-	(11,057,530.00)	-	(11,057,530.00)	
Total comprehensive income for the year		-	-	-	98,481,177.84	-	4,638,680.68	103,119,858.52	(35,786.92)	103,084,071.60	
Balance as at December 31, 2015		287,039,972.50	338,128,000.00	28,703,997.25	343,562,664.45	3,086,493.16	13,452,686.54	1,013,973,813.90	4,691,135.67	1,018,664,949.57	
Dividend	22	-	-	-	(57,421,794.50)	-	-	(57,421,794.50)	-	(57,421,794.50)	
Total comprehensive income for the year		-	-	-	140,985,968.58	-	(8,136,778.03)	132,849,190.55	-	132,849,190.55	
Decrease in non-controlling interests of subsidiary	2	-	-	-	-	-	-	-	(4,691,135.67)	(4,691,135.67)	
Actuarial gain (loss) on define employee benefit pla	19	-	-	-	(3,234,582.00)	-	-	(3,234,582.00)	-	(3,234,582.00)	
Balance as at December 31, 2016		287,039,972.50	338,128,000.00	28,703,997.25	423,892,256.53	3,086,493.16	5,315,908.51	1,086,166,627.95	-	1,086,166,627.95	

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

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONT.)**

**FOR THE YEARS ENDED DECEMBER 31, 2016**

	Note	Baht						Total
		Issued and paid-up share capital	Premium on share capital	Legal reserve	Retained earnings	Differences on the fixed assets acquired under common control company		
<u>Separate financial statement</u>								
Balance as at January 1, 2015		276,000,000.00	338,128,000.00	27,600,000.00	185,119,792.50	(7,682,612.15)	819,165,180.35	
Increase in share capital	20	11,039,972.50	-	-	-	-	11,039,972.50	
Legal reserve	21	-	-	1,103,997.25	(1,103,997.25)	-	-	
Dividend	22	-	-	-	(11,039,980.00)	-	(11,039,980.00)	
Total comprehensive income for the year		-	-	-	102,669,414.39	122,639.73	102,792,054.12	
Balance as at December 31, 2015		287,039,972.50	338,128,000.00	28,703,997.25	275,645,229.64	(7,559,972.42)	921,957,226.97	
Dividend	22	-	-	-	(57,407,394.50)	-	(57,407,394.50)	
Total comprehensive income for the year		-	-	-	139,266,272.97	110,003.61	139,376,276.58	
Actuarial gain (loss) on defined employee benefit plans	19	-	-	-	(2,846,676.00)	-	(2,846,676.00)	
Balance as at December 31, 2016		287,039,972.50	338,128,000.00	28,703,997.25	354,657,432.11	(7,449,968.81)	1,001,079,433.05	

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

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2016**

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Cash flows from operating activities :</u>				
Profit for the years	140,985,968.58	98,445,390.92	139,266,272.97	102,669,414.39
Reconciliations of profit for the years to net cash provided by (used in) operating activities :				
Allowance for doubtful accounts (reversal)	(2,012,600.83)	4,144,675.60	(2,012,600.83)	4,144,675.60
Allowance for declining in value of inventories (reversal)	143,331.61	697,217.70	71,184.93	1,321,468.40
Depreciation and amortization	154,538,986.88	146,805,486.49	132,662,702.75	125,681,723.74
Amortization of mold	8,994,342.88	18,103,265.39	8,918,799.23	18,103,265.39
Unrealize (gain) loss on exchange rate	66,273.29	(463,461.94)	296.85	(463,461.94)
(Gain) loss on sales of fixed assets	746,922.69	(443,266.13)	856,926.30	(443,266.13)
Loss on write off fixed assets and computer software	881,470.57	1,674,524.50	524,279.76	1,528,724.66
Loss on investment in subsidiaries	-	-	-	15,234.00
Provision for employee benefit	6,547,375.98	4,795,161.08	6,194,375.98	4,510,416.08
Dividend income	-	-	(56,585,600.00)	(70,182,450.00)
Interest expenses	34,616,387.18	37,566,924.24	30,285,932.54	36,152,158.55
Income tax expenses	4,490,939.13	4,860,741.54	327,882.77	341,190.34
Profit provided by operating activities before changes in operating assets and liabilities	349,999,397.96	316,186,659.39	260,510,453.25	223,379,093.08
(Increase) decrease in operating assets				
Trade and other accounts receivable	22,081,414.52	(168,402,241.85)	30,705,287.33	(149,960,205.89)
Inventories	(4,576,395.17)	10,997,688.81	14,005,730.29	9,706,386.56
Other current assets	35,174,979.44	22,281,950.57	26,952,621.90	30,401,434.46
Mold for amortization	(4,621,456.89)	(4,116,183.48)	(4,621,456.89)	(4,116,183.48)
Other non-current assets	7,088,462.78	(6,040,138.75)	(1,141,229.06)	(2,742,589.09)
Increase (decrease) in operating liabilities				
Trade and other accounts payable	(35,182,454.83)	(36,512,172.84)	23,984,175.77	(46,371,512.45)
Accrued expense	344,627.01	14,877,332.02	(585,991.99)	13,256,080.92
Other current liabilities	(16,066,553.68)	(42,818,951.77)	(17,106,741.89)	(35,303,168.98)
Other liabilities	-	(10,000.00)	-	(10,000.00)
Cash provided by (used in) operating activities	354,242,021.14	106,443,942.10	332,702,848.71	38,239,335.13
Paid to employee benefit	(100,200.00)	(266,620.40)	-	-
Payment of corporate income tax and withholding income tax	(8,719,512.63)	(6,863,583.40)	(4,203,520.10)	(3,368,803.57)
Net cash provided by operating activities	345,422,308.51	99,313,738.30	328,499,328.61	34,870,531.56

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



**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF CASH FLOWS (CONT.)**

**FOR THE YEARS ENDED DECEMBER 31, 2016**

	Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from investing activities :</b>				
Cash received (paid) for investment in subsidiaries	-	-	-	234,758.50
Cash paid for short-term loans to a subsidiary	-	-	(10,807,850.00)	-
Cash paid for long-term loans to a subsidiary	-	-	(10,521,453.56)	-
Cash received from dividend	-	-	56,585,600.00	70,182,450.00
Cash received from sales of fixed assets	800,563.67	1,533,030.43	800,563.67	1,522,144.95
Cash paid for purchase of fixed assets	(175,287,805.63)	(134,212,654.57)	(128,020,172.23)	(107,042,225.14)
Cash paid for deposit from purchase of fixed assets	(49,030,681.41)	(16,202,329.40)	(48,790,681.41)	(10,023,329.40)
Cash paid for purchase of computer software	(120,300.00)	(1,506,910.00)	(120,300.00)	(828,310.00)
Net cash used in investing activities	<u>(223,638,223.37)</u>	<u>(150,388,863.54)</u>	<u>(140,874,293.53)</u>	<u>(45,954,511.09)</u>
<b>Cash flows from financing activities :</b>				
(Increase) decrease in saving deposits with restrictions on us	5,500,000.00	(5,500,000.00)	5,500,000.00	(5,500,000.00)
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(80,892,561.82)	33,798,246.90	(128,644,912.30)	17,433,094.90
Cash received paid from short-term loans from other individuals	(90,000,000.00)	90,000,000.00	(90,000,000.00)	90,000,000.00
Cash received paid from short-term loans from a subsidiary	-	-	(3,000,000.00)	15,000,000.00
Cash received from long-term from financial institution	207,374,642.86	89,804,858.59	200,000,000.00	73,085,298.59
Cash paid for long-term loans	(136,147,610.60)	(124,843,780.68)	(145,062,400.00)	(116,050,725.89)
Cash paid for dividend	(57,421,794.50)	(17,557.50)	(57,407,394.50)	(7.50)
Cash paid for liabilities under financial lease contract payable	(5,490,372.68)	(8,328,511.11)	(5,490,372.68)	(8,328,511.11)
Cash paid for interest expenses	(34,110,303.16)	(37,566,924.24)	(29,817,776.52)	(36,152,158.55)
Net cash provided (used) by financing activities	<u>(191,187,999.90)</u>	<u>37,346,331.96</u>	<u>(253,922,856.00)</u>	<u>29,486,990.44</u>
Differences from translation of foreign entity	2,029,660.49	1,860,068.72	-	-
Decrease in cash from non-controlling interest that the company no longer has control	(4,691,135.67)	-	-	-
Net increase (decrease) in cash and cash equivalents	<u>(72,065,389.94)</u>	<u>(11,868,724.56)</u>	<u>(66,297,820.92)</u>	<u>18,403,010.91</u>
Cash and cash equivalents, at beginning of the year	110,424,278.04	122,293,002.60	77,150,871.77	58,747,860.86
Cash and cash equivalents, at end of the year	<u>38,358,888.10</u>	<u>110,424,278.04</u>	<u>10,853,050.85</u>	<u>77,150,871.77</u>
<b>Supplemental disclosure of cash flows information :-</b>				
Cash and cash equivalents consisted of				
Deposits from purchase of fixed assets, paid in the previous period	16,202,329.40	20,798,330.00	10,023,329.40	14,265,890.00
Account payable from purchase fixed asset - other companies	2,849,556.24	4,193,062.95	839,393.50	7,084,722.87
Liabilities under financial lease contracts	2,043,000.00	3,775,499.59	2,043,000.00	3,775,499.59
Dividend payment as increase in share capital	-	11,039,972.50	-	11,039,972.50

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

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

1. GENERAL INFORMATION

(a) Legal status and address

The Company was registered to be a limited company on November 30, 1987.

The Company was registered to be a public company on September 8, 2011.

The address of its registered office is as follows :

19, 21 Soi Ekachai 63, Ekachai Road, Kwang Bangbon, Khet Bangbon, Bangkok 10150, Thailand.

As at December 31, 2016 and 2015, the operating branches are as follows :

No.	Branch	Address
1	Samuthsakhon	28 Moo 2 Chaimongkol Subdistrict, Muang District, Samuthsakhon Province 74000, Thailand.
2	Bangkok	19, 21 Soi Ekachai 63, Ekachai Road, Kwang Bangbon, Khet Bangbon, Bangkok 10150, Thailand.
3	Chonburi	150/62 Moo 9 NongKham Subdistric, Sriracha District, Chonburi Province 20110, Thailand.

(b) Nature of the Company's business

The Company's main businesses are manufacturer and distributor of packaging for consumer product, agro chemical, automotive parts and materials from plastic imitation.

(c) On February 24, 2012, the Company had received the permission to list their common stocks in the Stock Exchange of Thailand (MAI). Securities trading is start on February 28, 2012.

2. CRITERIA FOR THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT

(a) This consolidated financial statement has included the financial statement of Panjawattana Plastic Public Company Limited and its subsidiaries, as well as the mutually controlled entity or has the significant influence as follows:

Company	Type	Location	Shareholding ratio (Percentage of registered shares amount)	
			2016	2015
<u>Subsidiaries:-</u>				
Millpack Co., Ltd.	Manufacturer and distribution of packaging	Bangkok	99.98%	99.98%
Elegance Packaging Co., Ltd.	Trading of lid and plastic resins	Bangkok	99.97%	99.97%
Panjawatana (Tianjin) Plastic Co., Ltd.	Manufacturer and distribution of packaging	Tianjin (China)	100.00%	100.00%
Plastech lab Co.,Ltd.(formerly, PJW Foodpack Co., Ltd.)	Provide service to check the amount/standards of all goods and inspect all types of measurement tools.	Samuthsakhon	99.99%	99.99%

A combination of entities or business under common control :-

Panjawattana Marketing Co., Ltd *	Manufacturer (Dorment)	Bangkok	-
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**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2016**

\* On June 13, 2016, the shareholder and former management of Panjawatana Marketing Co.,Ltd. Who are the same shareholder and management of Panjawatana Plastic Public Company Limited has sold and transferred the stock to other unrelated persons. Therefore, since June 13, 2016 onwards, Panjawatana Marketing Co.,Ltd. does not have status as business under common control or with significant influence and is not included in the preparation of consolidated financial statements as at December 31,2016.

- (b) The Company has included the financial statement of subsidiaries and the mutually controlled entity or has the significant influence in the consolidated financial statement since the acquisition date (date that the Company has authority to control the subsidiaries and the mutually controlled entity or has the significant influence) to the date that the Company has ended its authority to control the subsidiaries and the mutually controlled entity or has the significant influence.
- (c) The financial statement of the subsidiaries and the mutually controlled entity or has the significant influence has been prepared by adoption of significant accounting policies the same as the financial statement of the Company.
- (d) Assets and liabilities as specified in the financial statement of the subsidiaries, which established in foreign countries, are converted into Thai Baht at the date of exchange rate specified in statement of financial position. For converted revenues and expenses into Thai baht by using monthly average exchange rates and difference from the conversion have been shown in transaction of "Differences from translation of foreign entity" in shareholders' equity.
- (e) The remaining balances for significant transactions between the Company and its subsidiaries and the mutually controlled entity or has the significant influence have been deleted from the consolidated financial statement.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis for preparation of the financial statements

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with the financial reporting standards. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re : the financial statements presentation for public limited company, issued under the Accounting Act B.E.2543.

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

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

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2016**

3.2 The new and revised accounting standards are effective in the current year

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the new and revised accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards, which are effective for the fiscal year beginning on or after January 1, 2016 are as follows:

Conceptual Framework for Financial Reporting (revised 2015)

TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 11 (revised 2015)	Construction Contracts
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 20 (revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2015)	Earnings Per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2016**

TAS 38 (revised 2015)	Intangible assets
TAS 40 (revised 2015)	Investment Property
TAS 41	Agriculture
TFRS 2 (revised 2015)	Share-Based Payment
TFRS 3 (revised 2015)	Business Combinations
TFRS 4 (revised 2015)	Insurance Contracts
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2015)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2015)	Operating Segments
TFRS10 (revised 2015)	Consolidated Financial Statements
TFRS11 (revised 2015)	Joint Arrangements
TFRS12 (revised 2015)	Disclosure of Interests in Other Entities
TFRS13 (revised 2015)	Fair Value Measurement
TSIC 10 (revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2015)	Operating Leases - Incentives
TSIC 25 (revised 2015)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2015)	Service Concession Arrangements: Disclosure
TSIC 31 (revised 2015)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2015)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2015)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2015)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2015)	Applying the Restatement Approach under TAS 29 (revised 2015) Financial Reporting in Hyperinflationary Economics

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2016**

TFRIC10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC12 (revised 2015)	Service Concession Arrangements
TFRIC13 (revised 2015)	Customer Loyalty Programmes
TFRIC14 (revised 2015)	TAS 19 (revised 2015)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC15 (revised 2015)	Agreements for the Construction of Real Estate
TFRIC17 (revised 2015)	Distributions of Non - cash Assets to Owners
TFRIC18 (revised 2015)	Transfers of Assets from Customers
TFRIC20 (revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

The management of the Company and its subsidiaries evaluated that these new and revised accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations do not have any significant impact on the financial statements in current year.

**3.3 Recognition of revenues and expenses**

**Sale of goods**

Sale of goods are recognized upon delivery and the significant risks and rewards of ownership of the goods have passed to the buyer. And the Company and its subsidiaries will not recognized the revenues, if the management retains either continuing managerial involvement or effective control over the goods sold or unable to measured reliably on the amount of revenues and its costs or having uncertainty on return of the goods sold.

**Interest income**

The Company and its subsidiaries recognized interest income on the accrued basis by consider the effective rate.

**Other income and expense**

The Company and its subsidiaries recognized other incomes and expenses based on the accrual basis.

**3.4 Cash and cash equivalents**

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

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2016**

**3.5 Trade accounts receivable**

Trade accounts receivable and other accounts receivable are stated at their invoice value less allowance for doubtful accounts (if any).

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

**3.6 Inventories**

Inventories are stated at cost in the first in - first out method or at the lower of cost and net realizable value.

Cost comprises all cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in progress, cost includes an appropriate share of overheads based on normal operating capacity.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties, transportation charges and other direct costs incurred in acquiring the inventories less all trade discounts, allowances or rebates.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

An allowance is made for all deteriorated, damaged, obsolete and slow-moving inventories.

Mold cost paid by the Company incurred by hiring outside suppliers. Normally, the Company jointed with customers to design a mold instruction. The Company shall transfer mold costs to cost of sales when they are delivered and accepted by customers.

**3.7 Mold for amortization**

Mold for amortization is used to manufacture goods for customers. The Company is paying for the mold and later charged customers based on agreed number of pieces produced and sold to such customers. The Company will amortized the cost of mold to be the cost of sales according to items produced and sold to customers which is determined base on the estimated number of production unit can be made available throughout the usage period as agreed between the parties.

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2016**

3.8 Investment in subsidiaries

Subsidiaries are entities over which the Company has the power to control their financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The financial statements of the subsidiaries are consolidated from the date the Company exercises control over the subsidiaries until the date that control power ceases.

Investments in subsidiaries are stated at cost net from allowance on impairment (if any) in the separate financial statements.

3.9 Property, plant and equipment

Property is stated at cost less impairment loss (if any).

Plant and equipment are stated at cost less accumulated depreciation and impairment loss (if any).

The initial perception value

Cost of property, plant and equipment comprises the purchase price including import duty, tax on non-refundable and other direct costs associated with providing the property is in good condition to be valid for the purpose (e.g. the cost of site preparation, the initial cost of transportation and storage, cost of installation, fees visual life, estimated expenditure on transport and dispose of or demolish, location and restoration after the required assets) of trade discounts and taxes are to be returned must be deducted from the purchase price.

Remaining value at the disabled

The Company and its subsidiaries have estimated remaining value at the disabled machine, some plant and equipment. The value of the remaining 10 percent of the cost of the first to acquire property.

Depreciation

Depreciation are computed from cost less remaining value by the straight-line method based on the estimated useful lives of each asset. The estimated useful lives and remaining value at the disabled of the assets are as follows :-

	years	Residual value at disabled date
Plant	20, 30	No
Improvement on building	5, 10	No
Support machine system	5, 10	10% of Cost Price
Machinery and equipment	3, 5, 10, 15	10% of Cost Price
Office equipment	5	10% of Cost Price
Vehicle	5, 7, 10	Market value



**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2016**

The Company and its subsidiaries do not charge for depreciation of property and assets under construction and installation. Repair and maintenance are charged to the statements of comprehensive income during the period incurred. The cost of significant improvement is recorded in the book value of assets if it is probable that the improvements will enable them to benefit returns over the use of the benefits without improving the assets acquired. Major renovations are depreciated over the remaining useful life of the related assets.

Gains and losses on sales of fixed assets is the difference between the sale amount of fixed assets and the book values. The gains and losses account is presented under the statements of comprehensive income.

The Company and its subsidiaries recognize the interest expense arose from construction in progress as capitalized to be cost of property.

Estimated costs of asset decommission, removal and renovation have to be included as asset costs and subject to annual depreciation.

The depreciation charge has to be determined separately for each significant part of an asset, when each of components has material cost compare to total cost of such asset.

The Company and its subsidiaries have to review the residual value and useful life of assets base on consistency basis.

**3.10 Borrowing costs**

Borrowing costs directly attributed to the acquisition or construction of an asset that necessarily takes long time to put in ready to use or available for sale state are capitalized as part of the cost of the respective asset until that asset condition is ready for its intended use. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs arising from such borrowing

**3.11 Intangible assets**

Intangible assets are stated at cost less amortization and net loss on impairment (if any).

**Amortization**

Amortization recorded as an expense in the statements of comprehensive income calculated by the straight - line basis period is expected to receive economic benefits of each type of intangible assets. Long expected economic benefits are listed below.

	<u>years</u>
Computer software	5, 10

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2016**

3.12 Impairment of assets

The Company and its subsidiaries reviews the impairment of assets for property, plant and equipment and other assets whenever events indicate that the carrying value of an asset exceeds its recoverable amount. The review is made for individual assets or for the cash-generating unit.

In case that the carrying value of an asset exceeds its recoverable amount, the Company and its subsidiaries will recognize the impairment losses in the statements of comprehensive income. And this impairment losses shall be reversed to be an other income, when impairment indications moved or declined.

3.13 Employee Benefits

Short-term employment benefits

The Company and its subsidiaries recognize salary, wage, bonus and contributions to social security fund and provident fund as expenses when incurred.

Post-employment benefits (Defined contribution plans)

The Company and its subsidiaries have jointed with its employees to establish a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries contributions are recognized as expenses when incurred.

Post-employment benefits (Defined benefit plans)

The Company and its subsidiaries have obligations in respect of the severance payments that it must pay to the employees upon retirement under the labor law and other employee benefit plans. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is calculated based on the actuarial principles by a qualified independent actuary using the projected unit credit method. Such estimates are made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rate.

Actuarial gains and losses for post-employment benefits of the employees are recognized immediately in other comprehensive income as apart of retain earning.

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2016**

**3.14 Foreign currency transactions**

Items included in the financial statements of each entity in the Company and its subsidiaries are measured using Thai Baht. The consolidated financial statement are presented in Thai Baht.

Transactions denominated in foreign currencies during the year are translated into Baht at the rates of exchange ruling on the transaction dates. Realized gains and losses on foreign exchange transactions are recognized in the statements of comprehensive income as incurred. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into Baht at the exchange rates ruling at that date. Unrealized gains and losses on exchange are recognized in the statements of comprehensive income when incurred.

The statements of comprehensive income and cash flows of foreign entities are translated into the Company and its subsidiaries' reporting currency at the average exchange rates for the year and financial position report are translated at the exchange rates ruling on the financial position report date and shareholders' equity is translated at the rates prevailing on the transaction date.

**3.15 Finance lease**

Leases of assets that substantially transfer to the Company and its subsidiaries all the rewards and risks of ownership of assets and that the Company and its subsidiaries intends to exercise the option of the leases to purchase the assets at the expiration of the lease term, are accounted for as finance leases.

At the inception of a finance lease, the cost of the asset is recorded together with the obligation, excluding the interest element, to pay future rentals. Finance charges are charged to the current period operations at the effective rate of interest.

**3.16 Operating lease**

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under an operating lease are recognized as expense on a straight-line basis over the lease term.

**3.17 Earnings per share**

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

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2016**

3.18 Related parties

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

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

3.19 Income tax

Income tax comprises current income tax and deferred tax.

Current tax

The Company records income tax expense, (if any), based on the amount currently payable under the Revenue Code at the income tax rates 20% of profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax.

Deferred tax

Deferred tax assets and liabilities are provided on the temporary differences between the carrying amount and the tax bases of assets and liabilities at the end of the reporting period. Changes in deferred tax assets and liabilities are recognized as deferred tax income or deferred tax expense which are recognized in the profit or loss except to the extent that it relates to items recognized directly in shareholders' equity or in other comprehensive income.

The deductible temporary differences are recognized as deferred tax assets when it is probable that the Company will have future taxable profit to be available against which the deferred tax assets can be utilized. The taxable temporary differences on all taxable items are recognized as deferred tax liabilities.

Deferred tax assets and liabilities are measured at the tax rates that the Company and its subsidiaries expect to apply to the period when the deferred tax assets are realized or the deferred tax liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2016**

At the end of each reporting period, the carrying amount of deferred tax assets are reviewed and reduced the value when it is probable that the Company will have no longer the future taxable profit that is sufficient to be available against which all or some parts of deferred tax assets are utilized.

Deferred tax assets and deferred tax liabilities are offset when there is the legal right to settle on a net basis and they relate to income taxes levied by the same tax authority on the same taxable entity.

Thus, the Company offsets deferred tax assets and deferred tax liabilities for presentation in the statement of financial position, rather than presenting them separately.

**3.20 Significant accounting judgements and estimates**

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

**Allowance for doubtful accounts**

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

**Allowance for declining in value of inventory**

The determination of allowance for declining in the value of inventory, requires management to make judgements and estimates of the loss expected to occur. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business less selling expense. The provision for obsolete slow-moving and deteriorated inventory, is estimated based on the approximate useful life of each type of inventory. The allowance for diminution in value of inventory as determined is compared with the original balance in the books of account and the increase or decrease in the allowance for diminution in value of inventory will be recognized as cost of sales in profit or loss.

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2016**

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement in evaluating the conditions and details of the agreement whether significant risk and rewards of ownership of the leased asset has been transferred.

Property, plant and equipment/Depreciation

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

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

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimated future taxable profits.

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2016**

4. TRANSACTIONS WITH RELATED PERSON AND RELATED COMPANIES

The Company has transactions with its related person and related companies. The significant related transactions shown in this financial statement are applied by normal prices of business which are based on general marketing price or inter - company contract price, in case of unable to refer to any market price.

Relationship conditions :

Name	Country	Relationship
Subsidiaries:-		
Millpack Co., Ltd.	Thailand	Share and management
Elegance Packaging Co., Ltd.	Thailand	Share and management
Panjawatana (Tianjin) Plastic Co., Ltd.	Tianjin (China)	Share and management
Plastech lab Co.,Ltd. (formerly, PJW Foodpack Co., Ltd.)	Thailand	Share and management
Other related parties:-		
P.J. Composite Co., Ltd.	Thailand	Share and director
Mr. Kongsak Hemmontharop	Thailand	Share and director
Mr. Pirun Hemmontharop	Thailand	Share and director

Significant transactions with related person and related companies show in this interim financial statement are applied by normal price of business which are based on general marketing price or inter-company contract price in case of on able to refer to any market price are as follows :

Transaction in statement of comprehensive income	Relationship
Sale	Market price less discount
Gain on sales of fixed assets	Mutual agreed price
Interest income	As agreed in the agreement
Other income	Mutual agreed price
Purchase of goods	Market price less discount
Rental and service expenses	Mutual agreed price
Administration expenses	Mutual agreed price
Professional fee	Mutual agreed price
Interest expense	As agreed in the agreement

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2016**

Significant transactions with related companies for the years ended December 31, 2016 and 2015 are as follows :

Transaction	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Sale				
Subsidiaries:-				
Millpack Co., Ltd.	-	-	45,680	2,528
Elegance Packaging Co., Ltd.	-	-	52,167	45,151
Panjawattana (Tianjin) Plastic Co.,Ltd.	-	-	3,527	-
Other related parties:-				
P.J. Composite Co., Ltd.	6,325	6,918	6,325	6,918
	<u>6,325</u>	<u>6,918</u>	<u>107,699</u>	<u>54,597</u>
Interest income				
Subsidiaries:-				
Panjawattana (Tianjin) Plastic Co.,Ltd.	-	-	338	-
Other income				
Subsidiaries:-				
Millpack Co., Ltd.	-	-	5,966	1,880
Elegance Packaging Co., Ltd.	-	-	540	525
Other related parties:-				
P.J. Composite Co., Ltd.	-	2	-	2
	<u>-</u>	<u>2</u>	<u>6,506</u>	<u>2,407</u>
Purchase of goods				
Subsidiaries:-				
Millpack Co., Ltd.	-	-	549,037	166,657
Elegance Packaging Co., Ltd.	-	-	108,742	357,566
	<u>-</u>	<u>-</u>	<u>657,779</u>	<u>524,223</u>
Rental and service expenses				
Subsidiaries:-				
Millpack Co., Ltd.	-	-	-	66,225
Other related parties:-				
Mr. Kongsak Hemmontharop	1,620	1,620	-	-
	<u>1,620</u>	<u>1,620</u>	<u>-</u>	<u>66,225</u>
Interest expense				
Subsidiaries:-				
Plastech lab Co.,Ltd. (formerly, PJW Foodpack Co., Ltd.	-	-	567	301
Professional fee				
Other related parties:-				
Mr. Pirun Hemmontharop	920	840	920	840
Remuneration for executive				
Short-term benefit	43,278	44,450	43,278	44,450
Benefit after leaving the Company	1,970	1,345	1,970	1,345
Other long-term benefit	-	-	-	-
Total	<u>45,248</u>	<u>45,795</u>	<u>45,248</u>	<u>45,795</u>



**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2016**

Outstanding balances with related companies as at December 31, 2016 and 2015 are as follows:

	Thousand Baht			
	Consolidated financial statement		Separate financial statement	
	2016	2015	2016	2015
Short-term loans to				
Subsidiaries:-				
Panjawatana (Tianjin) Plastic Co., Ltd.	-	-	10,698 *	-
Long-term loans to				
Subsidiaries:-				
Panjawatana (Tianjin) Plastic Co., Ltd.	-	-	10,697 *	-
Trade and other account receivable				
Subsidiaries:-				
Millpack Co., Ltd.	-	-	7,181	3,144
Elegance Packaging Co., Ltd.	-	-	14,946	8,813
Panjawatana (Tianjin) Plastic Co., Ltd.	-	-	2,441	1,934
Plastech lab Co.,Ltd. (formerly, PJW Foodpack Co.,Ltd.)	-	-	198	-
Other related parties:-				
P.J. Composite Co., Ltd.	55	4,704	55	4,704
	<u>55</u>	<u>4,704</u>	<u>24,821</u>	<u>18,595</u>
Short-term loans				
Subsidiaries:-				
Plastech lab Co.,Ltd. (formerly, PJW Foodpack Co.,Ltd.)	-	-	12,000 **	15,000 **
Trade and other account payable				
Subsidiaries:-				
Millpack Co., Ltd.	-	-	118,509	48,714
Elegance Packaging Co., Ltd.	-	-	42,397	15,878
Panjawatana (Tianjin) Plastic Co., Ltd.	-	-	256	2
	<u>-</u>	<u>-</u>	<u>161,162</u>	<u>64,594</u>

\* Short-term loans to a subsidiary have mutual loan agreement at the amount of USD 300,000 (Baht 10.70 million) with a term of 1 year and carries interest rate at 4.00% per annum.

\* Long-term loans to a subsidiary have mutual loan agreement at the amount of USD 300,000 (Baht 10.70 million) with a term of 3 years and carries interest rate at 4.00% per annum.

\*\* Short-term loans have an agreement with a term of 3 months and carries interest rate at 4.00% per annum.

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2016**

**5. CASH AND CASH EQUIVALENT**

Cash and cash equivalents consisted of :-

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash in hand	429	422	190	180
Cash at banks - current account	36,844	66,592	9,587	33,571
Cash at banks - savings account	1,086	43,410	1,076	43,400
Total	38,359	110,424	10,853	77,151

Savings accounts earned floating interest rates according to announcement the interest rate of the bank.

**6. TRADE AND OTHER ACCOUNTS RECEIVABLE**

Trade and other accounts receivable consisted of :-

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Related Companies</u>				
Not yet due	55	1,720	15,239	11,117
Overdue				
Less than 3 months	-	827	3,599	1,273
3 - 6 months	-	-	-	-
6 - 12 months	-	-	-	-
More than 12 months	-	-	-	-
	55	2,547	18,838	12,390
<u>Third parties</u>				
Not yet due	336,063	336,668	291,703	309,556
Overdue				
Less than 3 months	142,463	155,830	133,645	149,235
3 - 6 months	4,919	7,904	4,891	7,904
6 - 12 months	4,671	491	4,671	491
More than 12 months	140	4,681	140	4,681
	488,256	505,574	435,050	471,867
Total	488,311	508,121	453,888	484,257
<u>Less Allowance for doubtful accounts</u>	(2,256)	(4,268)	(2,256)	(4,268)
Trade accounts receivable, net	486,055	503,853	451,632	479,989
Other accounts receivable				
<u>Related Company</u>	-	2,157	5,983	6,205
Trade and other accounts receivable, net	486,055	506,010	457,615	486,194

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2016**

The movement of allowance for doubtful accounts during the years were as follow:

	Thousand Baht	
	Consolidated financial statements / Separate financial statements	
	2016	2015
Allowance for doubtful accounts- beginning	4,268	124
<u>Add</u> Increase within years	2,256	4,268
<u>Less</u> Decrease within years	(4,268)	(124)
Allowance for doubtful accounts- ending	<u>2,256</u>	<u>4,268</u>

**7. INVENTORIES**

Inventories consisted of :-

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Finished goods	96,551	78,973	75,631	63,948
Work in process	37,920	34,801	33,346	31,406
Raw material	91,792	82,756	76,920	77,147
Supplies	30,926	23,187	27,222	21,728
Mold	19,427	50,259	19,427	50,259
Goods in transit	3,519	5,582	3,519	5,582
	<u>280,135</u>	<u>275,558</u>	<u>236,065</u>	<u>250,070</u>
<u>Less</u> Allowance for diminution at net realizable value	<u>(9,449)</u>	<u>(9,305)</u>	<u>(9,144)</u>	<u>(9,072)</u>
Inventories - net	<u>270,686</u>	<u>266,253</u>	<u>226,921</u>	<u>240,998</u>

The movement of allowance for diminution at net realizable value during the years were as follow:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Allowance for diminution at net realizable				
value - beginning	9,305	8,608	9,072	7,751
<u>Add</u> Reserve within years	1,788	3,119	1,716	3,062
<u>Less</u> Transferred out within years	(1,644)	(2,422)	(1,644)	(1,741)
<u>Less</u> Write off within years	-	-	-	-
Allowance for diminution at net realizable				
value - ending	<u>9,449</u>	<u>9,305</u>	<u>9,144</u>	<u>9,072</u>

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2016**

8. OTHER CURRENT ASSETS

Other current assets consisted of : -

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deposit from the acquisition of assets	49,031	16,202	48,791	10,023
Deposit paid to mold	10,205	39,671	10,205	39,671
Other current assets	29,778	35,487	23,626	21,114
Total	<u>89,014</u>	<u>91,360</u>	<u>82,622</u>	<u>70,808</u>

9. SAVING DEPOSITS WITH RESTRICTIONS ON USE

As at December 31, 2015, the Company had a saving deposits with restrictions on use amounting to Baht 5.50 million to be used as the loan collateral from a local bank (see note 24).

As at December 31, 2016, the Company has a saving deposit with restriction.

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2016**

**10. INVESTMENT IN SUBSIDIARIES**

Investment in subsidiaries consist of company's ordinary share as follows:-

Name	Paid up share capital (Thousand Baht)		%		Separate financial statement			
	2016	2015	2016	2015	Cost method present in statements c financial position (Thousand Baht)		Dividend income for the year (Thousand Baht)	
					2016	2015	2016	2015
<u>In Thailand</u>								
1. Millpack Co., Ltd.	30,000	30,000	99.98	99.98	87,614	84,616	29,993	29,993
2. Elegance Packaging Co., Ltd.	1,000	1,000	99.97	99.97	759	4,237	999	999
3. Plastech lab Co., Ltd. (formerly, PJW Food pack Co., Ltd.)	20,000	20,000	99.99	99.99	18,186	18,015	20,000	20,000
<u>In Foreign</u>								
4. Panjawatana (Tianjin) Plastic Co., Ltd.	76,153	76,153	100.00	100.00	103,016	109,124	76,153	76,153
					<u>209,575</u>	<u>215,992</u>	<u>127,145</u>	<u>127,145</u>
							<u>56,587</u>	<u>70,182</u>

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2016**

11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of :-

	Thousand Baht				
	Consolidated financial statements				
	Balance as at December 31, 2015	Movement during the year		Balance as at December 31, 2016	
	Addition	Deduction	Transfer in (Transfer out)		
<u>At cost</u>					
Land	110,029	-	-	-	110,029
Plant and office building	310,645	-	-	-	310,645
Improvements on building	88,096	2,309	(180)	2,144	92,369
Support machine system	282,241	1,856	(26)	3,344	287,415
Machinery and equipment	1,113,794	79,625	(2,512)	43,915	1,234,822
Office equipment	42,303	6,223	(893)	457	48,090
Vehicles	74,185	2,724	(3,114)	-	73,795
Equipment in progress	1,612	100,986	(2,708)	(49,860)	50,030
Total	2,022,905	193,723	(9,433)	-	2,207,195
<u>Less Accumulated depreciation</u>					
Plant and office building	53,900	10,508	-	-	64,408
Improvements on building	28,795	6,814	(54)	-	35,555
Support machine system	72,974	21,618	(23)	-	94,569
Machinery and equipment	345,748	103,616	(1,896)	-	447,468
Office equipment	22,937	6,454	(483)	-	28,908
Vehicles	29,051	4,304	(1,810)	-	31,545
Total	553,405	153,314	(4,266)	-	702,453
Difference from translation					
of foreign entity	3,748				(6,381)
Property, plant and equipment - net	1,473,248				1,498,361

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2016

Thousand Baht					
Consolidated financial statements					
	Balance as at	Movement during the year			Balance as at
	December 31, 2014	Addition	Deduction	Transfer in (Transfer out)	December 31, 2015
<u>At cost</u>					
Land	110,029	-	-	-	110,029
Plant and office building	310,645	-	-	-	310,645
Improvements on building	76,597	8,417	(42)	3,124	88,096
Support machine system	272,869	2,874	(1,287)	7,785	282,241
Machinery and equipment	948,310	95,203	(2,319)	72,600	1,113,794
Office equipment	39,568	5,014	(3,377)	1,098	42,303
Vehicles	69,723	5,052	(590)	-	74,185
Equipment in progress	49,483	36,876	(140)	(84,607)	1,612
Work in progress	6	1,215	(1,221)	-	-
Total	1,877,230	154,651	(8,976)	-	2,022,905
<u>Less Accumulated depreciation</u>					
Plant and office building	43,391	10,509	-	-	53,900
Improvements on building	22,428	6,405	(38)	-	28,795
Support machine system	52,382	21,184	(592)	-	72,974
Machinery and equipment	251,858	95,633	(1,743)	-	345,748
Office equipment	19,504	6,209	(2,776)	-	22,937
Vehicles	24,681	4,665	(295)	-	29,051
Total	414,244	144,605	(5,444)	-	553,405
Differences from translation of foreign entity	976				3,748
Property, plant and equipment - net	1,463,962				1,473,248

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2016

	Thousand Baht					
	Separate financial statements					
	Balance as at	Movement during the year				Balance as at
	December 31, 2015	Addition	Deduction	Transfer in  (Transfer out)		December 31, 2016
<u>At cost</u>						
Land	110,029	-	-	-	110,029	
Plant and office building	296,535	-	-	-	296,535	
Improvements on building	85,532	2,115	(180)	2,095	89,562	
Support machine system	269,205	1,506	(26)	3,344	274,029	
Machinery and equipment	911,438	43,019	(3,191)	43,763	995,029	
Office equipment	39,861	5,738	(726)	457	45,330	
Vehicles	73,955	2,724	(3,114)	-	73,565	
Equipment in progress	845	85,094	-	(49,659)	36,280	
Total	1,787,400	140,196	(7,237)	-	1,920,359	
<u>Less Accumulated depreciation</u>						
Plant and office building	39,789	10,508	-	-	50,297	
Improvements on building	26,603	6,661	(54)	-	33,210	
Support machine system	68,524	20,387	(24)	-	88,887	
Machinery and equipment	290,575	83,618	(1,896)	-	372,297	
Office equipment	21,654	6,077	(432)	-	27,299	
Vehicles	28,988	4,263	(1,810)	-	31,441	
Total	476,133	131,514	(4,216)	-	603,431	
Property, plant and equipment - net	1,311,267				1,316,928	



**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2016**

	Thousand Baht					
	Separate financial statements					
	Balance as at	Movement during the year				Balance as at
	December 31, 2014	Addition	Deduction	Transfer in (Transfer out)		December 31, 2015
<u>At cost</u>						
Land	110,029	-	-	-	110,029	
Plant and office building	296,535	-	-	-	296,535	
Improvements on building	74,044	8,406	(42)	3,124	85,532	
Support machine system	259,928	2,779	(1,287)	7,785	269,205	
Machinery and equipment	780,255	60,872	(2,289)	72,600	911,438	
Office equipment	37,359	4,780	(3,376)	1,098	39,861	
Vehicles	69,492	5,053	(590)	-	73,955	
Equipment in progress	49,343	36,109	-	(84,607)	845	
Total	<u>1,676,985</u>	<u>117,999</u>	<u>(7,584)</u>	<u>-</u>	<u>1,787,400</u>	
<u>Less</u> Accumulated depreciation						
Plant and office building	29,280	10,509	-	-	39,789	
Improvements on building	20,383	6,258	(38)	-	26,603	
Support machine system	49,157	19,959	(592)	-	68,524	
Machinery and equipment	214,900	77,398	(1,723)	-	290,575	
Office equipment	18,620	5,810	(2,776)	-	21,654	
Vehicles	24,659	4,624	(295)	-	28,988	
Total	<u>356,999</u>	<u>124,558</u>	<u>(5,424)</u>	<u>-</u>	<u>476,133</u>	
Property, plant and equipment - net	<u><u>1,319,986</u></u>				<u><u>1,311,267</u></u>	

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2016**

During the year 2016, the Company and its subsidiaries have additional invested in fixed assets at the amount of Baht 193.72 million that is the purchase machineries to increase capacity and replace the existing machineries and to improve production capacity of equipment at the amount of Baht 191.00 million and purchase vehicles for management at the amount of Baht 2.72 million.

During the first quarter of 2016, the Company has sold the machineries and equipment to a local subsidiary at the book value (at cost Baht 96.14 million, accumulated depreciation Baht 26.09 million) later in quarter 3/2016, the Company has repurchased the machineries and equipment that used to sell to local subsidiary above in some parts at book value as the repurchase date for the subsidiary to stay under the conditions of the investment promotion.

Depreciation for the years ended December 31, 2016 and 2015 consist of :

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cost	144,154	135,192	118,047	115,440
Administration expense	9,160	9,413	8,924	9,118
Depreciation for the year	<u>153,314</u>	<u>144,605</u>	<u>126,971</u>	<u>124,558</u>

As at December 31, 2016 and 2015, the Company has the difference from the purchase of assets in the same entity group in total amount of Baht 7,449,968.81 and Baht 7,559,972.42, respectively. The Company has recorded the difference between purchase price and selling price from the purchase of property, plant and equipment from Panjawattana Marketing Company Limited in the account "Differences on fixed assets acquired under common control company" which separately shown in the shareholders' equity.

As at December 31, 2016 and 2015, the Company has total fixed assets at cost of Baht 175.64 million and 173.82 million, respectively, the depreciation of total fixed assets are already calculated until full useful life but are still in use.

Land and buildings which acquired as above, some have mortgaged as collateral for loans granted by local commercial banks as discussed in Note 14 and 17.

As at December 31, 2016 and 2015, the Company and its subsidiaries have insured for insurance against loss for protection of these fixed assets, such as, vehicles in the rate of hundred percent, buildings and constructions located in Bangkok, Chonburi and Samutsakhon province and assets of the factory located in Bangkok, Samutsakhon, Chonburi province and Tianjin (China). Most beneficiaries are lenders from financial institutions and leasing companies. For Tianjin (China), the beneficiary is the subsidiary in China.

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2016**

12. COMPUTER SOFTWARE

Computer software consisted of:-

	Thousand Baht				
	Consolidated financial statements				
	Balance as at	Movement during the year			Balance as at
	December 31, 2015	Addition	Deduction	Transfer in (Transfer out)	December 31, 2016
<u>At cost</u>					
Computer software	20,940	120	(336)	-	20,724
<u>Less</u> Accumulated amortization	11,969	1,206	(16)	-	13,159
Differences from translation					
of foreign entity	(27)				(65)
Intangible assets - net	<u>8,944</u>				<u>7,500</u>

	Thousand Baht				
	Consolidated financial statements				
	Balance as at	Movement during the year			Balance as at
	December 31, 2014	Addition	Deduction	Transfer in (Transfer out)	December 31, 2015
<u>At cost</u>					
Computer software	19,433	1,507	-	-	20,940
Computer software in progress	325	-	(325)	-	-
Total	19,758	1,507	(325)	-	20,940
<u>Less</u> Accumulated amortization	10,803	1,166	-	-	11,969
Differences from translation of					
foreign entity	(35)				(27)
Intangible assets - net	<u>8,920</u>				<u>8,944</u>

	Thousand Baht				
	Separate financial statements				
	Balance as at	Movement during the year			Balance as at
	December 31, 2015	Addition	Deduction	Transfer in (Transfer out)	December 31, 2016
<u>At cost</u>					
Computer software	19,852	120	-	-	19,972
<u>Less</u> Accumulated amortization	11,779	1,149	-	-	12,928
Intangible assets - net	<u>8,073</u>				<u>7,044</u>

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2016

	Thousand Baht				
	Separate financial statements				
	Balance as at	Movement during the year			Balance as at
	December 31, 2014	Addition	Deduction	Transfer in (Transfer out)	December 31, 2015
<u>At cost</u>					
Computer software	19,024	828	-	-	19,852
Computer software in progress	325	-	(325)	-	-
Total	19,349	828	(325)	-	19,852
<u>Less</u> Accumulated amortization	10,656	1,123	-	-	11,779
Intangible assets - net	8,693				8,073

	Thousand Baht			
	Consolidated financial statement		Separate financial statement	
	2016	2015	2016	2015
Amortization for the year	1,206	1,166	1,149	1,123

13. DEFERRED TAX ASSETS AND DEFERED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities as follows:-

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax assets	8,595	6,886	8,593	6,775
Deferred tax liabilities	(11,434)	(13,492)	(11,144)	(13,202)
Net	(2,839)	(6,606)	(2,551)	(6,427)

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2016**

Changes in deferred tax liabilities for the year ended December 31, 2016 and 2015 are summarized as follows:-

	Thousand Baht			
	Consolidated financial statements			
	Balance as at December 31, 2015	Revenue (expenses) during the year		
	In profit or loss	In other comprehensive income		
Deferred tax assets:				
Inventories	1,175	(136)	-	1,039
Property, plant, and equipment	506	1,025	-	1,531
Provisions for employee benefits	5,205	820	-	6,025
Total	<u>6,886</u>	<u>1,709</u>	<u>-</u>	<u>8,595</u>
Deferred tax liabilities:				
Property, plant, and equipment	13,492	(2,058)	-	11,434
Total	<u>13,492</u>	<u>(2,058)</u>	<u>-</u>	<u>11,434</u>
Net	<u>(6,606)</u>			<u>(2,839)</u>

	Thousand Baht			
	Consolidated financial statements			
	Balance as at December 31, 2015	Revenue (expenses) during the year		
	In profit or loss	In other comprehensive income		
Deferred tax assets:				
Inventories	1,086	89	-	1,175
Property, plant, and equipment	1,270	(764)	-	506
Provisions for employee benefits	4,419	786	-	5,205
Total	<u>6,775</u>	<u>111</u>	<u>-</u>	<u>6,886</u>
Deferred tax liabilities:				
Property, plant, and equipment	12,833	659	-	13,492
Total	<u>12,833</u>	<u>659</u>	<u>-</u>	<u>13,492</u>
Net	<u>(6,058)</u>			<u>(6,606)</u>

PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2016

Thousand Baht				
Separated financial statements				
	Balance as at	Revenue (expenses) during the year		Balance as at
	December 31, 2015	In profit or loss	In other comprehensive income	December 31, 2016
Deferred tax assets:				
Inventories	1,175	(136)	-	1,039
Property, plant, and equipment	395	1,134	-	1,529
Provisions for employee benefits	5,205	820	-	6,025
Total	6,775	1,818	-	8,593
Deferred tax liabilities:				
Property, plant, and equipment	13,202	(2,058)	-	11,144
Total	13,202	(2,058)	-	11,144
Net	(6,427)			(2,551)

Thousand Baht				
Separated financial statements				
	Balance as at	Revenue (expenses) during the year		Balance as at
	December 31, 2014	In profit or loss	In other comprehensive income	December 31, 2015
Deferred tax assets:				
Inventories	1,086	89	-	1,175
Property, plant, and equipment	952	(557)	-	395
Provisions for employee benefits	4,419	786	-	5,205
Total	6,457	318	-	6,775
Deferred tax liabilities:				
Property, plant, and equipment	12,543	659	-	13,202
Net	12,543	659	-	13,202
	(6,086)			(6,427)

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2016**

**14. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS**

Bank overdraft and short-term loans from financial institutions consist of :

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Promissory notes	324,544	471,092	252,700	447,000
Trust receipt	65,655	-	65,655	-
Total	390,199	471,092	318,355	447,000

As at December 2016 and 2015, the Company and its subsidiaries have bank overdraft and short-term loans from financial institution with 4 local commercial bank and 2 foreign commercial bank as follow :

As at and December 31, 2016, the Company and its subsidiary have bank overdraft in limit of Baht 50 million at interest rate set by the bank and has short-term loan in term of promissory note in limit of Baht 640 million and CNY 6 million at interest rate set by the bank, opening limit of letter of credit and do trust receipt for ordering machineries from foreign countries in limit of Baht 67.89 million (Total limit of Baht 757.89 million and Yuan 6 million)

As at December 31, 2015, the Company and its subsidiaries have bank overdraft in limit of Baht 110 million at interest rate set by the bank and has short-term loan in term of promissory note in limit of Baht 610 million and CNY 3 million at interest rate set by the bank, opening limit of letter of credit and do trust receipt for ordering machineries from foreign country in limit of Baht 37.89 million (Total limit of Baht 757.89 million and Yuan 3 million).

The overdraft and short-term loan lines are secured by mortgage of property and construction of the Company and company's machinery as well as the benefits from property insurance for using as collateral for credit limit. (see note 11).

**15. SHORT-TERM LOANS FROM OTHER INDIVIDUAL**

According to the Board of Directors' Meeting no. 4/2015 dated August 11, 2015, it has a resolution to approve the Company's funding by issuing of Bill of Exchange which is offering for private placement not over 10 issues as at one moment at the total amount not exceeding Baht 100 million.

As at December 31, 2015, the Company had 5 short-term loans from other individual with a total amount of Baht 90 million by issuing 6-month bill of exchange at the interest rate of 3.90 percent per annum.

As at December 31, 2016, bill of exchanges are due and the Company has paid in fully amount

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2016**

**16. OTHER CURRENT LIABILITIES**

Other current liabilities consisted of :-

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deposit received to mold	10,140	23,206	10,140	23,206
Other current liabilities	13,648	16,648	10,455	14,495
<b>Total</b>	<b>23,788</b>	<b>39,854</b>	<b>20,595</b>	<b>37,701</b>

**17. LONG-TERM LOANS**

Long-term loans consist of :-

Loans	Thousand Baht			
	Consolidated financial statements			
	Balance as at December 31, 2015	Increase	Decrease	Balance as at December 31, 2016
1. Baht 85.00 million	9,238	-	(9,238)	-
2. Baht 40.00 million	11,986	-	(8,004)	3,982
3. Baht 40.00 million	15,720	-	(8,880)	6,840
4. Baht 80.00 million	41,140	-	(16,080)	25,060
5. Baht 60.80 million	36,800	-	(12,000)	24,800
6. Baht 80.00 million	60,190	-	(20,643)	39,547
7. Baht 147.20 million	83,080	-	(29,400)	53,680
8. Baht 41.00 million*	36,566	-	(7,643)	28,923
9. Baht 48.00 million	8,511	-	(3,285)	5,226
10. Baht 40.00 million	31,434	-	(8,040)	23,394
11. Baht 200.00 million	-	200,000	-	200,000
12. Baht 30.00 million	10,417	-	(6,494)	3,923
13. Baht 13.70 million	9,828	-	(2,736)	7,092
14. Yuan 7.00 million	11,119	7,375	(3,704)	14,790
<b>Total</b>	<b>366,029</b>	<b>207,375</b>	<b>(136,147)</b>	<b>437,257</b>
<u>Less</u> payment due within one year	<u>(139,535)</u>			<u>(132,563)</u>
<b>Net</b>	<b>226,494</b>			<b>304,694</b>



PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2016

Loans	Thousand Baht			
	Separate financial statements			
	Balance as at December 31, 2015	Increase	Decrease	Balance as at December 31, 2016
1. Baht 85.00 million	9,238	-	(9,238)	-
2. Baht 40.00 million	11,986	-	(8,004)	3,982
3. Baht 40.00 million	15,720	-	(8,880)	6,840
4. Baht 80.00 million	41,140	-	(16,080)	25,060
5. Baht 60.80 million	36,800	-	(12,000)	24,800
6. Baht 80.00 million	60,190	-	(20,643)	39,547
7. Baht 147.20 million	83,080	-	(29,400)	53,680
8. Baht 41.00 million	36,566	-	(29,493)	7,073
9. Baht 48.00 million	8,511	-	(3,285)	5,226
10. Baht 40.00 million	31,434	-	(8,040)	23,394
11. Baht 200.00 million	-	200,000	-	200,000
Total	334,665	200,000	(145,063)	389,602
Less payment due within one year	(128,464)			(114,784)
Net	206,201			274,818

As at December 31, 2016, there is a loan from 3 local Commercial banks and 1 foreign Commercial bank (loan amount Baht 905.70 million and Yuan 7.00 million) which consists of :-

Loan 1<sup>st</sup> On November 16, 2010, the Company has entered into loan agreement in amount of Baht 85 million with the interest rate set by the bank. Repayment the principle excluding interest are 60 installments at the amount of Baht 467,000.00 per month. The rate for January 2012 to May 2016 is Baht 1,520,000.00 per installment and the rest amount will be repaid on June 2016.

Loan 2<sup>rd</sup> On November 16, 2010, the Company has entered into loan agreement in amount of Baht 40 million with the interest rate set by the bank. Repayment the principle, excluding interest are 60 installments at the amount of Baht 667,000.00 per month. The final payment will pay the remaining amount which starts the first installment on July 31, 2012.

Loan 3<sup>th</sup> On December 25, 2012, the Company has entered into loan agreement in amount of Baht 40 million with the interest rate set by the bank. Repayment the principle, excluding interest are 54 installments at the amount of Baht 740,000.00 per month. The final payment will pay the remaining amount which starts the first installment on August 31, 2013.

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2016**

Loan 4<sup>th</sup> On September 4, 2012, the Company has entered into loan agreement in amount of Baht 80 million with the interest rate set by the bank. Repayment the principle excluding interest are 60 installments at the amount of Baht 1,340,000.00 per month. The final payment will pay the remaining amount which starts the first installment on August 31,2013.

Loan 5<sup>th</sup> On July 24, 2013, the Company has entered into loan agreement in amount of Baht 60.80 million with the interest rate set by the bank. Repayment the principle, excluding interest are 60 installment at the amount Baht of 1,000,000.00 per month. The final payment will pay the remaining amount which starts the first installment on January 31,2014.

Loan 6<sup>th</sup> On July 10, 2013, the Company has entered into loan agreement in amount of Baht 80 million with the interest rate set by the bank. Repayment the principle excluding interest are 48 installments at the amount of Baht 1,650,000.00 per month. The final payment will pay the remaining amount which starts the first installment on November 30, 2014.

Loan 7<sup>th</sup> On July 24, 2013, the Company has entered into loan agreement in amount of Baht 147.20 million with the interest rate set by the bank. Repayment the principle excluding interest are 60 installments at the amount of Baht 2,450,000.00 per month. The final payment will pay the remaining amount which starts the first installment on January 31, 2014.

Loan 8<sup>th</sup> On April 9, 2014, the Company entered into a loan agreement in the principal amount of Baht 10.80 million with the interest rate set by the bank. Repayment of the principal excluding interest are 70 installments at the amount of Baht 135,000.00 per month. The final payment will pay the remaining amount which starts the first installment on April 30, 2015. During the year 2015, the Company increase loan in the principle amount of Baht 30.20 million. Repayment of principal excluding interest are 70 installments at the amount of Baht 504,000.00 per month. The final payment will pay the remaining amount which starts the first installment on January 31, 2016. during the year of 2016 had been transferred at the amount of Baht 26.20 million to a local subsidiary as a borrower with the interest rate set by bank. The repayment of principal excluding interest has been made for 60 installments at Baht 435,000.00 per installment. The final installment will pay the remaining balance. The first installment is started in April 2016

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2016**

- Loan 9<sup>th</sup> On June 24, 2014, the Company and its subsidiary in Thailand entered into a loan agreement in the principal total amount of Baht 48 million with the interest rate set by the bank. As at December 31, 2015, the loan has been drawn and used in the amount of Baht 10.11 million. Repayment of the principal excluding interest are 77 installment at the amount of Baht 800,000.00 per month which starts the first installment on November 30, 2015. During the year 2016, the Company has changed repayment of the principal to Baht 168,500.00 per month the final installment will pay the remaining amount which starts the first installment on March 31, 2016.
- Loan 10<sup>th</sup> On July 24, 2013, the Company entered into a loan agreement in the principal amount of Baht 40 million with the interest rate set by the bank. During the year 2015, the Company has increased loan in the principal amount of Baht 32.77 million. Repayment of the principal excluding interest are 60 installments at the amount of Baht 670,000.00 per month. The final payment will pay the remaining amount which starts the first installment on November 30, 2015.
- Loan 11<sup>th</sup> (Baht 200.00 million) On September 7, 2016, the Company has entered into a loan agreement in amount of Baht 200 million with the interest rate set by the bank. Repayment the principal, excluding interest, are 60 installments at the amount of Baht 3,340,000.00 per month. The final payment will pay the remaining amount which starts the first installment on September 30, 2017.
- Loan 12<sup>th</sup> On October 4, 2012, a subsidiary in Thailand entered into a loan agreement in amount of Baht 30 million with the interest rate set by the bank. Repayment of the principal and interest are 60 installments at the amount of Baht 570,000.00 per month. The final payment will pay the remaining amount which starts the first installment on October 31, 2012.
- Loan 13<sup>th</sup> On April 9, 2014, the subsidiary in Thailand entered into a loan agreement in the principal amount of Baht 6.85 million with the interest rate set by the bank. Repayment of the principal excluding interest are 60 installments at the amount of Baht 114,000.00 per month. The final payment will pay the remaining amount which starts the first installment on January 31, 2015. During the year 2015, the subsidiary has increased loan in the principal amount of Baht 5.60 million. Repayment of principal excluding interest are 60 installments at the amount of Baht 114,000.00 per month. The final payment will pay the remaining amount which starts the first installment on February 28, 2015.
- Loan 14<sup>th</sup> On August 27, 2015, an overseas subsidiary has entered into a loan agreement for the limit of CNY 4.00 million. On October 14, 2016, the overseas subsidiary has increased the loan in the amount of CNY 3.00 million total as new loan at the amount of CNY 7.00 million with the interest rate set by the bank. As at December 31, 2016, the overseas subsidiary has used loans in the amount of CNY 3.44 million. Repayment of the principal excluding interest are for 12 installments at the amount of CNY 286,418.75 per month (3 months = 1 installment). The final payment will pay the remaining amount which starts the first installment on August 21, 2016.

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2016**

The loans facilities mentioned above are secured in full amounts by land and building of the Company and by machineries of the Company and its subsidiary and its insurance benefits. (see note 11)

The loans facilities have interest rates set by bank.

The Company has to comply with the conditions as specified in the significant agreements by referencing the separate financial statements as follows:

conditions	conditions in agreements
1. The Company shall maintain its current ratio by calculating from current assets divided by current liabilities excluding CPLTD in the ratio not lesser than	1.0 times
2. The Company shall maintain its debt to equity (D/E ratio) at the ratio not exceeding	1.5 times
3. The Company shall maintain its DSCR at not lesser than	1.5 times

On February 17, 2017, the Company has received clement letter from the bank. The bank clement is in case the Company cannot maintain its current ratio by calculating from current assets divided by current liabilities excluding CPLTD in the ratio not lesser than 1.0 times. The financial condition as specified in the agreement has to be maintained after the year 2016.

**18. LIABILITIES UNDER FINANCIAL LEASE CONTRACT**

Liabilities under financial lease contract is asset lease that the Company recorded the accounting followed by finance lease method and it consisted of:

	Thousand Baht							
	Consolidated financial statements							
	2016				2015			
	Principal	Deferred Interest	Input VAT	Total Payment	Principal	Deferred Interest	Input VAT	Total Payment
Payment due within one year	3,192	230	-	3,422	5,334	341	-	5,675
Payment due after one year								
But not over five years	3,031	155	-	3,186	4,337	215	-	4,552
Total	<u>6,223</u>	<u>385</u>	<u>-</u>	<u>6,608</u>	<u>9,671</u>	<u>556</u>	<u>-</u>	<u>10,227</u>

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2016**

	Thousand Baht							
	Separate financial statements							
	2016				2015			
	Principal	Deferred Interest	Input VAT	Total Payment	Principal	Deferred Interest	Input VAT	Total Payment
Payment due within one year	3,192	230	-	3,422	5,334	341	-	5,675
Payment due after one year								
But not over five years	3,031	155	-	3,186	4,337	215	-	4,552
Total	<u>6,223</u>	<u>385</u>	<u>-</u>	<u>6,608</u>	<u>9,671</u>	<u>556</u>	<u>-</u>	<u>10,227</u>

During the years 2016 and 2015, the Company had entered into 2 contract and 5 contracts for vehicles and machinery lease. The total amount of the contracts are Baht 2,097,196.27 and Baht 3,885,663.25, respectively.

As at December 31, 2016, the Company and its subsidiaries have vehicles and machinery long-term lease agreements in the form of finance lease with local leasing companies, totally 1 places with 11 contracts. The total amounts of the contracts value are of Baht 12,728,491.15 (excluding of VAT). Installments period are 48 months and the total repayments are of Baht 255,121.76 (excluding of VAT) per month.

Under the terms of the agreement mentioned above, the Company has the right to purchase the property or asset as indicated in lease agreements at the end of the lease for all 11 contracts in the total of Bath 3,170,117.21 (excluding VAT). Moreover, the Company and its subsidiaries has to practice by following the conditions and specifications as specified in the agreement.

Liability as in Finance Lease for payment due within one year shown in part of current liabilities in the statement of financial position.

19. Employee benefit obligations

As at December 31, 2016 and 2015, the Company and its subsidiaries have defined benefit obligations as follow:-

The statements of financial position

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Defined benefit obligations Beginning balance	29,480	24,951	27,663	23,152
Current service costs and interest	7,053	4,796	6,662	4,511
Actuarial gain(loss) on define employee benefit plans	3,235	-	2,847	-
Benefits paid by the plan	(100)	(267)	-	-
Defined benefit obligations at Ending balance	<u>39,668</u>	<u>29,480</u>	<u>37,172</u>	<u>27,663</u>

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2016**

Expense recognized in statement of comprehensive income

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Include in profit or loss :				
Current service costs				
Cost of sales	2,599	1,952	2,253	1,732
Administrative expenses	1,978	295	1,971	280
Management and directors' benefit expenses	1,970	1,712	1,970	1,712
	<u>6,547</u>	<u>3,959</u>	<u>6,194</u>	<u>3,724</u>
Interest on obligation	506	837	468	787
Total	<u>7,053</u>	<u>4,796</u>	<u>6,662</u>	<u>4,511</u>
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(613)	-	(610)	-
Financial assumptions changes	3,318	-	3,123	-
Experience adjustments	530	-	334	-
	<u>3,235</u>	<u>-</u>	<u>2,847</u>	<u>-</u>

**Principal actuarial assumptions at the reporting date**

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Discount rate	1.71%, 1.75%, 1.55%	3.75%	1.55%	3.75%
Salary increase rate	3%	3%	3%	3%
Employee turnover rate	5-18%	6-18%	10-46%	6-18%
Employee turnover rate	7-85%	15-85%	10-85%	15-85%
Disability rate	5% of Thai's Mortality Rate	5% of Thai's Mortality Rate	5% of Thai's Mortality Rate	5% of Thai's Mortality Rate

**Sensitivity analysis**

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2016 are summarized below:

	Thousand Baht			
	Consolidate financial statements		Separate financial statements	
	1% increase	1% decrease	1% increase	1% decrease
Discount rate	(1,876)	2,074	(1,696)	1,869
Salary increase rate	2,173	(2,000)	1,958	(1,808)
Turnover rate	(2,016)	1,016	(1,827)	887

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2016**

20. SHARE CAPITAL

According to the annual ordinary shareholders' meeting for the year 2015 dated April 21, 2015, it has been approved to increase the Company's registered share capital from Baht 276,000,000 to Baht 287,040,000. The increased registered capital amounting Baht 11,040,000 is from the issuance of 22,080,000 new ordinary shares, which has the par value at Baht 0.5 per share to support the dividend payment to the Company's shareholders who are entitled to receive the dividend. The Company has registered with the Ministry of Commerce on May 18, 2015.

21. LEGAL RESERVE

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

22. ALLOCATION OF RETAINED EARNINGS

Parent Company

Year 2016

According to the General Meeting of Shareholders' No. 1/2016 dated April 25, 2016, it has a resolution to approve the appropriation of legal reserve in amount of Baht 1,103,997.25 totaling legal reserve in amount of Baht 28,703,997.25. This amount is not less than 10% of the registered authorized capital in the total amount Baht 57,407,994.50. It is paid from the net profit and net earnings of the entities that have been promoted and exempted from the corporate income tax in the rate of Baht 0.07 per share and from the net profit of the non-promoted entities under the applicable tax rate 20% of the net profit in the rate of Baht 0.03 per share. The dividend was paid on May 23, 2016.

Year 2015

According to the annual ordinary shareholders' meeting of the year 2015 dated April 21, 2015, it has been approved to allocate a portion of retained earnings as legal reserve of Baht 365,608.52 totaling Baht 27,600,000.00 in legal reserve, which is already set aside at least 10% of the registered capital and paid dividends to the shareholders in ordinary shares of not over 22,080,000 shares, with the par value of Baht 0.50 each, at a ratio of 25 existing shares to 1 stock dividend or a total amount of not exceeding Baht 11.04 million, or dividend payout rate of Baht 0.020/share. In the event that shareholders have the remaining from existing shares after the allocation of stock dividend, it has to pay a cash dividend instead of paying a stock dividend at Baht 0.020 per share (before dilution) to be paid from the net profit of the promoted business that is exempt from income tax. The dividends were paid on May 18, 2015.

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2016**

Subsidiaries

Year 2016

According to the Extraordinary General Meeting of Shareholders' No. 1/2016 of Millpack Co., Ltd. (a subsidiary) on September 12, 2016, which has approved the resolution to pay the dividend from unappropriated retained earnings as at December 31, 2015 at Baht 4,300.00 per share, at the total amount of Baht 51,600,000.00 without setting any additional legal reserve as the company has set the legal reserve not less than 10% of the registered capital. Payment will be made on September 21, 2016.

According to the Extraordinary General Meeting of Shareholders' No. 1/2016 of Elegance Packaging Co., Ltd. (a subsidiary) on September 12, 2016, which has approved the resolution to pay the dividend from unappropriated retained earnings as at December 31, 2015 at Baht 500 per share, at the total amount of Baht 5,000,000.00 without setting any additional legal reserve as the company has set the legal reserve not less than 10% of the registered capital. Payment will be made on September 21, 2016.

Year 2015

According to the extra ordinary shareholders meeting no.1/2015 of Millpack Co., Ltd. on November 19, 2015, which has approval resolution to pay the dividend to the Company's shareholders in the rate of Baht 5,850.00 per share, in the total amount of Baht 70.20 million. The payment will be made on December 22, 2015.

23. PROVIDENT FUND

The Company and subsidiaries have set up a Provident Fund which is contributory by employees and the Company. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

Provident funds' expense for the years ended December 31, 2016 and 2015 are as follow:-

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Provident funds' expense	5,116	4,634	4,902	4,412



**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2016**

24. CREDIT LIMIT

As at December 31, 2016 and 2015 the Company and its subsidiaries have many credit limits with four financial institutions. The total amounts of credit limit are of Baht 2,009.70 million, USD 2 million and CNY 13 million and Baht 1,889.20 million, USD 2 million and CNY 7 million respectively which have variety purposes, such as loan for working capital, overdrafts, loan to building construction. The bank issuing the guarantee and open letters of credit with trust receipts, As at December 31, 2016, the Company and its subsidiaries have used loans and other bank facilities, totaling of Baht 1,244.95 million. The remaining credit limits are of Baht 739.31 million and it has used loans, totaling of CNY 8.65 million. The remaining Credit limited are of CNY 4.35 million. This credit secured by the mortgage company's land (Please see note 11) and giving beneficiary of sum insured of the company's fixed assets to the financial institutions.

As at December 31, 2016 and 2015, the Company has a credit limit with a local bank for Standby Letter of Credit at the total limit amount of Baht 80.00 million and Baht 48.80 million respectively, which is secured by savings deposits amount of Baht 5.50 million (see note 9) and some machineries of the Company.

25. REMUNERATION FOR EXECUTIVE

Remuneration for Executive is the benefits paid to executives and directors of the Company. It comprises of the remuneration that paid in cash, such as salary, related benefits and remuneration for the committee including benefits in any other forms. As such, the Company's executive refers to the person required by law with the Securities and Stock Exchange.

26. TAX EXPENSE (INCOME)

26.1 Major components of tax expense (income)

For the years ended December 31, 2016 and 2015 consisted of:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Income tax expense (income) shown in profit or loss :				
Current tax expense:				
Income tax expense for the year	8,258	4,313	4,204	-
Deferred tax expense (income):				
Changes in temporary differences relating to the original recognition and reversal	(3,767)	548	(3,876)	341
Revaluation of the deferred tax resulting from changing in tax rates	-	-	-	-
Total	<u>4,491</u>	<u>4,861</u>	<u>328</u>	<u>341</u>

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2016**

26.2 A numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate

For the years ended December 31, 2016 and 2015 which are summarized as follows:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Accounting profit (loss) for the year	145,477	103,306	139,594	103,011
The applicable tax rate (%)	20%	20%	20%	20%
Tax expense (income) at the applicable tax rate	29,095	20,661	27,919	20,602
Reconciliation items:				
Tax effect of expenses that are not deductible in determining tax profit:				
- Expenses not allowed as expenses in determining taxable profit	1,726	1,463	1,579	1,463
Tax effect of income or profit that are not required in determining taxable profit:				
- Exemption of non-taxable dividend income	-	-	(11,317)	(14,118)
- The exemption of profit of the promoted business (BOI)	(18,783)	(16,285)	(8,810)	(5,805)
- Expense for tax deductible	(7,258)	(348)	(7,256)	(348)
Others	(289)	(630)	(1,787)	(1,453)
Total reconciliation items	(24,604)	(15,800)	(27,591)	(20,261)
Total tax expense (income)	4,491	4,861	328	341

26.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate

For the years ended December 31, 2016 and 2015 are summarized as follows:

	Consolidated financial statements			
	2016		2015	
	Tax amount (Thousand Baht)	Tax rate (%)	Tax amount (Thousand Baht)	Tax rate (%)
Accounting profit (loss) before tax expense for the year	145,477		103,306	
Tax expense (income) at the applicable tax rate	29,095	20.00	20,661	20.00
Reconciliation items	(24,604)	(16.91)	(15,800)	(15.29)
Tax expense (income) at the average effective tax rate	4,491	3.09	4,861	4.71

	Separate financial statements			
	2016		2015	
	Tax amount (Thousand Baht)	Tax rate (%)	Tax amount (Thousand Baht)	Tax rate (%)
Accounting profit (loss) before tax expense for the year	139,594		103,011	
Tax expense (income) at the applicable tax rate	27,919	20.00	20,602	20.00
Reconciliation items	(27,591)	(19.77)	(20,261)	(19.67)
Tax expense (income) at the average effective tax rate	328	0.23	341	0.33

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2016**

**27. EXPENSE BY NATURE**

Expense by nature has significant transaction for the years ended December 31, 2016 and 2015 are as follows:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Changes in finished goods and work in progre:	(20,697)	8,210	(13,623)	8,212
Purchases of finished goods	128,861	106,881	640,539	243,174
Used raw material and wasteful supply	1,374,099	1,225,356	790,215	1,084,923
Expenses for employees	443,306	434,048	385,342	396,209
Depreciation and amortization	154,520	146,805	128,120	125,682

**28. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing profit (loss) for the year by weighted average number of ordinary shares that issued and paid during the year after adjusting the number of ordinary shares to reflect the impact of the stock dividend. The prior year's basic earnings per share has been recalculated as if the stock dividend had been distributed at the beginning of the earliest year reported.

		Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		Profit (loss) for the period of ordinary share's shareholders	(Thousand Baht)	140,986	98,481
Weighted average number of ordinary share	(Thousand Share)	574,080	574,080	574,080	574,080
Basic earnings per share	(Baht per share)	0.25	0.17	0.24	0.18

**29. PROPOSAL OF FINANCIAL INFORMATION CLASSIFIED BY SEGMENT**

The company group has presented the financial information by the operating segment in the primary format for reporting. Operating segment is based on the system of management and internal reporting structure that is reported to the highest decision-making authority for the operation of the company group as the basis for determining the segment.

Assets, revenues and results of operations of the segment are directly related to the segment or can be reasonably allocated to the segment.

Regarding segment information for evaluating the results of operations and allocation of resources for the management, the company group evaluates the capability of operation by the gross margin rate.

**Reported segments**

The company group presents the main business segments as follows:

- Segment 1 Plant - Samuthsakhon
- Segment 2 Plant - Chonburi
- Segment 3 Plant - Bangkok
- Segment 4 Plant - Tianjin
- Segment 5 Business trading segment



**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2016**

Major customer

Revenues from the major customer of the Company and its subsidiaries's industrial and trading segment in Thailand represent approximately Baht 830 million for the year 2016 (Baht 734 million for the year 2015) of the Company and its subsidiaries's total revenues.

**30. LONG-TERM LEASE AND SERVICE AGREEMENT**

As at December 31, 2016 and 2015, the Company and its subsidiaries have long-term lease agreements as follows:

- 30.1 The Company has entered into product storage service agreement with a local company for two years, starting from September 1, 2015 - September 30, 2018 with the service fee Baht 380,000 per month.
- 30.2 A subsidiary in the foreign country has entered into the lease for factory buildings and service with a company in china (Tianjin) for three years, starting from February 1, 2011 and contract renewal for 3 more years with the rental fee as follows :
- Year 2016, Baht 1,277,009.63 per month (equal Yuan 244,802 referred to exchange rate 5.2165 Baht)
- Year 2015, Baht 1,376,741.97 per month (equal Yuan 244,802, referred to exchange rate 5.6239 Baht)
- 30.3 A local subsidiary has entered into the lease for land to be location of the factory from the related parties for three months, starting from January 1, 2011 and contract renewal for 3 more years with the rental fee Baht 134,360.00 per month.
- 30.4 The Company had entered into the lease for factory to Millpack Company Limited (subsidiary) for three years, starting on February 1, 2012- January 31, 2015 and rental rate of Baht 120,000 per month and contract renewal for 3 more years. And in February of 2016 , the Company had adjusted the lease for factory to Millpack Company limited (subsidiary) for three years, starting on January 1, 2016 - December 31, 2018 with the rental and service fee Baht 628,000 per month. The contact can be renewed every 3 year.
- 30.5 The Company had entered into the lease and service for factory to Plastech Lab Company Limited (subsidiary) for three years, starting on January 1, 2017 - December 31, 2019 and rental rate of Baht 44,040 per month. The contract renewal is every 3 years.

As at December 31, 2016 and 2015, the Company and its subsidiaries have commitments to pay the property/asset and service rental fee under the outstanding contract as follows:

	Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<u>Paid within</u>				
1 year	22,992	18,140	6,048	-
More than 1 year but not over 5 years	38,139	1,377	5,528	-
More than 5 years	-	-	-	-

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2016**

**31. RIGHTS AND BENEFITS UNDER THE INVESTMENT PROMOTION ACT**

	PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED					Millpack Co., Ltd.(Subsidiary)	
	1080(10)/2553	1745(2)/2555	1044(2)/2557	58-2011-0-00-1-0	58-2010-0-00-1-0	Bangkok Branch	Samutsakhon Branch
Promotional Certificate no.	28 Dec. 2009	16 Jan.2012	15 Oct.2013	17 Mar.2015	23 Mar.2015	1379(5)/2556	1882(5)/2555
Date of granted the promotional certificate						26 Sep.2011	3 Apr.2012
The promotional investment in the business : For produce plastic packaging and plastic parts for various industries							
Exercise Benefits							
1. Exempt from corporate income tax on profit derived from the operation that has been promoted started from the first day of realizing sales and/or services income.	7 years	7 years	7 years	7 years	7 years	8 years	8 years
2. Exempt from corporate income tax for the dividends derived from profits from the business which has been promoted	5 years	5 years	5 years	5 years	5 years	5 years	5 years
3. Exemption /Deduction of import duty tax for machines	Exemption under Section 28	Exemption under Section 28	Exemption under Section 28	Exemption under Section 28	Deduction under Section 28	Exemption under Section 28	Exemption under Section 28

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2016**

**32. THE OPERATIONS OF COMPANY**

The Company and its subsidiaries have revenue from domestic sales which separating the part that have been promoted in investment and part that not be promoted in investment for the years ended December 31, 2016 and 2015 as follows:

	Thousand Baht					
	Consolidated financial statements					
	2016			2015		
	Business that have been promoted in investment (Note 31)	Business that not be promoted in investment	Total	Business that have been promoted in investment (Note 31)	Business that not be promoted in investment	Total
Revenue						
Sales	812,015	1,937,719	2,749,734	716,305	2,004,730	2,721,035
Other Revenues	118	7,463	7,581	234	5,633	5,867
Total	812,133	1,945,182	2,757,315	716,539	2,010,363	2,726,902
Revenues						

	Thousand Baht					
	Separate financial statements					
	2016			2015		
	Business that have been promoted in investment (Note 31)	Business that not be promoted in investment	Total	Business that have been promoted in investment (Note 31)	Business that not be promoted in investment	Total
Revenue						
Sales	812,015	1,746,137	2,558,152	716,305	1,838,320	2,554,625
Dividend income	-	56,586	56,586	-	70,182	70,182
Other Revenues	15	14,260	14,275	24	7,860	7,884
Total	812,030	1,816,983	2,629,013	716,329	1,916,362	2,632,691
Revenues						

**33. FINANCIAL INSTRUMENTS**

Financial instruments are any contract that enables the financial assets of a business and financial liabilities or equity increased at the same time.

Risk Associated with Financial Instruments, which are significant and management policies of the Company and its subsidiaries are as follows:

Credit risk

The credit risk that related to account receivable of the Company and its subsidiaries are rather low because the Company and its subsidiaries have carefully policy in giving credit by considering from the ability in repayment. The number may have lost most in giving credit of the Company and its subsidiaries will be equal to the book value of receivables in the statement of financial position.

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
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Interest rate risk

The Company and its subsidiaries have interest rate risk because they have short - term and long-term loan from financial institutions. The risk from interest rate occurred from fluctuations in market interest rates in the future, which will affect the results of operations and cash flows of them. The Company and its subsidiaries' risk of interest rates mainly related to loans from local commercial banks because the majority of mentioned financial liabilities are categorized in short term type and interest rates fluctuate according to market rate. Therefore, the Company and its subsidiaries do not use derivative instruments to prevent such risk.

Liquidity risk

Liquidity risk might occur from the fact that the Company and its subsidiaries are unable to sell financial assets in a timely manner with a price close to fair value. The Company and its subsidiaries might have liquidity risk as appeared in the company's statement of financial position, if the company and its subsidiaries cannot ask for bill payments from the accounts receivable of them to keep up with the payment of commercial debt.

Financial Assets of the Company and its subsidiaries comprises of cash and bank deposit and the accounts receivable which has liquidity and able rapidly change to money present in fair value.

Foreign currency risk

The Company and its subsidiaries have foreign currency risk due to having trade accounts payable for purchases of goods and machineries in foreign currency. As at December 31, 2016, the Company has made foreign currency forward contract in order to prevent foreign currency risk amount 2 contracts as follows:

<u>Currency</u>	<u>Contract</u>	<u>Bought amount</u>	<u>Contractual rate (Baht)</u>
USD	2	400,000.00	34.69-34.80

As at December 31, 2016, it has outstanding foreign currency liability as follows:

<u>Consolidated financial statement</u>		
<u>Currency</u>	<u>Liability</u>	<u>Average selling exchange rate</u> As at December 31, 2016 (Baht per foreign currency)
USD	586,118.35	36.0025
EUR	61,013.25	38.1362
JPY	3,900,200.00	0.311335
Yuan	13,777,185.12	5.2165



**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
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Separate financial statement		
Currency	Liability	Average selling exchange rate As at December 31, 2016 (Baht per foreign currency)
USD	586,118.35	36.0025
EUR	61,013.25	38.1362
JPY	3,900,200.00	0.311335
Yuan	49,000.00	5.2165

As at December 31, 2015, it has outstanding foreign currency liability as follows:

Consolidated financial statement		
Currency	Liability	Average selling exchange rate As at December 31, 2015 (Baht per foreign currency)
USD	308,812.99	36.2538
EUR	17,582.83	39.7995
JPY	2,181,690.00	0.302756

Separate financial statement		
Currency	Liability	Average selling exchange rate As at December 31, 2015 (Baht per foreign currency)
USD	308,812.99	36.2538
EUR	17,582.83	39.7995
JPY	2,181,690.00	0.302756

**Fair Value of Financial Instruments**

Fair Value is the amount of money that the buyer and seller agree to exchange financial Instruments together, while both parties are knowledgeable and willing to exchange and able to independently negotiate price in the form of non-association. The fair value derives from the market value or discounted cash flows.

Most financial assets and liabilities of the Company and its subsidiaries have book value approximate to the fair value.

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
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**34. FOREIGN CURRENCY FORWARD CONTRACT**

Foreign exchange forward contract can help in risks management arising from fluctuation of foreign currency exchange rates.

As at December 31, 2016, the Company has foreign currency forward contract for purchases of inventories from China are as follows (see note 33):

Currency	Contract	Bought amount	Contractual rate (Baht)
	t		
USD	2	400,000.00	34.69 - 34.80

As at December 31, 2015, the Company has foreign currency forward contract for purchases of inventories from overseas are as follows (see note 33):

Currency	Contract	Bought amount	Contractual rate (Baht)
USD	2	750,000.00	35.53 - 35.92
EUR	1	71,720.12	40.60

**35. INTEREST RATE SWAP CONTRACTS**

As at December 31, 2016, the Company has interest rate swap with financial institution for hedge interest rate exposure of long-term debts for Baht currency totalling Baht 200 million. All counterparties agree to pay the interest and the notional amount according to terms and conditions of the contracts.

**36. FUND MANAGEMENT**

The objective of company's significant fund management is to provide appropriate financial structures and maintain the ability to continuously operate.

**37. COMMITMENTS AND CONTINGENT LIABILITIES**

As at December 31, 2016, the Company had commitments and contingent liabilities as follows:

- 37.1 The Company and its subsidiary granted two local banks to issue a letter of guarantee for electricity consumption in factory in the amount of Baht 15.33 million.
- 37.2 The Company granted the main bank lender to issue a letter of guarantee for its sale contract with the contractor in the amount of Baht 96.39 million.
- 37.3 The company and its subsidiary had obligation that was agreed to acquire machinery and equipment in the amount of Baht 29.97 million.

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2016**

38. EVENTS AFTER THE REPORTING PERIOD

38.1 On January 6, 2017, the Company entered into a loan agreement with a local commercial bank at the total amount of Baht 160 million and interest rate as specified by the bank.

38.2 On January 6, 2017, Panjawattana (Tianjin) Co.,Ltd. (subsidiary) entered into two loan agreements with an overseas commercial bank at the total amount of CNY 8 million and interest rate as specified by the bank.

39. THE REVISED ACCOUNTING STANDARDS ARE NOT YET EFFECTIVE IN THE CURRENT YEAR

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the use of accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards that are revised.

These revised accounting standards which are effective for the fiscal year beginning on or after January 1, 2017 are as follows:

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

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2016**

TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible assets
TAS 40 (revised 2016)	Investment Property
TAS 41 (revised 2016)	Agriculture
TAS104 (revised 2016)	Accounting for Trouble Debt Restructuring
TAS105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS107 (revised 2016)	Financial Instruments Disclosure and Presentation
TFRS 2 (revised 2016)	Share-Based Payment
TFRS 3 (revised 2016)	Business Combinations
TFRS 4 (revised 2016)	Insurance Contracts
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2016)	Exploration for and Evaluation of Mineral Resource
TFRS 8 (revised 2016)	Operating Segments
TFRS10 (revised 2016)	Consolidated Financial Statements
TFRS11 (revised 2016)	Joint Arrangements
TFRS12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS13 (revised 2016)	Fair Value Measurement
TSIC 10 (revised 2016)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2016)	Operating Leases - Incentives
TSIC 25 (revised 2016)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2016)	Service Concession Arrangements: Disclosure
TSIC 31 (revised 2016)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2016)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities

**PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2016**

TFRIC 4 (revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2016)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2016)	Applying the Restatement Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economics
TFRIC10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC12 (revised 2016)	Service Concession Arrangements
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
TFRIC 14 (revised 2016)	TAS 19 (revised 2016)-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2016)	Distributions of Non - cash Assets to Owners
TFRIC 18 (revised 2016)	Transfers of Assets from Customers
TFRIC 20 (revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2016)	Levies

The management of the Company and its subsidiaries believe that these accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standards interpretations which are revised will not have any significant impact on the financial statements for the year when they are initially applied.

**40. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were authorized for issue by the Board of Directors of the Company on February 22, 2017

## Directors, Executives, Company's Secretary and Head of Internal Audit profile

### ● Directors

#### 1. Dr. Damri Sukhotanang

<b>Age</b>	67 years
<b>Position</b>	Board Chairman / Independent Director / Nomination and Remuneration Committee Chairman
<b>Education</b>	- Bachelor's degree in Chemical Technology (Hon.), Faculty of Science, Chulalongkorn University - Master's degree in Ceramic Engineering, University of Missouri at Rolla, U.S.A. - Doctoral degree in Ceramic Engineering, University of Missouri at Rolla, U.S.A. - Diploma, National Defense College, Class 44 - Certificate, Senior Executive Courses Class 14, Office of Civil Service Commission
<b>Training Courses</b>	Thai Institute of Directors - Financial Statement for Director (FSD) Class 20/2013 - Director Certification Program (DCP) Class DCP70/2006
<b>Work Experiences</b>	- 2014–Present Board Chairman/ Independent Director/Nomination and Remuneration Committee Chairman : Panjawattana Plastic Plc. - 2009 – Present Audit Committee member/ Independent Director : Siam Steel Service Center Plc. - 2011–2014 Board Chairman/ Independent Director : Panjawattana Plastic Plc. - 2008 - 2009 Permanent Secretary Ministry of Industry - 2003 – 2008 Deputy Permanent Secretary Ministry of Industry - 2000 – 2003 Director, Office of Industrial Economics Ministry of Industry - 1999 – 2000 Director-General, Department of Industrial Promotion Ministry of Industry
<b>Current job positions in any listed company</b>	
<b>Listed company</b>	- Siam Steel Service Center Plc.
<b>Non-listed company</b>	-None-
<b><u>In any companies which may result in a conflict of interest with the Company</u></b>	
	-None-
<b>First Appointment</b>	2001 15, July
<b>Term of office</b>	5 years
<b>Percentage of shares at 2016 31, December</b>	Ordinary shares 260,000 shares, representing 0.05 percent
<b>Trading shares in 2016</b>	-None-
<b>Percentage of shares of spouse and minors</b>	-None-
<b>(as at December 31, 2016)</b>	
<b>Having the following parent relationship with Directors and Executives</b>	- None
<b>Direct and indirect interests in the Company or in the relevant subsidiaries</b>	- None
<b>Meeting attendance in 2016</b>	Board of Directors 6/6 Nomination and Remuneration Committee 1/1

## 2. Mr. Kongsak Hemmontharop

<b>Age</b>	77 years
<b>Position</b>	Director / Vice Chairman
<b>Education</b>	- Primary School, Sawang Wittaya School
<b>Training Course</b>	Thai Institute of Directors - Director Accreditation Program Class 90/2011
<b>Work Experience</b>	- 2011 – Present Vice Chairman : Panjawattana Plastic Plc. - 2010 – Present Director : Mill Pack Co., Ltd. - 2003 – Present Director : Elegance Packaging Co., Ltd. - 1987 – 2011 Director : Panjawattana Plastic Co., Ltd.
<b>Current job positions in any listed company</b>	
<b>Listed company</b>	- None
<b>Non-listed company</b>	2 Companies as follows ; 1) Mill Pack Co., Ltd. 2) Elegance Packaging Co., Ltd.
<b><u>In any companies which may result in a conflict of interest with the Company</u></b>	-None-
<b>First Appointment</b>	2011 1, March
<b>Term of office</b>	6 years
<b>Percentage of shares at 2016 31, December</b>	Ordinary shares 106,169,439 shares, representing 18.49 percent
<b>Trading shares in 2016</b>	-None-
<b>Percentage of shares of spouse and minors (as at December 31, 2016)</b>	Ordinary shares 114,797,874 shares, representing 20.00 percent
<b>Having the following parent relationship with Directors and Executives</b>	- Husband of Mrs. Malee Hemmontharop - Father of Mr. Wiwat, Mr. Satit, Mr. Pirun Hemmondharop
<b>Direct and indirect interests in the Company or in the relevant subsidiaries</b>	-None-
<b>Meeting attendance in 2016</b>	Board of Directors 6/6

## 3. Mrs. Malee Hemmontharop

<b>Age</b>	73 years
<b>Position</b>	Director / Executive Committee Member / Vice Chief Executive Officer / Chief Administrative Officer
<b>Education</b>	- Primary School, Ban Paew Wittaya School
<b>Training Courses</b>	Thai Institute of Directors - Director Accreditation Program Class 90/2011
<b>Work Experience</b>	- 2013–Present Director/ Vice Vice Chief Executive Officer / Chief Administrative Officer / Executive Committee : Panjawattana Plastic Plc. - 2011–2013 Director / Vice Chief Executive Officer : Panjawattana Plastic Plc.

- 2014–Present Director : Plastech Lab Co., Ltd.  
(Old Name : PJW Food Pack Co., Ltd.)
- 2014-2015 Director : PJW Drinktech Co., Ltd.
- 2011–Present Director : Elegance Packaging Co., Ltd.
- 2011–Present Director : Panjawattana Plastic (Tianjin) Co., Ltd.
- 2011–Present Director : PCP Marketing Co., Ltd.
- 1990–Present Director : Mill Pack Co., Ltd.

**Current job positions in any listed company**
**Listed company**

- None

**Non-listed company**

5 Companies as follows ;

1. PJW Food Pack Co., Ltd.
2. Elegance Packaging Co., Ltd.
3. Panjawattana Plastic (Tianjin) Co., Ltd.
4. PCP Marketing Co., Ltd.
5. Mill Pack Co., Ltd.

**In any companies which may result in a conflict of interest with the Company**

-None-

**First Appointment**

2011 1, March

**Term of office**

5 years

**Percentage of shares at 2016 31, December**

Ordinary shares 114,797,874 shares, representing 20.00 percent

**Trading shares in 2016**

-None-

**Percentage of shares of spouse and minors (as at December 31, 2016)**

Ordinary shares 106,169,439 shares, representing 18.49 percent

**Having the following parent relationship with Directors and Executives**

- Spouse of Mr. Kongsak Hemmontharop
- Mother of Mr. Wiwat, Mr. Satit, Mr. Pirun Hemmondharop

**Direct and indirect interests in the Company or in the relevant subsidiaries**

- None

**Meeting attendance in 2016**

Board of Directors

6/6

**4. Mr. Wiwat Hemmondharop**
**Age**

51 years

**Position**

Director / Risk Management Committee Member / Nomination and Remuneration Committee Member / Chairman of the Board of Executive Directors

**Education**

- Bachelor's degree in Economics, Thammasat University
- Master's degree in Business Administration, National Institute of Development Administration
- Master's degree in Marketing (English program), Thammasat University

**Training Courses**

- Thai Institute of Directors
- Chartered Director Class (CDC) Class 2014
- Director Certification Program Class 32/2003
- The Securities Exchange of Thailand
- Thailand CG Forum : Governance as a driving force for business sustainability

**Work Experience**

- 2015–Present Director / Risk Management Committee Member  
Nomination and Remuneration Committee Member /



	Chairman of the Board of Executive Directors : Panjawattana Plastic Plc.
- 2014–Present	Director : Plastech Lab Co., Ltd. (Old Name : PJW Food Pack Co., Ltd.)
- 2014–2015	Director / Nomination and Remuneration Committee Member / Chairman of the Board of Executive Directors : Panjawattana Plastic Plc.
- 2014–2015	Director : PJW Drinktech Co., Ltd.
- 2011– Present	Director : Panjawattana Plastic (Tianjin) Co., Ltd.
- 2011–2013	Director / Chairman of the Board of Executive Directors : Panjawattana Plastic Plc.
- 2010–Present	Director : Mill Pack Co., Ltd.
- 2010–Present	Director : Thammanamai Health Cuisine Co., Ltd
- 2008–Present	Director : Composite Marketing Co., Ltd. (Old Name : Panjawattana Marketing Co., Ltd.)
- 2005–Present	Director : Pan Asia Chemical Co., Ltd.
- 2004–2010	Director : Elegance Packaging Co., Ltd.
- 1987–2011	Director : Panjawattana Marketing Co., Ltd.

**Current job positions in any listed company**

**Listed company**

- None

**Non-listed company**

5 Companies as follows ;

1. Plastech Lab Co., Ltd.
2. Mill Pack Co., Ltd.
3. Panjawattana Plastic (Tianjin) Co., Ltd.
4. Composite Marketing Co., Ltd.
5. Thammanamai Health Cuisine Co., Ltd
6. Pan Asia Chemical Co., Ltd.

**In any companies which may result in a conflict of interest with the Company**

-None-

<b>First Appointment</b>	1987 30, November
<b>Term of office</b>	28 years
<b>Percentage of shares at 2016 31, December</b>	Ordinary shares 75,225,360 shares, representing 13.10 percent
<b>Trading shares in 2016</b>	-None-
<b>Percentage of shares of spouse and minors (as at December 31, 2016)</b>	-None-
<b>Having the following parent relationship with Directors and Executives</b>	- Son of Mr. Kongsak and Mrs. Malee Hemmontharop - Elder brother of Mr. Satit, Mr. Pirun Hemmondharop
<b>Direct and indirect interests in the Company or in the relevant subsidiaries</b>	- None
<b>Meeting attendance in 2016</b>	Board of Directors 6/6 Nomination and Remuneration Committee 1/1 Risk Management Committee <sup>1/</sup> 2/2

## 5. Mr. Satit Hemmondharop

<b>Age</b>	49 years
<b>Position</b>	Director / Executive Committee Member / Risk Management Committee Member/ Chief Executive Officer /Chief Marketing Officer (acting)
<b>Education</b>	<ul style="list-style-type: none"> <li>- Bachelor's degree in Commerce and Accountancy, Thammasat University</li> <li>- Master's degree in Marketing (English program), Thammasat University</li> <li>- Diploma, Human Resource Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University</li> </ul>
<b>Training Courses</b>	Thai Institute of Directors <ul style="list-style-type: none"> <li>- Risk Management Committee Program (RMP) Class 2/2013</li> <li>- Role of the Compensation Committee Class 11/2011</li> <li>- Director Certification Program Class 12/2011</li> <li>- Purposefully Designing a winning culture</li> <li>- Laws vs Business Practice – An Insider's view</li> </ul>
<b>Work Experience</b>	<ul style="list-style-type: none"> <li>- 2014–Present Director/Executive Committee Member/Risk Management Committee Member/ Chief Executive Officer / Chief Marketing Officer (acting): Panjawattana Plastic Plc.</li> <li>- 2011–2014 Director/Executive Committee Member/Risk Management Committee Member/ Chief Executive Officer : Panjawattana Plastic Plc.</li> <li>- 2014–Present Director : Plastech Lab Co., Ltd. (Old Name : PJW Food Pack Co., Ltd.)</li> <li>- 2014–2015 Director : PJW Drinktech Co., Ltd.</li> <li>- 1996–Present Director : Mill Pack Co., Ltd.</li> <li>- 2003 – 2011 Director : Panjawattana Marketing Co., Ltd.</li> <li>- 1993 - 2003 Executive Committee Member : Panjawattana Marketing Co., Ltd.</li> <li>- 1991 - 1993 Production Manager : Panjawattana Marketing Co., Ltd.</li> </ul>
<b>Current job positions in any listed company</b>	
<b>Listed company</b>	- None
<b>Non-listed company</b>	2 Companies as follows ; 1. Mill Pack Co., Ltd. 2. Plastech Lab Co., Ltd.
<b><u>In any companies which may result in a conflict of interest with the Company</u></b>	
	-None-
<b>First Appointment</b>	1992 9, October
<b>Term of office</b>	24 years
<b>Percentage of shares at 2016 31, December</b>	Ordinary shares 32,661,428 shares, representing 5.69 percent
<b>Trading shares in 2016</b>	Sold 10,000,000 shares
<b>Percentage of shares of spouse and minors (as at December 31, 2016)</b>	Ordinary shares 8,221,500 shares, representing 1.43 percent
<b>Having the following parent relationship with Directors and Executives</b>	<ul style="list-style-type: none"> <li>- Son of Mr. Kongsak and Mrs. Malee Hemmontharop</li> <li>- Younger brother of Mr. Wiwat/ Elder brother of Mr. Pirun Hemmondharop</li> </ul>

<b>Direct and indirect interests in the Company or in the relevant subsidiaries</b>		- None
<b>Meeting attendance in 2016</b>	Board of Directors	6/6
	Risk Management Committee	2/2

## 6. Dr. Pirun Hemmondharop

<b>Age</b>	43 years
<b>Position</b>	Director / Risk Management Committee
<b>Education</b>	<ul style="list-style-type: none"> <li>- Bachelor's degree in Industrial Engineering, Sirindhorn International Institute of Technology, Thammasat University</li> <li>- Master's degree in Engineering Management, University of Missouri-Rolla</li> <li>- Doctoral degree in Engineering Management, University of Missouri-Rolla</li> </ul>
<b>Training Courses</b>	<p>Thai Institute of Directors</p> <ul style="list-style-type: none"> <li>- Director Accreditation Program Class 90/2011</li> <li>- Director Certification Program Class 150/2011</li> <li>- Director Breakfast Talk Class 2/2011</li> <li>- Financial Statements for Director Class 13/2011</li> </ul> <p>Thai Listed Companies Association</p> <ul style="list-style-type: none"> <li>- TLCA Executive Development Program Class 13/2014</li> </ul> <p>Federation of Accounting Professions</p> <ul style="list-style-type: none"> <li>- Risk Management (Advance) Class 2/2016</li> <li>- Risk Management (Standard) Class 2/2016</li> </ul> <p>King Prajadhipok's Institute</p> <ul style="list-style-type: none"> <li>- Diploma, Public Economics for executive Class 11/2013</li> </ul> <p>Thammasat University</p> <ul style="list-style-type: none"> <li>- Thammasat Leadership Program (TLP) Class 5</li> </ul>
<b>Work Experience</b>	<ul style="list-style-type: none"> <li>- 2013 -Present Director / Risk Management Committee : Panjawattana Plastic Plc.</li> <li>- 2013 -Present Director : Composite Holding Co., Ltd.</li> <li>- 2011 -Present Director : Elegance Packaging Co., Ltd.</li> <li>- 2011 -Present Director : PJ Composite Co., Ltd.</li> <li>- 2011 -Present Director : Panjawatna (Tianjin) Co., Ltd.</li> <li>- 2010 -Present Director : Thammanamai Health Cuisine Co., Ltd</li> <li>- 2011 -2013 Director / Executive Committee Member/ Vice President/ Chief Operating Officer and Supply Chain - Samutsakhon Branch : Panjawattana Plastic Plc.</li> <li>- 2008 -2011 Chief Operating Officer / Chief Human Resource Officer : Panjawattana Plastic Plc.</li> <li>- 2004-2008 Director, Course Director, Master's degree in Management : College of Management, Mahidol University</li> </ul>

**Current job positions in any listed company**

<b>Listed company</b>	- None
<b>Non-listed company</b>	5 Companies as follows ; 1. Panjawatna (Tianjin) Co., Ltd. 2. Elegance Packaging Co., Ltd. 3. PJ Composite Co., Ltd. 4. Composite Holding Co., Ltd. 5. Thammanamai Health Cuisine Co., Ltd

**In any companies which may result in a conflict of interest with the Company** -None-

<b>First Appointment</b>	2011 28, January
<b>Term of office</b>	6 years
<b>Percentage of shares at 2016 31, December</b>	Ordinary shares 35,688,640 shares, representing 6.22 percent
<b>Trading shares in 2016</b>	-None-
<b>Percentage of shares of spouse and minors (as at December 31, 2016)</b>	-None-
<b>Having the following parent relationship with Directors and Executives</b>	- Son of Mr. Kongsak and Mrs. Malee Hemmontharop - Younger brother of Mr. Wiwat and Mr. Satit Hemmondharop
<b>Direct and indirect interests in the Company or in the relevant subsidiaries</b>	- None
<b>Meeting attendance in 2016</b>	Board of Directors 6/6 Risk Management Committee 2/2

**7. Miss Charanya Sangsukdee**

<b>Age</b>	52 years
<b>Position</b>	Director / Independent Director / Chairman of Audit Committee / Risk Management Committee Member
<b>Education</b>	- Bachelor's degree in Management Science, Sukhothaimathirath Open University - Master's degree in Business Administration, Kasetsart University - Mini Master of Management Program NIDA, University of California at Berkeley, USA
<b>Training Courses</b>	Thai Institute of Directors - Audit Committee Forum Class 1/2016 - Family Business Governance for Sustainability Class 2/2015 - Anti-Corruption for Executive Program Class 14/2015 - Anti-Corruption: The Practical Guide Class 16/2015 - Monitor the system of Internal Control and Risk Class 7/2009 - Monitor of the Quality of Financial Reporting Class 9/2009 - Monitor the Internal Audit Function Class 6/2009 - Monitor Fraud Risk Management Class 1/2009 - Director Certification Program Class 96/2007 - Audit Committee Program Class 27/2009 - Director Accreditation Program Class 62/2007

<b>Work Experience</b>	- 2011–Present	Director / Independent Director / Chairman of Audit Committee / Risk Management Committee Member : Panjawattana Plastic Plc.
	- 1997–Present	Managing Director : Tax Specialist Co., Ltd.
	- 1996–Present	Managing Director : Bangkok Training Center Co., Ltd.
	- 2007-2011	Audit Committee member / Independent Director : Group Lease Plc.
	- 2006-2011	Audit Committee member/Independent Director : Globlex Holding Management Plc

**Current job positions in any listed company**

<b>Listed company</b>	- None
<b>Non-listed company</b>	2 Companies as follows ; 1. Tax Specialist Co., Ltd. 2. Bangkok Training Center Co., Ltd.

**In any companies which may result in a conflict of interest with the Company** -None-

<b>First Appointment</b>	2011 28, January
<b>Term of office</b>	6 years
<b>Percentage of shares at 2016 31, December</b>	Ordinary shares 260,000 shares, representing 0.05 percent
<b>Trading shares in 2016</b>	-None-
<b>Percentage of shares of spouse and minors (as at December 31, 2016)</b>	-None-
<b>Having the following parent relationship with Directors and Executives</b>	-None-
<b>Direct and indirect interests in the Company or in the relevant subsidiaries</b>	-None-
<b>Meeting attendance in 2016</b>	Board of Directors 6/6 Audit Committee 7/7 Risk Management Committee 2/2

## 8. Assoc. Prof. Dr. Aekkachai Nittayakasetwat

<b>Position</b>	Director / Independent Director Audit Committee member / Chairman of Risk Management Committee
<b>Age</b>	53 years
<b>Education</b>	- B.Sc.(Chemical Engineering), Chulalongkorn University - Master's degree in Financial Management, National Institute of Development Administration - Doctoral degree in Finance, University of Mississippi
<b>Training Courses</b>	Thai Institute of Directors : - Certificate of Attendance Compensation Survey Class 1/2011 - Certificate of Attendance Risk Management Committees Program Class 2/2013 - Certificate of Attendance Role of the Compensation Committee Class 12/2011 - Certificate of Attendance Director Accreditation Program (DAP) Class 35/2005
<b>Work Experiences</b>	- 2011 – Present Audit Committee member/Independent Director/Chairman of Risk Management Committee Panjawattana Plastic Plc.

- 2011 – Present Director/ Audit Committee member  
Stars Microelectronics (Thailand) Plc.
- 2010 – Present Independent Director/ Chairman of Audit Committee  
: UAC Global Public Company Limited  
(Old Name : Universal Adsorbents & Chemicals Plc.)
- 2009 – Present Director and Audit Committee member  
GT Wealth Management Co., Ltd.
- 2008 – Present Director/ Audit Committee Member Getabec Co., Ltd.
- 2006 – Present Independent Director/ Audit Committee member  
TRC Construction Co., Ltd.
- 2007 – 2010 Dean Faculty of Business Administration National Institute of Development  
Administration
- 2004 – 2006 Deputy Dean Faculty of Business Administration National Institute of  
Development Administration

**Current job positions in any listed company**

- Listed company**
- UAC Global Public Company Limited
  - Stars Microelectronics (Thailand) Plc.
  - TRC Construction Co., Ltd.

- Non-listed company**
- 2 Companies as follows ;
- 1) GT Wealth Management Co., Ltd.
  - 2) Getabec Co., Ltd.

**In any companies which may result in a conflict of interest with the Company** - None

<b>First Appointment</b>	2011 28, January
<b>Term of office</b>	6 years
<b>Percentage of shares at 2016 31, December</b>	Ordinary shares 156,000 shares, representing 0.03 percent
<b>Trading shares in 2016</b>	Received dividend Stocks amount 6,000 shares
<b>Percentage of shares of spouse and minors (as at December 31, 2016)</b>	-None-
<b>Having the following parent relationship with Directors and Executives</b>	-None-
<b>Direct and indirect interests in the Company or in the relevant subsidiaries</b>	-None-
<b>Meeting attendance in 2016</b>	Board of Directors 6/6
	Audit Committee 7/7
	Risk Management Committee 2/2

**9. Mr. Natthawut Khemayotin**

<b>Position</b>	Director / Independent Director / Audit Committee member / Risk Management Committee member / Nomination and Remuneration Committee member
<b>Age</b>	48 years

- Education**
- Bachelor's degree in Commerce and Accountancy, Thammasat University
  - Master's degree in Business Administration, University of Dallas, Irving, Texas
- Training Courses**
- Thai Institute of Directors
  - Driving Strategic Success with IT Governance (ITG) Class 3/2016
  - Remuneration Survey Reporting 2014
  - Risk Management Committee Program (RMP) Class 2/2013
  - Director Certification Program Class 70/2006
- Work Experience**
- 2014-Present Director / Independent Director / Audit Committee member / Risk Management Committee member / Nomination and Remuneration Committee member : Panjawattana Plastic Plc.
  - 2011–2014 Director / Independent Director / Audit Committee member / Risk Management Committee member : Panjawattana Plastic Plc.
  - 2013–Present Managing Director : North Caribbean Inter Trade Co., Ltd.
  - 2004–Present Managing Director : Nu Na Co., Ltd.
  - 2005–2009 Managing Director : Globlex Holding Management Plc
  - 2002–2005 Assistant Director, The Board of Directors Bureau : Seamico Securities Plc.
  - 2001–2002 Senior Officer, Investment Banking Department : Thai Military Bank Plc.

**Current job positions in any listed company**

- Listed company** - None
- Non-listed company** 2 Companies as follows ;
1. Nu Na Co., Ltd.
  2. North Caribbean Inter Trade Co., Ltd.

**In any companies which may result in a conflict of interest with the Company** -None-

<b>First Appointment</b>	2011 28, January	
<b>Term of office</b>	5 years	
<b>Percentage of shares at 2016 31, December</b>	Ordinary shares 260,000 shares, representing 0.05 percent	
<b>Trading shares in 2016</b>	-None-	
<b>Percentage of shares of spouse and minors (as at December 31, 2016)</b>		-None-
<b>Having the following parent relationship with Directors and Executives</b>		-None-
<b>Direct and indirect interests in the Company or in the relevant subsidiaries</b>		-None-
<b>Meeting attendance in 2016</b>	Board of Directors	6/6
	Audit Committee	7/7
	Risk Management Committee	2/2
	Nomination and Remuneration Committee	1/1

● **Executives, Company's Secretary**

**1. Mrs. Prim Chaipayat**

<b>Position</b>	President of Financial Officer/ Company's Secretary
<b>Age</b>	41 years
<b>Education</b>	<ul style="list-style-type: none"> <li>- Bachelor's degree in Commerce and Accountancy, Thammasat University</li> <li>- Master's degree in Business Administration, Kasetsart University</li> </ul>
<b>Training Courses</b>	<p>Thai Institute of Directors</p> <ul style="list-style-type: none"> <li>- Audit Committee Program Class 37/2011</li> <li>- Monitoring Fraud Risk Management Class 6/2011</li> <li>- Effective Minute Taking Class 19/2011</li> <li>- Company Secretary Program Class 37/2010</li> <li>- Monitor of the Quality of Financial Reporting Class 9/2009</li> </ul> <p>Thai Listed Companies Association</p> <ul style="list-style-type: none"> <li>- Principal Law and related regulation of Listed Company Program Class 11/2014</li> <li>- Company Secretary Training Program Class 29/2014</li> </ul> <p>Federation of Accounting Professions</p> <ul style="list-style-type: none"> <li>- Risk Management (Advance) Class 2/2016</li> <li>- Risk Management (Standard) Class 2/2016</li> <li>- Anti-Corruption in Organization Class 5</li> <li>- Consolidated Financial Management</li> <li>- Beyond Treasury Management</li> </ul> <p>Other</p> <ul style="list-style-type: none"> <li>- Certificate of Merger and Acquisition Analysis : Thailand Securities Institute</li> <li>- Certificate of Provision Raise Funds by Bond Issue : Thai BMA</li> <li>- Management Communication : Sasin Business English</li> <li>- Thailand CG Forum : Governance as a driving force for business sustainability : The Securities Exchange of Thailand</li> <li>- Draft Transfer Pricing Law : PWC</li> </ul>
<b>Work Experience</b>	<ul style="list-style-type: none"> <li>- 2014–Present      President of Financial Officer/ Company's Secretary : Panjawattana Plastic Plc.</li> <li>- 2011–2014      Finance Director/ Company's Secretary : Panjawattana Plastic Plc.</li> <li>- 2008–2011      Finance Director/ Company's Secretary : Panjawattana Plastic Co., Ltd.</li> <li>- 2006–2007      Accounting Manager : Panjawattana Plastic Co., Ltd.</li> <li>- 2003–2006      Chief, Budget and Finance Section : Panjawattana Plastic Co., Ltd.</li> <li>- 2001–2002      Senior Tax Auditor Ernst &amp; Young Corporate</li> <li>- 1997–2001      Senior Auditor Ernst &amp; Young Office Limited</li> </ul>
<b>Current job positions in any listed company</b>	
<b>Listed company</b>	- None
<b>Non-listed company</b>	- None
<b><u>In any companies which may result in a conflict of interest with the Company</u></b>	- None
<b>First Appointment</b>	- None
<b>Term of office</b>	- None



<b>Percentage of shares at 2016 31, December</b>	Ordinary shares 340,000 shares, representing 0.06 percent
<b>Trading shares in 2016</b>	-None-
<b>Percentage of shares of spouse and minors (as at December 31, 2016)</b>	-None-

## 2. Miss Penchan Tobaramuekul

<b>Position</b>	Chief Operating Officer
<b>Age</b>	50 years
<b>Education</b>	- Bachelor's degree in Business Administration, Siam University
<b>Work Experience</b>	- 2016–Present Chief Operating Officer : Panjawattana Plastic Plc. - 2014–2016 Operating Director, Chonburi Branch : Panjawattana Plastic Plc. - 2011–2014 Operating and Supply Chain Director, Chonburi Branch : Panjawattana Plastic Plc. - 2010–2011 Supply Chain Director : Panjawattana Plastic Co., Ltd - 2003–2009 Planning and Logistic Manager : Panjawattana Plastic Co., Ltd. - 2001–2003 Transport and Service Manager : Vatchara Packing Product Co., Ltd. - 1996–2000 Product Planning Manager : Panjawattana Plastic Co., Ltd. - 1995–1996 Assistant Cost Analysis and Packaging Manager : Tre-Atthaboon Industry Co., Ltd - 1998–1994 Assistant Production Planning Manager : Tre-Atthaboon Industry Co., Ltd.

### Current job positions in any listed company

<b>Listed company</b>	- None
<b>Non-listed company</b>	- None
<b><u>In any companies which may result in a conflict of interest with the Company</u></b>	- None
<b>First Appointment</b>	- None
<b>Term of office</b>	- None

<b>Percentage of shares at 2015 31, December</b>	Ordinary shares 364,000 shares, representing 0.06 percent
<b>Trading shares in 2015</b>	-None-
<b>Percentage of shares of spouse and minors (as at December 31, 2016)</b>	-None-

## 3. Mr. Seksan Sinbunluekul

<b>Position</b>	Chief Product Engineer and Development Officer
<b>Age</b>	43 years
<b>Education</b>	- Bachelor's degree in Plastic Technology, Rajamangala University of Technology
<b>Work Experience</b>	- 2016–Present Chief Product Engineer and Development Officer : Panjawattana Plastic Plc. - 2011–2016 Research and Development Director : Panjawattana Plastic Plc. - 1996–2011 Research and Development Director : Panjawattana Plastic Co., Ltd.

### Current job positions in any listed company

<b>Listed company</b>	- None
<b>Non-listed company</b>	- None
<b><u>In any companies which may result in a conflict of interest with the Company</u></b>	- None
<b>First Appointment</b>	- None
<b>Term of office</b>	- None
<b>Percentage of shares at 2016 31, December</b>	Ordinary shares 364,000 shares, representing 0.06 percent
<b>Trading shares in 2016</b>	-None-
<b>Percentage of shares of spouse and minors (as at December 31, 2016)</b>	-None-

● **Head of Internal Audit**

**1. Miss Supattra Nitjaya**

<b>Position</b>	Head of Internal Audit
<b>Age</b>	28 years
<b>Education</b>	- Bachelor's Degree in Industrial Management Program, Dhurakij Pundit University
<b>Training Courses</b>	Federation of Accounting Professions under the Royal Patronage of His Majesty the King - Risk Assessment Method for Internal Audit Planning  The Institute of Internal Auditors of Thailand (IIAT) - Compliance and Compliance Audit  The Stock Exchange of Thailand - Key mechanisms for regulating and creating business value added. - Corporate Social Responsibility Management For sustainable development. The Securities and Exchange Commission, Thailand - Thailand's Investment Governance Code.
<b>Work Experience</b>	- 2015–Present      Head of Internal Audit : Panjawattana Plastic Plc. - 2014–2015        Internal Audit Officer : Panjawattana Plastic Plc. - 2013–2014        Qsys Auditor : Marine Gold Products Co., Ltd. - 2011–2013        Engineering Officer : : Index Interfern Co., Ltd.

**Current job positions in any listed company**

<b>Listed company</b>	- None
<b>Non-listed company</b>	- None
<b><u>In any companies which may result in a conflict of interest with the Company</u></b>	- None
<b>First Appointment</b>	- None
<b>Term of office</b>	- None
<b>Percentage of shares at 2016 31, December</b>	- None
<b>Trading shares in 2016</b>	- None
<b>Percentage of shares of spouse and minors (as at December 31, 2016)</b>	-None-

### Directors and Executives with Controlling Power

Name	Panjawattana Plastic Plc. Position	Subsidiaries			
		Mill Pack Co., Ltd. : MPC	Elegance Packaging Co., Ltd. : EPC	Panjawattana Plastic (Tanjin) Co., Ltd. : PJT	Plastech lab Co., Ltd. : PJF (Old name : PJW Food Pack Co., Ltd.)
1. Dr. Damri Sukhotanang	Board Chairman / Independent Director	-	-	-	-
2. Mr. Kongsak Hemmontharop	Director	Director	Director	-	-
3. Mr. Wiwat Hemmontharop	Director / Chairman of the Board of Executive Directors	Director	-	Director	Director
4. Mrs. Malee Hemmontharop	Director / Vice Chief Executive Officer	Director	Director	Director	Director
5. Mr. Saif Hemmontharop	Director / Chief Executive Officer	Director	-	-	Director
6. Dr. Pirun Hemmontharop	Director	-	Director	Director	-
7. Miss Charanya Sangsukdee	Chairman of Audit Committee / Independent Director	-	-	-	-
8. Assoc. Prof. Dr. Aekkachai Nittayakasetwat	Independent Director	-	-	-	-
9. Mr. Natthawut Khemayotin	Independent Director	-	-	-	-
10. Mrs. Prim Chaiyawat	Chief Financial Officer/ Company's Secretary	-	-	-	-
11. Miss Panchan Tobarameeikul	Chief Operating Officer	-	-	-	-
12. Mr. Seksan Sinbunuekul	Chief Product Engineer and Development Officer	-	-	-	-



## PANJAWATTANA PLASTIC PUBLIC COMPANY LIMITED

[www.pjw.co.th](http://www.pjw.co.th)

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### **Samuthsakhon Branch**

Address: 28 Moo 2, Chaimongkol Sub-district,  
Muang District, Samutsakhon Province 74000  
Telephone Number: (02) 150-5988, (034) 839130-1  
Facsimile Number: (02) 150-5987

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### **Chonburi Branch**

Address: 150/62 Moo 9, Nhong Kham Sub-district,  
Sriracha District, Chonburi Province 20110  
Telephone Number: (038) 347187-8, (038) 347205, (038) 347207  
Facsimile Number: (038) 347189

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### **Bangkok Branch**

Address: 19, 21, Soi Ekkachai 63, Ekkachai Road,  
Bang Bon Sub-district, Bang Bon District, Bangkok 10150  
Telephone Number: (02) 8980018, (02) 8981008  
Facsimile Number: (02) 8980633.

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### **PANJAWATTANA (TIEN JIN) PLASTIC COMPANY LIMITED**

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