



Annual Registration Statement
For the Year Ended 31 December 2016
Masterkool International Public Company Limited

Contents

	Page
Part 1 Business Operations	
1. Policy and Business Overview	2
2. Business Operations	5
3. Risk Factors	24
4. Assets Used in Business Engagement	27
5. Legal Dispute	24
6. General Information and other Key Information	35
Part 2 Management and Corporate Governance	
7. Securities and Shareholder Information	37
8. Management Structure	38
9. Corporate Governance	44
10. Corporate Social Responsibilities	60
11. Internal Control and Risk Management	64
12. Related Party Transactions	67
Part 3 Essential Financial Information	
13. Essential Financial Information	70
14. Management's Discussion and Analysis	76
Confirmation of Information Accuracy	80
Enclosure	
Enclosure 1 Information on Directors, Management, Persons with Power and Company Secretary	
Enclosure 2 Information on Directors of Subsidiaries	
Enclosure 3 Information on Internal Audit Head	
Enclosure 4 Financial Statements	

1. Policy and Business Overview

Masterkool International Public Company Limited (“Company”) was established on June 3, 2002 by Mr. Noppachai Veeraman and friends. Its main business relies on supply of cooling products, i.e. air cooler, misting fan, and industrial fan under the brand of “MASTERKOOOL” and “Cool Top”. The business includes services and rental cooling products for outdoor area, design and installation of cooling system inside a plant or warehouse, after-sale warranty, and maintenance. The Company has been listed on the Market for Alternative Investment (mai) with the security name as KOOL since 23rd September 2015.

In addition, the Company has 99.98% shares in 1 subsidiary, Innov Green Solutions Company Limited (“Subsidiary” or “Ingreen”). Ingreen is a seller and service provider of ozone system that can be applied in various system, e.g. indoor cooling system, washing system for efficiency increase, energy saving, and chemical reduction, including use with pipe water system to reduce organic used in water which cause cancer.

The Company is the first of the industry as an innovator of refrigeration products, using evaporation technology offered to consumers; in line with the slogan of “**Masterkool, the Real Leader in Modern Cool**”

Although the current sales value is increasing every year and the year 2016, the company's revenue was 889.59 million baht or 49.64% growth from the consolidated financial statement comparing to the same period of the year 2015.

However, compared to the growth opportunities of the market, the company saw a lot of growth opportunities. In order to be a business direction, the Company has formulated a 4-year strategy (2017-2020) and introduced the 2017 Business Plan (2017) by analyzing on the key environmental factors, both internal and external, such as operating systems that need to be upgraded to support business expansion, seasonal business constraints, etc., based on four perspectives of the Balanced Scorecard.

1.1 Vision, Objective, Goal or Business Strategy

- **Vision**

We are an authentic leader of modern cooling products and solutions for hot weather, energy saving, environment care to meet all needs of customers; and to gain recognition on international standards for well-being of the Masterkool family.

- **Mission**

MASTERKOOOL, an innovative organization who creates quality; for the happiness of Masterkool family

- **Goal**

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

- **Business Strategy**

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

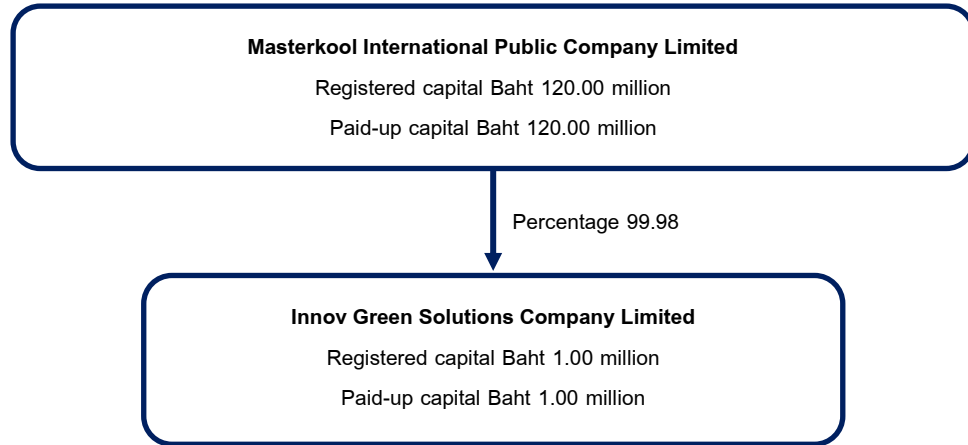
- Focusing on the three main market segments i.e. Corporate Channel, Retail Channel and Exporting
- Expanding the use of information technology and deepening its operations in the area, Warehouse Management System (WMS)
- Motivating via activities related to the shared values; creating the workplace and the quality of the work

1.2 Key Milestones

2002-2010	<p>Masterkool International Public Company Limited (“Company”) was established on June 3, 2002 by Mr. Noppachai Veeraman and friends. Its initial capital was Baht 2,000,000 with 200,000 ordinary shares at par value of Baht 10 per share. The Company’s major businesses are manufacturing and sale of misting fan by being the first company that makes research and development for misting fan to solve the problem for any place that is unable to install air conditioner.</p> <p>The Company increased its capital 4 times from Baht 2,000,000 to Baht 44,400,000 in 2009, comprising of 4,440,000 ordinary shares, at par value of Baht 10 per share by offering to the existing shareholders to support business expansion. Regarding the 4th capital increase, the Company sells 440,000 ordinary shares to K-SME at value of Baht 20 per share (par value is Baht 10 per share).</p> <p>In 2008, the Company achieves Prime Minister’s Export Award 2008 in the category of Thai-Owned Brand.</p> <p>In 2009, the Company and the three shareholders entered into joint-venture agreement and shareholders agreement between the shareholders and K-SME (refer to the details in article 9.3 shareholders agreement). Moreover, the Company started import air cooler for sale in Thailand.</p>
2011	<p>The Company joined establishment of Innov Green Solution Company Limited (“InGreen”) with unrelated person with initial capital of Baht 1,000,000 for 10,000 shares at par value of Baht 100 per share. The Company holds 49.99% shares of InGreen to run ozone product business.</p>
2013	<p>The Company made the 5th capital increase of Baht 44,400,000 by increasing from 4,440,000 ordinary shares at par value of Baht 10 per share to 7,000,000 ordinary shares at par value of Baht 10 per share by offering and allocating to the existing shareholders, directors, management, and some employees at par value of Baht 10 per share.</p>
2014	<p>The ordinary meeting of shareholders no. 2/2014, dated September 9, 2014 had the resolution to allow the Company performing the following activities.</p> <ul style="list-style-type: none">• Transformed to Public Company Limited• Changed the par value from Baht 10 per share to Baht 0.25 per share• Increased registered capital from Baht 70,000,000 of 280,000,000 ordinary shares at par value of Baht 0.25 per share to Baht 120,000,000 of 480,000,000 ordinary shares at par value of Baht 0.25 per share. The details of allocation are as follows.<ul style="list-style-type: none">- 80,000,000 ordinary shares were allocated to the existing shareholders at the current shareholding ratio.- 120,000,000 ordinary shares were allocated to general people <p>The Company made the 6th paid-up capital increase from Baht 70,000,000 of 280,000,000 ordinary shares at par value of Baht 0.25 per share to Baht 90,000,000 of 360,000,000 ordinary shares at par value of Baht 0.25 per share by offering the existing shareholders at the current shareholding rate at the par value of Baht 0.25 per share.</p>
2015	<p>The Company was listed on the Market for Alternative Investment (mai) and offering new shares to the public for the first time (IPO) in the service industry with KOOL securities code on September 23, 2015.</p>
2016	<p>The company introduced the innovative Koolbot air cooling appliance, with increased cooling capabilities</p>

2017 The Board of Directors Meeting No. 1/2560 held on 23rd February 2017 resolved to increase the registered capital of Innov-Green Solutions Co., Ltd. (subsidiary) from 1,000,000 Baht to 30,000,000 Baht. This is currently in the process of legal proceedings

1.3 Shareholders' structure as of 1st January 2017



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

2. Business Operations

Revenue Structure by Products

Type of Revenue	2014		2015		2016	
	MB	%	MB	%	MB	%
Revenue from Evaporative Fan	339.19	73.2	475.24	79.94	699.03	78.58
Revenue from Misting Fan	56.78	12.3	23.31	3.92	34.46	3.87
Revenue from Industrial and Ventilation Fan	32.25	7.0	29.21	4.91	21.89	2.46
Revenue from Spare Parts and Ozone Products	7.98	1.7	12.97	2.18	97.87	11.00
Total Revenue from Sales	436.21	94.1	560.72	94.32	853.25	95.91
Revenue from Service ^{1/}	22.44	4.8	30.30	5.10	28.26	3.18
Total Revenue from Service	458.65	99.0	591.02	99.42	881.50	99.09
Other Income ^{2/}	4.84	1.0	3.46	0.58	8.08	0.91
Total Revenue	463.49	100.0	594.46	100.0	889.59	100.00

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

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

2.1 Products or Service Characteristics

The Company's products can be categorized into 2 types; those are:-

A) Heat reduction and ventilation products such as misting fan, evaporative fan, industrial fan, and ventilation fan. In addition to the sale, the company rents such products, consulting and installing systems to solve the problem of hot air integrated by offering the right choice to the needs and suitable budget of our customers, the company has experienced engineers who design and install cooling systems.

B) Ozone system products, such as ozone system for big air conditioner, washer, pipe water, vegetable washer, show deodorizer. In addition to sale of those products, the Company also provides rental service, consultancy and installation service, and offering choice that suitable for customer's demand and budget. The followings are details of those products.

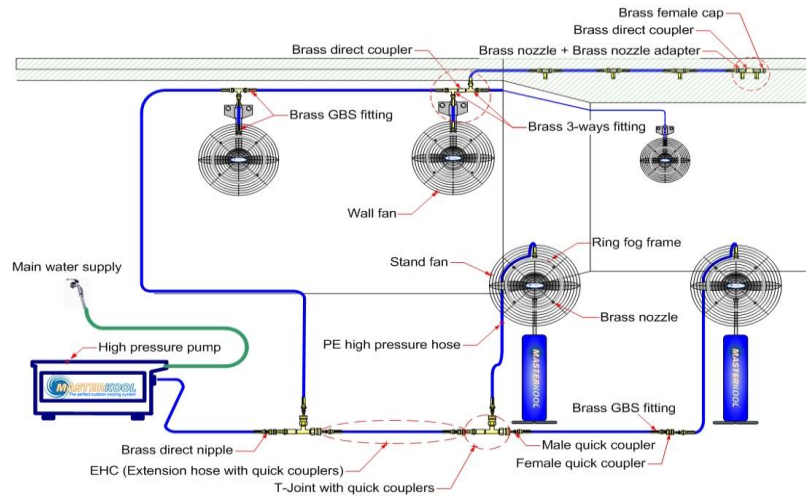
A1. Heat reduction and ventilation products

(a) Misting Fan

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

- High Pressure system

High pressure misting fan comprises high pressure water pump, fan, and small misting nozzle. The Company has total 4 sizes of high pressure misting fan for sale, i.e. 20 inch, 24 inch, 26 inch, and 30 inch with around 6 models. The fan has small spray head for generating 5 micron mist that can absorb heat from the air very well. The high pressure misting fan is available for sale in either table type, or wall type, or mobile type, or system type that is suitable for outdoor, clear area, or ventilating building. The fan is produced at the Company's factory at Panasnikom by using either import parts or domestic parts.



Example of high pressure misting fan

- Centrifugal Force System

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

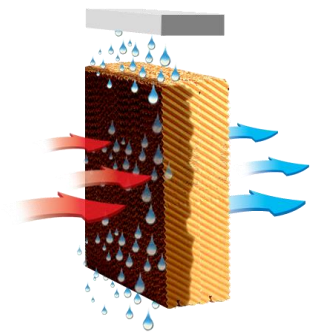
Moreover, the Company's centrifugal force misting fan obtains the petty patent no. 5664, provided for the misting fan using centrifugal force systems obtain, by the Department of Intellectual Property, Ministry of Commerce.

(b) Evaporative Fan

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

Currently, the Company's cooling fans are available in both mobile, floating wall-mounted and through-the-wall types; the latest innovation was first released in February, 2017 distributed under the trademark "MASTERKOOL". This kind of fan is suitable for home-use, shops, and outdoor areas. Besides, the system works well for factories, warehouses, etc., to replace energy-intensive air conditioning system.

Mostly the Company's products are designed by our team, and manufactured for finished goods in China by the Company's partner-contractors. Those finished goods are imported into domestic and export abroad. By the models that designed by the Company, all products had been applied for the design patents with the Department of Intellectual Property, Ministry of Commerce.



Cooling pad is a key function of evaporative fan



Presently, the Company has 3 categories of evaporative air coolers totaling 16 models. Those are 1) Mobile MASTERKOOL I-Kool ("MIK"), 2) Wall-mounted MASTERKOOL U-Kool 03 (Mini), and 3) Through-the-wall MASTERKOOL U-Kool ("MUK") (Large Size) which designed for industrial applications.

(c) Industrial and Ventilation

- Industrial Fan

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



Industrial Fan

- Ventilation Fan

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



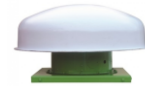
Propeller Fan



Axial Fan



Centrifugal Fan



Roof Fan

(d) Rental service

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

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

(e) After-sale service

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

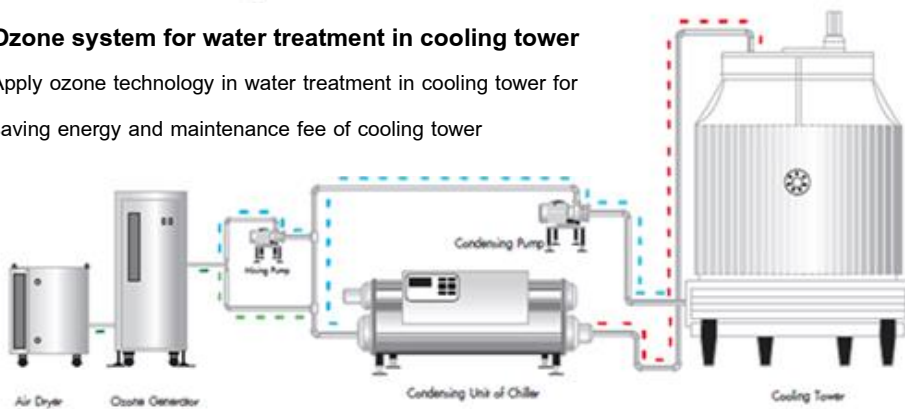
A2. Ozone system product

The Company has the policy to let its subsidiary, INNOVGREEN Solution Company Limited, operate the business of rental service, supply, provide energy saving and environment conservative products, including service for ozone generator system used for energy saving and environment conservation, e.g. water treatment, sterilization system. As ozone will dissolve to oxygen after reaction with other substance, there is no residual chemical and ozone can prevent new generating dreg by holding Carboic acid and Calcium in the water. Moreover, ozone can remove existing dreg in the system without using any chemical for dreg reduction and sterilization.

With the above qualification of ozone, the Company can apply ozone with cooling tower of air conditioner in large building and cloth washer of the hospital. This can effectively help in cost reduction of energy and chemical. At present, the Company has revenue from sale, cost saving, and rental. The key customers are big department stores, hotels, hospital. In addition, the ozone system can be applied for other function, such as Chlorine and carcinogen reduction, water treatment and stylization, pipe water quality improvement by reducing inorganic compound in water which is one of carcinogen.

Ozone system for water treatment in cooling tower

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



Ozone system for cloth washing machine

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





Ozone system for pipe water production

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

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



Ozone vegetable washer



Shoe deodorizer

- Bacteria sterilize
- Remove bad smell
- Dry

Shoe deodorizer

2.1.1 BOI Certificate, Petty patent, Permit, and International Standard

Application	Patent	Categories	Product	Period
1002002474	42234	Product Design Patent	High-pressure water time	28 Nov 2014 to 8 Sep 2020
1302002540	51773	Product Design Patent	Air Conditioning	7 Oct 2016 to 11 Sep 2023
1302002541	51774	Product Design Patent	Air Conditioning	7 Oct 2016 to 11 Sep 2023
1302002542	51775	Product Design Patent	Air Conditioning	7 Oct 2016 to 11 Sep 2023
1302002543	51776	Product Design Patent	Air Conditioning	7 Oct 2016 to 11 Sep 2023
1302003212	52159	Product Design Patent	Water Purifier	2 Nov 2016 to 11 Nov 2023
0803001262	5664	Petty Patent	High Pressure Centrifugal Force Misting Fan	30 Sep 2010 to 19 Oct 2014*
1403001531	10833	Petty Patent	High Pressure Centrifugal Force Misting Fan	2 Dec 2015 to 19 Nov 2020
1403001530	9763	Petty Patent	Condenser temperature control unit for large air conditioning	9 April 2015 to 19 Nov 2020

* The renewal can be renewed twice (2 year each), and is currently being renewed for the first time with the Department of Intellectual Property.

2.2 Marketing and Competition

2.2.1 Business Strategy

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

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

a) Marketing and Advertising Strategy

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

- The Company always updates advertisement, promotion, and information on its website (www.masterkool.com) to make all customers reach information and create their awareness about the Company and its products.
- The Company publishes advertisement through some publishing to create more brand awareness, such as brochure, magazine, corporate book, and newspaper column.
- The Company launches some advertisement to promote the Company and its products via television, radio, and advertising banner.

- The Company makes public communication through social media:
 - Facebook ที่ <http://www.facebook.com/MasterkoolFan>
 - YouTube ที่ <http://www.youtube.com/user/masterkoolfan>
 - LINE (Line ID: MasterkoolFan)
- The Company has publication via booth and events, either local or international, continuously.
 - Local booths, i.e. Thailand Industrial Fair, Food & Hotel Thailand, and HomePro Expo
 - International booths, i.e. Canton Fair (China), and exhibition / expo in other countries where has potential agents, Vietnam for example.



- The Company focuses on social activities e.g. providing the Company's evaporative air coolers to temples, religious places, and schools.



Pet Variety 2016



Discount Overload, The Mall 2016

b) Product Development and Selection Strategy

The Company always aware of consumer demand, thus it not only creates brand awareness but also produces and develops quality product to meet consumer's requirement and suitable for the brand. The Company continuously runs survey of consumer demand and makes comparison study among competitors' products for better quality.

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

In the year 2016, the company has developed the KOOLBOT Series Cooling Fan which can effectively cool air with surround inlets resulting on good ventilation. In February, 2017, The Company has announced the launch of the innovative through-the-wall fan (namely "wall-type evaporative cooler", which suitable for limited areas, such as shops and small restaurants).

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

c) Pricing Strategy: Reasonable price

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

d) Sales and Distribution Management Strategy

While having good quality with reasonable price product, the Company will consider the procedure to deliver good products to customer and also product distribution. There are 4 distribution channels those are direct sale, modern trade and website, dealer, and agent. At present, the highest sale comes from modern trade that can approach customer easily and has many branches nationwide. As customer can test the product efficiency before making decision, it may effect on buying decision.

Now the Company sells its products through modern trades such as Makro, Homepro, Megahome, and Thai Watsadu. In February, 2017 the Company also started launching products through Big C and Tesco Lotus

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

- Provide training before work so that they can have some knowledge and understand the products, then can offer and suggest suitable products for customers

- Set appropriate goal and compensation for motivation.
- Monitor sales' performance closely to support and help them solve some problem, including arrange monthly meeting for information exchange and build up good relationship
- Set up daily information transfer system about sale and inventory to increase efficiency of inventory management and marketing plan

e) After-sale and customer satisfaction strategy

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

2.2.2 Target customers

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

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

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

2.2.3 Sale and distribution channel

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



1) **Modern Trade**

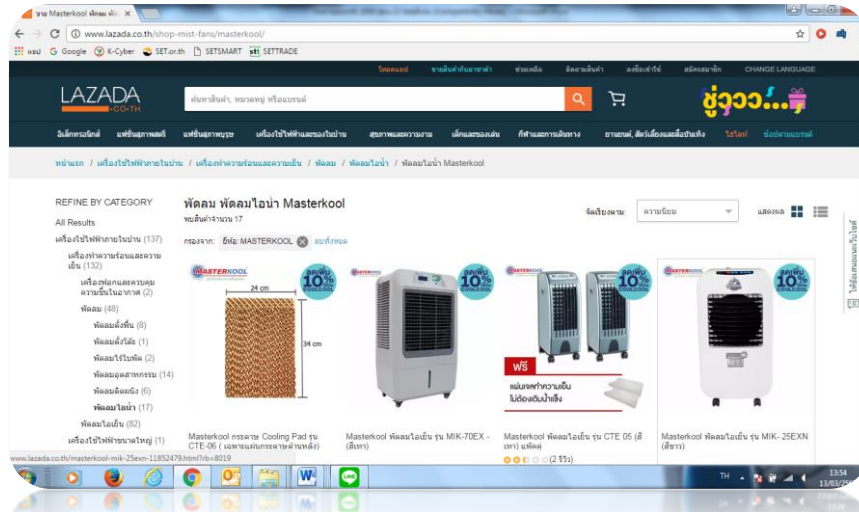
The Company sells misting fan, evaporative fan, mobile industrial fan, ozone vegetable washer, and ozone shoe deodorizer through modern trade where the most customers are individual. The Company categorizes modern trade into 2 types.

- a) Selling through modern trade with showing place that customers can touch and trial products, including aware of product efficiency before buying. The examples of those modern trades are HomePro, Makro, Mega Home, Thaiwatsadu, Big C, and Tesco Lotus. During 2013 - 2016, number of modern trades those allow the Company placing goods are shown in the below table.

Categorized by modern trade	FY2013	FY2014	FY2015	FY2016
	(Stores)	(Stores)	(Stores)	(Stores)
HOMEPRO	20	58	71	75
MAKRO	19	47	65	70
MEGAHOME	-	4	5	8
THAI WATSADU	-	-	19	13
GLOBAL HOUSE	-	-	30	14
BIG C (JUMBO)	-	3	10	0
BOONTHAVORN	-	-	4	0
THE MALL				8
POWER BUY				7
TESCO LOTUS				43
Total	39	112	204	238



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



2) Direct Sale

The Company also sells all products to any customers through its shop locating in front of the Company's building at 12/16-17 and 20, Tessaban Songkroa Road, Lad Yao, Chatuchak, Bangkok, and through salesman. Most customers are organization, such as customers who have outdoor activities, factory, warehouse, hotel, hospital, school, government office. In 2016, the Company had direct sale at 27.56% of sale and service revenue.



3) Dealer

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

	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016
	(Number of Dealers)			
Dealer	144	283	211	210

Dealers shall be awarded mainly by considering the competency to meet the target, shop size, financial status, and payment capability. The Company shall follow up and evaluate dealers' performance regularly to ensure that they can meet the sale target. The Company shall set credit approval, payment period, and discount by considering payment profile, sales target, repayment capability, working capital, guarantee properties, and other factors. In 2016, the Company sells through dealers at 13.38% of revenue from sale and service



4) Agent

To sell the products in international market, the Company has agents who understand customers' demand in each area. The Company started selling in the first country, which is Greece, in February 2004. At the end of 2016, the Company sells through agents in more than 40 countries worldwide, such as Japan, German, Spain, Australia, India, Singapore, Vietnam, Myanmar, Cambodia, and Malaysia. In 2016, the Company sells through agents at 24.36% of revenue from sale and service.

Number of agents in 2013 – 2016, categorized by territory

Number of agents by territory	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016
	(Number of Agents)			
ASIA (Excluding: Thailand, China)	19	23	13	15
MIDDLE EAST	6	3	6	6
EUROPE	2	8	8	10
AFRICA	4	4	6	5
NORTH AMERICA	-	-	-	2
SOUTH AMERICA	2	2	2	5
PACIFIC PENINSULA	4	3	2	2
Total	37	43	37	45

2.2.4 Industry and Competition

2.2.4.1 Industry Information

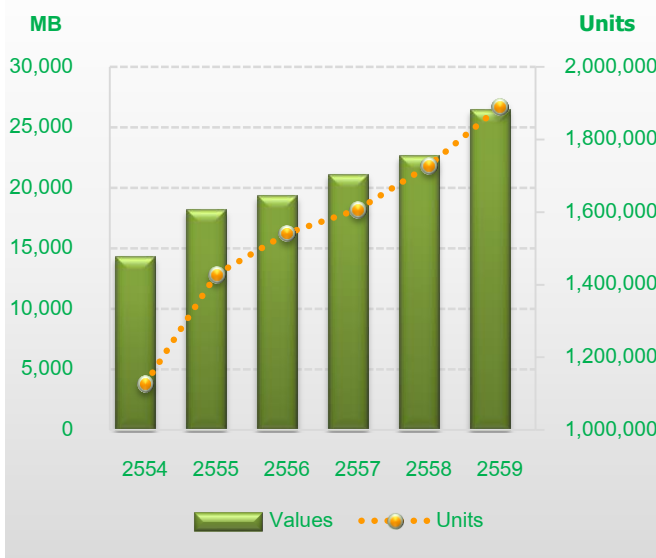
The Company's main business is sale of evaporative fan and misting fan, those are new options for cooling and energy saving. This market expands rapidly during the past 2-3 years, especially evaporative fan, because it uses new technology that has no information about market value. However, the management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

Import statistic of medium to large evaporative fan	2013	2014	2015	2016
Import Value of Evaporative Air Cooler	141.46	189.48	156.91	258.94
Growth Rate		33.9	-17.2	65.0

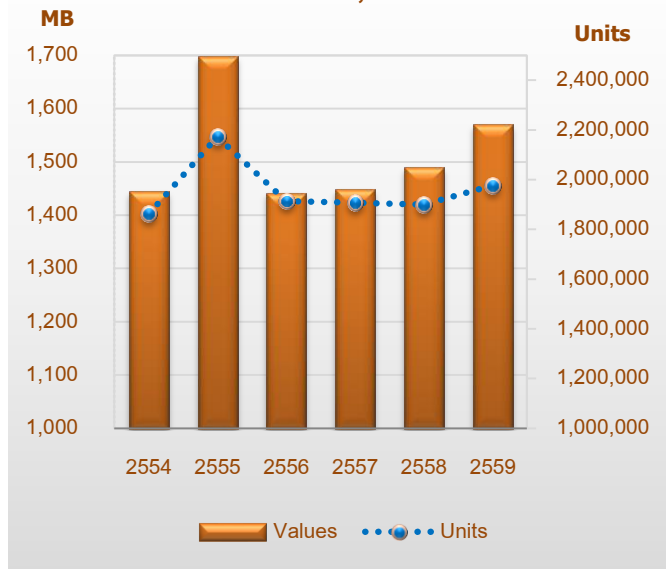
Source: Custom department

The information of Custom Department said that 2016 import value of medium to large evaporative fan are highly growing up from 2015. This because evaporative fan is a new product group for replacement of air conditioner or fan with strong benefit of better temperature reduction than fan and energy saver than air conditioner.

Sales of Air Conditioner, Thailand



Sales of Fan, Thailand



Source: The Office of Industrial Economics

Company's products, it is found that during the past 5-6 years, sale of air conditioner in Thailand tended to expand continuously. In 2011, domestic sale of air conditioner were 1.12 million units, value 14,364 Million Baht. In 2016, domestic sale of air conditioner were 1.89 million units, value 26,468 Million Baht. By quantity, Cumulative Average Growth Rate ("CAGR") of domestic sale of air conditioner from 2011 – 2015 are 9%. If consider the sale value, CAGR is 10.72%

When considering domestic sale of fans, which are another group of products those are similar to the Company's products, it is found that either quantity or value of fan sale during the past 5 years has a little change. This may cause by saturated condition of fan market. However, comparing between value of fan market and air conditioner market, it is found that in 2016 fan market has less value when compared to air conditioner market; or approximately 6% of the air conditioner market value in 2016

2.2.4.2 Competitors

The entrepreneur who sells either misting fan or evaporative fan which is key product of the Company can be considered as competitors. The Company has many competitors because low investment, high growth rate, and high gross profit, especially evaporative fan, which is more popular during the past 3-4 years. Currently, it deemed the key products that cause major revenue

for the Company. However, the Company's products have strong advantage in quality and have ozone system for sterilization, including moisture control system then can reduce temperature suddenly when using them. Moreover, "MASTERKOOOL" brand is outstanding and acceptable in the market in term of quality cooler with long-term sale of misting fan.

Most competitors of the Company are small companies. Any competitors those have similar level of revenue to the Company always focus on variety kind of electrical appliances without strong intention in market penetration of evaporative fan or misting fan.

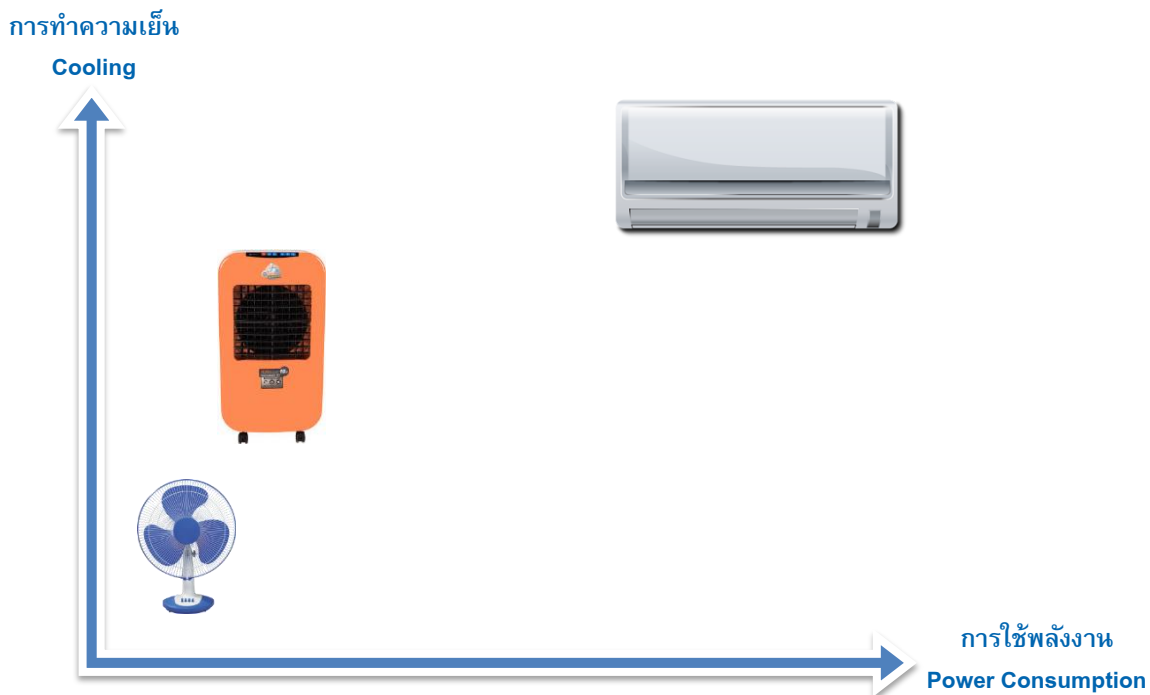
Another group of competitor is the manufacture and distributor of fan who penetrated the market with their existing brand which was known in the market of fan. Anyhow, only few models of their products were launched.

Ultimately, there is not any competitor who has world class brand and sell products in the same category as the Company. The following companies can be deemed as the Company's competitors

When comparing between the Company's revenue and its competitors', it can be concluded that the Company is one of leader in evaporative fan and misting fan those are produced intentionally and continuously for more than 14 years according to the slogan of "Masterkool, the Real Leader of modern cool"

2.2.4.3 Industrial trend and future competition

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



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

Key impact of evaporative fan and misting fan sale

1) Growth of modern trade

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

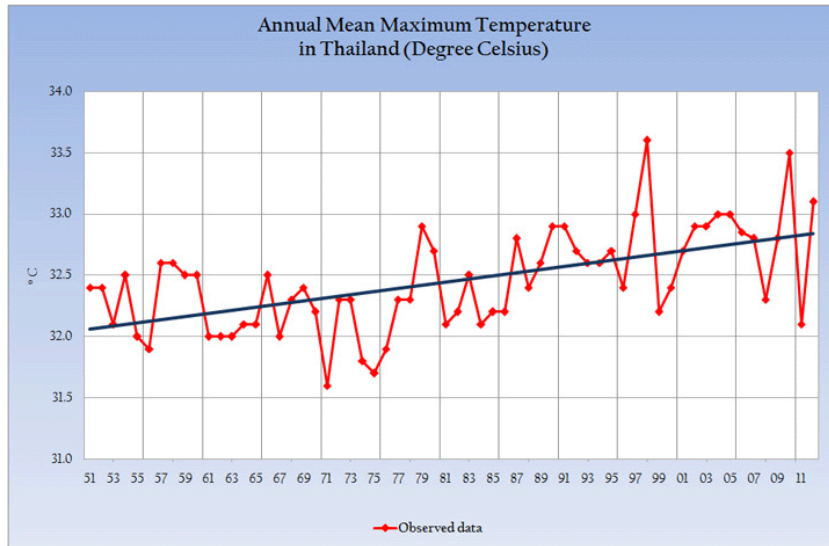
Modern Trades	2013	2014	2015	2016	Growth (%)		
	(Stores)				2013-14	2014-15	2015-16
Tesco Lotus (Hyper, Extra)	157	163	170	175	3.8	4.3	2.9
Big C (Super, Jumbo, Extra)	119	121	125	126	1.7	3.3	0.8
Makro (Distribution Center)	64	79	82	87	23.4	3.8	6.1
HomePro	64	71	77	80	10.9	8.5	3.9
Thai Watsadu (and Homework)	35	40	45	46	14.3	12.5	2.2
MegaHome	2	4	7	11	100.0	75.0	57.1
Total	441	478	506	525	8.4	5.9	3.8

Source: Information from Modern Trades' websites and annual reports

From 2013 to 2016, number of modern trade branches increase continuously from 441 branches in 2013 to 525 branches in 2016, or equivalent 3.8% increase; it was deemed a major part of sale growth of products place in such modern trade, including evaporative fan, misting fan, and industrial fan.

2) Weather

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



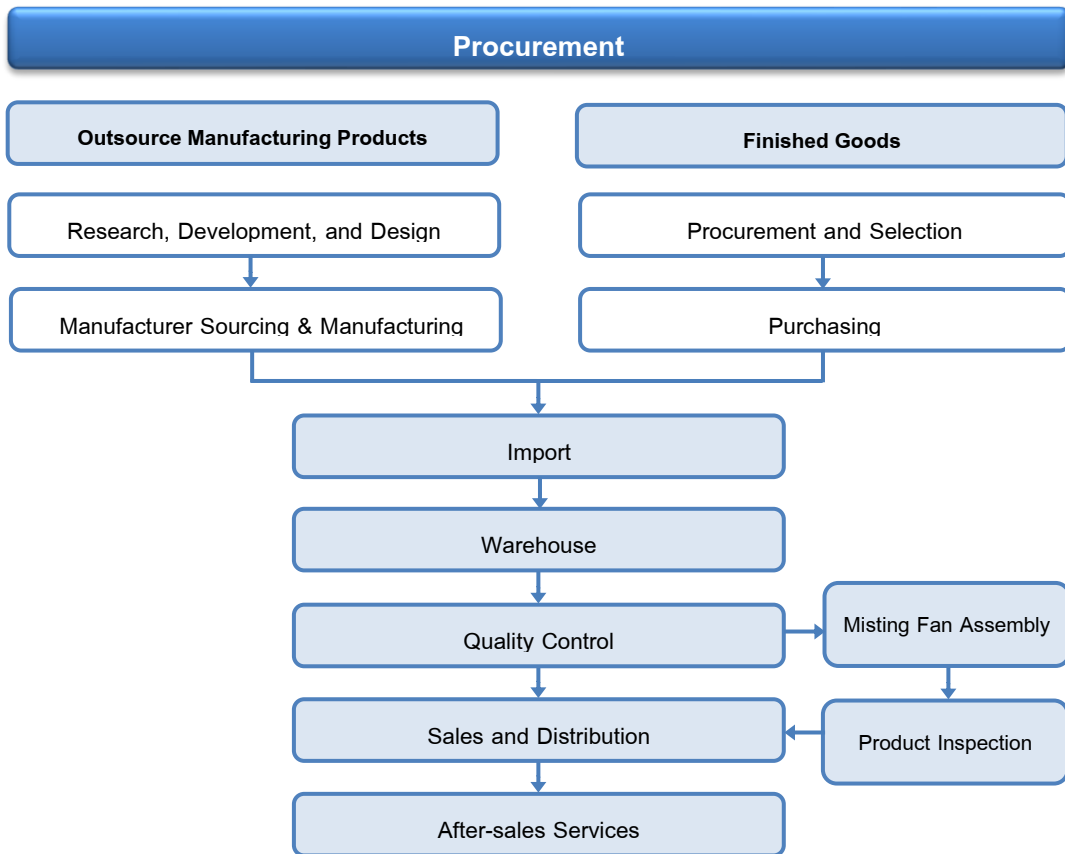
Source: Thai Meteorological

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

Temperature is related to cooling business; the hot weather provides the better opportunity to the cooling business.

2.3 Procurement of Product and Service

The Company has the following procedures for product procurement.



2.3.1 Raw Material, Assembly Part, and Finished Goods Procurement

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

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

1. Procurement of Designed Product

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

- (1) Finished goods are i.e. mobile evaporative fan (Masterkool I-Kool) and ozone vegetable washer. After outsource manufacturers produce the Company's products by compliance with the Company's specification, the Company shall import them as ready products with packaging.

In addition, the Company makes agreement to have its 'outsource' guarantee quality of mobile evaporative fan. If the product fails to comply with the quality specify by the Company, then the Company is entitled to claim the 'outsource'

- (2) Part for assembly for misting fan that the Company purchases parts from many suppliers and assembly at the factory.

2. Procurement of Finished Goods

In term of finished goods, the Company will procure and select quality products from international suppliers by using the Company's brand and import finished goods with package. The examples of finished goods imported for sale are mobile evaporative fan, industrial and ventilation fan, and ozone shoe deodorizer.

Moreover, the Company also import big evaporative fan for installation in system, which is in the range of U-KOOL Model MUK-30 MUK-18 and MUK-16. The Company will assembly and install at site as per agreement with customer

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

2.3.2 Product Import

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

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

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

2.3.3 Warehouse Management

After goods are delivered to the Company warehouses, which located in 2 locations, Panasnikom and Pathumthani, a warehouse supervisor will check goods quantity to be matched with the number notified by the manufacturer; then, key-in details of goods receipt to Warehouse Management System Program. The products will be counted before storage and upon withdrawal, and monitored the inventory by using such information system.

In case the inventory is lower than designed level (Minimum Safety Stock Level), the Company will purchase the product for replenishment to avoid shortage and any effect on sale. In addition, the Company will make physical check of the products in warehouse on monthly basis by reconcile with the system.

2.3.4 Quality Control

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

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

2.3.5 Product Assembly

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

2.3.6 Product sale and distribution

- **Product Sales**

The Company sells its products through many distribution channels, i.e. direct sales, modern trades, dealers, and agents.

- **Product Distribution**

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

2.3.7 After-sale service

The Company has 1-year warranty that provides repair and replacement of spare parts free of charge. The Company has service center nationwide by contacting our Call Center at 0 953 8800. The Company also allows warranty renewal, including annual maintenance package for out-of-warranty products.

2.4 Environment Impact

- None –

3. Risk Factors

Important risk factors and procedures in order to reduce or hedge the impact are summarized as follows:

3.1 Risk of the Company's Business Engagement

1) Risk of Increasing Competition

The continuous growth of the company has caused the growth of awareness of the evaporative fan and cooling fan products, especially in the cooling fan market, which has the capacity for major growth due to the fact that the product has the potential to gain a higher demand than air conditioners. In addition, a major factor that plays a part in the decision to purchase the product comes from the steady element of the tropical weather. As a result, many entrepreneurs enter the market in and become direct competitors to the company, and this may directly affect the company's performance.

However, the company's executive has over 14 years of experience in the business, and the company's perpetual marketing of the "MASTERKOOL" brand has caused it to become widely accepted in the market of open air cooling appliances. In addition, the company is also affiliated with many major long-time business partners who hold multiple channels of distribution. The company is currently in possession of more than 230 modern retailers, with plan to expand the numbers by 2017, through 210 local distributors and more than 40 international agents, coupled with a marketing strategy which emphasizes product quality. The research department is invariably responsible for designing, developing, and improving on the efficiency of the product. As a result, the products are differentiated from competition and gain popularity through distinction.

In addition, the company believes that the market still has much potential growth capabilities, due to the energy-saving properties when compared to air conditioners and cooling appliances that produce cooling breeze, which corresponds well with the needs of the consumer.

Therefore, with a secure brand and product quality, the company believes that its performance will not be significantly affected by increasing competition.

2) Risk of Annual Income Fluctuation

The main products of the company are cooling appliances, therefore, the annual revenue from sales fluctuate seasonally. Every year the company's sales peak during the summer months (February-June) which cause the turnover rate of the first half of the year to be larger than the second half, with the highest revenue being the 2nd Quarter.

The company is well aware of the risks of fluctuation and therefore there are measures in place to counter them. The company offers cooling systems for large industrial factories, warehouses, and retail outlets in place of air conditions, which use up more electricity by comparison. Typically, the installation of these appliances are done throughout the year, and as these customers are direct customers of the company, this makes the direct channel of distribution (being the one with the majority of the organization customers) less volatile in correlation to the other channels. Even income from the company's services is less volatile than sales revenue, per season. Therefore, if the sales of large-scale projects are higher, the company will earn more from non-seasonal services as well.

In addition to the cooling appliances, new and innovative products have been developed to compensate for declining revenues in the 3rd and 4th Quarters, such as a device from the Ingreen brand which uses ozone to cleanse fruits and vegetables, and there are still plans in place for the supplementation of new products by 2017, as well as increase the proportion of revenue sales from overseas consumers, whose summer season varies from Thailand's. These beginning measures can assist in reducing the impact of fluctuations in the annual revenue.

In any case, the comparative results of the company's annual results, the seasonal fluctuations will not have a significant impact on the revenue generated during the season.

3) Risk of Reliance on a Major Supplier or a Single Supplier for more than 50% of Total Imported Purchases

The company purchases more than 50% of the total orders from one major overseas manufacturer and distributor of the cooling appliance, which includes the production of the Masterkool I-Kool (MIK) mobile cooling fan product line. Therefore, in the case that the aforementioned manufacturer fails to produce or deliver the product, the company may face a shortage of goods and lose the opportunity to sell, affecting the company's performance. However, the company regularly assesses the demand for products and plans to produce them in advance. In the case of high demand products, the company will produce them in advance in order to meet those needs. The company will typically begin ordering products for sale in the current year's summer season from the 3rd Quarter of the previous year, which will aid in the reduction of impact of risk if the manufacturer does not produce or deliver as scheduled.

In addition, the company has also prepared a contingency plan to halt production from the single main contractor and employ alternative manufacturers with similar production ability. The company believes that the impact from the dependence on the major contractor will not significantly impact the company's performance.

4) Risk of Counterfeited Products

Most of the company's products are related to innovation and new products are constantly designed and invented and there is always the possibility that the products will be imitated by competitors, which will directly impact revenue sales. The company will apply for patents and petty patents over the products that the company invents, designs, and produces, through the Department of Intellectual Property, Ministry of Commerce, in order to be the sole patentee. In which case, if the Patent Act of 1979 is violated, the company may take legal action.

5) Risk of Inventory Damage

From the 4th Quarter of the previous year to the 1st Quarter of the current year, the company will prepare finished goods in various warehouses in order to accommodate for sales during the summer season. If damage to the product occurs, such as through fire, earthquakes, or other natural disasters, the company must be aware of all losses resulting from the damage to the goods, including loss of opportunity of sale. At the end of 2016, the company had inventory of 183.62 million Baht. The company also deposited the finished goods in two warehouses, namely from Phanat Nikhom and Pathum Thani, in order to reduce the impact of risk from the aforementioned disasters. In addition, the company has insured inventories to reduce the risk of damage to the goods with a total protection amount of 70 million Baht.

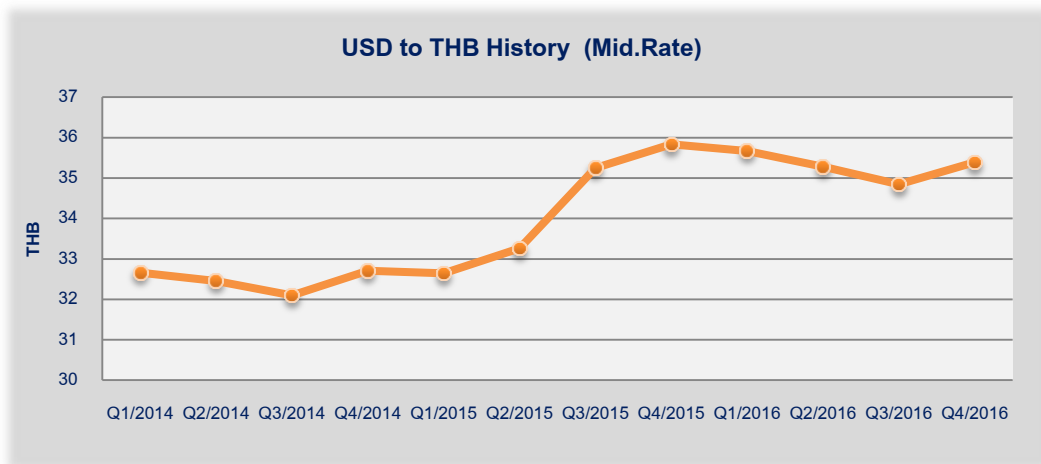
3.2 Financial Risk

3.2.1 Risk from Fluctuation of Foreign Currency Exchange Rate

Fluctuations in foreign exchange rates have had an impact on the company's earnings due to the fact that the company operates mainly by importing goods from abroad and paying for them in US Dollars, while the income will be converted to the Thai Baht. In the case that the US Dollar inflates – or the Thai Baht deflates – the product costs will immediately become higher, while the company will be unable to adjust their own prices with the same rapidity, causing a loss and affecting the company's performance.

Nevertheless, the company earns a portion of its sales in US Dollars from sales to its overseas distributors. In 2016, the company's overseas revenue was 216.66 million Baht, or 24.36% of total sales and services. Currently the company has more

than 40 international agents worldwide with both income and expenses in US Dollars. The company's operations are managed by the hedging policy at the same time (Natural Hedge), which reduces the effect of the exchange rate volatility at a certain level



Source: Bank of Thailand

At present the company keeps a close track on the fluctuation of the US Dollar and manages the risk of the exchange rate volatility by primarily using the Foreign Exchange Forward contracts. The Company will consider the financial cost of entering into forward foreign exchange contracts together with the fluctuation of exchange rates in the market for consideration of entering into future contracts

4. Assets Used in Business Engagement
4.1 Main Fixed Assets Used in Business Engagement

As at 31 December 2016, the Company and its subsidiaries have had main fixed assets used in business engagement. Their details have been as follows.



Unit: Baht Million

Type/Nature of Assets	Nature of Ownership	Obligation	Net Book Value
			As at 31 December 2016
Land and Building of Phanat Nikhom plant location where is situated at Na Wang Hin Sub-district, Phanat Nikhom District, Chon Buri Province, for total area of 6 rais and 1 ngan.	Owner	They have been pledged as credit collateral in total limit of Baht 38.0 Million.	4.82
Improvement of Leased Building	Owner	-	2.25
Equipment	Owner	-	23.79
Assets for Lease	Owner	-	5.14
Furnishing, Fitting and Office Equipment	Owner	-	4.11
Vehicles	Owner	Some vehicles have been bounded for guarantee obligation on Lease Contract	7.83
Asset During Construction	Owner	-	2.05
Total			49.99

In addition, as at 31 December 2016, the Company and its subsidiaries have had intangible assets such as computer software with book value for Baht 5.02 Million.

4.1.1 Trademark

The Company registered following trademarks with Trademark Office, Department of Intellectual Property; Ministry of Commerce.

Trademark	Registration No.	For Products	Coverage Duration
	C184112	Mist Fan, Air Cooler, Industrial Fan, and Ventilator	28 March 2002 to 27 March 2022 (Changed to new Trademark)
	C394331	Mist Fan, Air Cooler, Industrial Fan, and Ventilator	16 August 2012 to 15 August 2022*

Trademark	Registration No.	For Products	Coverage Duration
	C311567	Industrial Fan	16 January 2009 to 15 January 2019*
	C311568	High Pressure Mist Fan	16 January 2009 to 15 January 2019*
	C311569	Rotating Disc Mist Fan	16 January 2009 to 15 January 2019*
	C311570	Small High Pressure Mist Fan	16 January 2009 to 15 January 2019*

* Trademark Registration Certificate can be renewed for 10 years per time

4.1.2 Patent

The Company has been granted for petty patent and patent for below inventions from Department of Intellectual Property, Ministry of Commerce.

Application	Patent	Catagories	Product	Period
1002002474	42234	Product Design Patent	High-pressure water time	28 Nov 2014 to 8 Sep 2020
1302002540	51773	Product Design Patent	Air Conditioning	7 Oct 2016 to 11 Sep 2023
1302002541	51774	Product Design Patent	Air Conditioning	7 Oct 2016 to 11 Sep 2023
1302002542	51775	Product Design Patent	Air Conditioning	7 Oct 2016 to 11 Sep 2023
1302002543	51776	Product Design Patent	Air Conditioning	7 Oct 2016 to 11 Sep 2023
1302003212	52159	Product Design Patent	Water Purifier	2 Nov 2016 to 11 Nov 2023
0803001262	5664	Petty Patent	High Pressure Centifugal Force Misting Fan	30 Sep 2010 to 19 Oct 2014*
1403001531	10833	Petty Patent	High Pressure Centifugal Force Misting Fan	2 Dec 2015 to 19 Nov 2020
1403001530	9763	Petty Patent	Condenser temperature control unit for large air conditioning	9 April 2015 to 19 Nov 2020

* It can be renewed for 2 years per time for 2 times; and now, it has been under the first renewal with Department of Intellectual Property.

4.1.3 Important Contracts in Business Operation

As at 31 December 2016, the Company's important contracts in business operation can be concluded as follows

- 1) Lease Contract of Office and Warehouse. Every contract has not been entered to be made with the individual related to the Company.

Location	Rental Fee Rate/Month	Area Size	Lease Duration
Lease Contract of Vibhavadi Warehouse and Electricity System and Water Supply System together with parking lot No. 259/14, Vibhavadi 70 Alley (Patcharapha), Talat Bang Khen Sub-district, Lak Si District, Bangkok	Baht 50,000	135 Square Wah	1 January 2016 – 31 December 2018
Lease Contract of Show Room and Office for 3 rooms of economic building No. 12/16-17 and 12/20, Thetsaban Songkhro Road, Latyao Sub-district, Chatuchak, Bangkok	Baht 95,700	3 rooms of Economic Building	1 January 2017 – 31 December 2019
Lease Contract of Pathum Thani Warehouse No. 39 Moo 6, Phahon Yothin Road, Khlong Nueng Sub-district, Khlong Luang District, Pathum Thani Province	Baht 480,000	6,480 Square Meter	4 October 2015 – 30 September 2019
Building Lease Contract No. 22, 2 Alley, Thetsaban Rangsan Nuea, Latyao Sub-district, Chatuchak District, Bangkok	Baht 7,000	98 Square Wah	1 November 2014- 15 November 2017

- 2) Important Insurance Policy

The Company has had 2 contracts of important insurance policies with details of following important policy contracts.

Asset Risk Insurance

Insurer	LMG Insurance Public Company Limited
Insured	Masterkool International Public Company Limited
Insured Assets	Buildings including additions, furniture, tool, electric appliances and product stock.
Asset Location	<ol style="list-style-type: none"> Office and Show Room, located No. 12/16-17 and 20, Thetsaban Songkhro Road, Latyao Sub-district, Chatuchak, Bangkok 10900 Parts Assembly Plant, located at No. 184 Moo 10 Na Wang Hin Sub-district, Phanat Nikhom District, Chon Buri 20240 Warehouse 1, located at No. 22, 2 Alley, Thetsaban Rangsan Nuea, Latyao Sub-district, Chatuchak District, Bangkok 10900 Warehouse 2, located at No. 259/14 Moo 4 Vibhavadi 70 Alley (Patcharapha), Talat Bang Khen Sub-district, Lak Si District, Bangkok 10210.
Coverage Limit	Baht 65,138,584
Coverage Duration	5 January 2017 to 5 January 2018
Coverage	<ol style="list-style-type: none"> Disaster due to fire and strike of lightning Disaster due to explosion, storm and water Disaster from aircraft

	<ol style="list-style-type: none"> 4. Disaster from earthquake or volcanic eruption or internal wave or tsunami 5. Disaster from hail or smoke 6. Disaster from almost scraping and/or collision of motor vehicle 7. Disaster from strike, riot or hostile act as well as accident from external factor.
--	--

Fire Risk Insurance

Insurer	Bangkok Insurance Public Company Limited
Insured	Masterkool International Public Company Limited
Insured Assets	The Company's Warehouse
Asset Location	Product storage warehouse, located at 39 Moo 6, Phahon Yothin (KM . 39) Road, Khlong Nueng Sub-district, Khlong Luang District, Pathum Thani 12120
Coverage Limit	Baht 50,000,000
Coverage Duration	14 October 2016 to 14 October 2017
Coverage	<ol style="list-style-type: none"> 1. Disaster due to fire 2. Disaster due to water (excluding flood) in limited liability amount throughout the duration for Baht 50,000,000 3. Disaster from explosion in limited liability amount throughout the duration for Baht 50,000,000 4. Disaster from storm (general natural disaster and catastrophe) in limited liability amount throughout the duration for Baht 10,000,000 5. Disaster from earthquake or volcanic eruption (general natural disaster and catastrophe) in limited liability amount throughout the duration for Baht 10,000,000

3) Contract with Foreign Manufacturer

At present, the Company has entered to make Purchase Contract of Product in type of Air Cooler from 1 manufacturer in China for 4 main contracts. The below has been the significant details.

Contract No. 1 – Contract No.4

Contractual Party	<ol style="list-style-type: none"> 1. The first manufacturer is not an individual related to the Company ("The Contractual Party"). 2. Masterkool International Public Company Limited ("The Company")
Type of Products	Mobile Air Cooler and Hanging Air Cooler
Contractual Duration	10 Years which is the duration as prescribed in each contract. (The first contract is expired on 31 December 2022).
Pricing Method	Price and Payment Method as mutually agreed in each contract
Contractual Cancellation	<ol style="list-style-type: none"> 1. In case that any party defaults contract. 2. In case that any party cannot deliver product or pay money.
Credit Term	Number of days as mutually agreed in each cycle of product delivery
Conclusion of Contractual Essence	<ol style="list-style-type: none"> 1. The Company is the sole dealer of above products for local distribution worldwide except some countries as agreed in each contract. 2. The party and the Company mutually agree in mold investment condition for each product model and ownership of mold after contractual cancellation. 3. The Company purchases some product models from the Contractual Party according to minimum quantity as determined in Sales Contract while the Contractual Party must produce some models according to purchase order without minimum quantity. 4. The Contractual Party controls product quality to be in the level of product standard as

	<p>required by the Company so that the product has at least useful life adequate for the Company's assurance with customer for 1 year duration.¹</p> <p>5. The Company randomly inspects the products for 10% in each container. If the Company finds poor quality as required by quality, the Contractual Party shall pay the compensation as required in the Contract within 30 days after receipt of report from the Company.¹</p> <p>6. In case that the product quality is poor as required by the Company for more than 1% within 15 months after product delivery, the Contractual Party shall compensate damage to the Company according to the amount mutually agreed in the Contract within 30 days after receipt of report from the Company.¹</p>
--	---

Remark: 1. It has been added by Product Quality Assurance Contract being effective from 15 August 2015 – 14 August 2018

4) Contract with Modern Retail Shop

The Company has entered to make Product Distribution Contract to 8 modern retail shops with over than 230 branches in total. It has been mostly the consignment of products in types of Mobile Air Cooler, Mist Fan and Industrial Fan as well as Ozone Vegetable Washer and Ozone Shoe Deodorizer. The essence of the contract has been concluded as follows.

Contractual Party	<ol style="list-style-type: none"> 1. Modern retail shop that is not an individual related to the Company ("the Contractual Party"). 2. Masterkool International Public Company Limited ("the Company")
Contractual Duration	1 Year with automatic contractual renewal until contractual cancellation from any party
Contractual Cancellation	When any party violates the Contract or cancels the Contract in advance in defined duration.
Credit Term	As mutually agreed with each Contractual Party.
Conclusion of the Contractual Essence	<ol style="list-style-type: none"> 1. The distributed product shall be the product that is legal and correctly paid for taxation. The Company complies with relevant laws such as trademark, copyright, patent, industrial standard safety and rights of other intellectual properties with other products, etc. The product shall be the product that meets the standard without damage and defect. If the product is not in line with aforesaid guarantee, the Company shall get the product in return or replacement without condition or with compensation of fine and damage to the Contractual Party. 2. The Contractual Party shall pay according to condition and agreement within defined credit term period from the date of receiving Receipt or Tax Invoice from the Company and in line with the payment date of the Contractual Party. 3. The negotiation on trade discount shall be made for once a year, depending on ordering quantity and sales volume target mutually defined in each year except special discounts such as programming product and sales promotion items shall be occasionally negotiated. 4. The Company shall support other expenses such as allowance for sales promotion items, marketing allowance, festival discounts, annual special discount based on purchase target, product distribution service charge to branches and service charges of different systems, etc. 5. The Company shall get the products that are not in line with the agreement in return and the Company has duty to get the product in return within defined duration from the notification date from the Contractual Party to get products in return. If it is overdue as notified, the Contractual Party shall be irresponsible for any damages occurred with the Company's products. 6. The Company shall not provide any assets, privileges, reward or commission or other benefits to employees or the representative of the Contractual Party. 7. The Company shall not persuade the customer of the Contractual Party to directly buy products from the Company and shall not directly sell products to general customers in cheaper price than the price already distributed by the Contractual Party. 8. The Company shall arrange salespersons stationed at the branches throughout office hours

	<p>under responsibility of the Company on damages occurred from the Company's salespersons.</p> <p>9. If the Company defaults the Contract, the Contractual Party is entitled to postpone the product cost payment and reserves its right to claim for damage that may occur from contractual default, and also is entitled to cancel the Contract right away.</p>
--	--

5) Local Dealer Appointment Contract

The Company enters to make the contract with the business entrepreneur. The contract is made in in term of dealer to grant the right in being the local dealer of the Company's products. Below is the summary for the essence of the agreement.

Contractual Party	<ol style="list-style-type: none"> 1. Dealer* ("the Contractual Party") 2. Masterkool International Public Company Limited ("the Company")
Contractual Duration	Until the contract will be cancelled by any party.
Contractual Cancellation	<ol style="list-style-type: none"> 1. In case that the dealer defaults the contract or does not comply with dealership rule, the Company is entitled to cancel the Contract. 2. Any party is entitled to cancel the dealership according to the Contract upon the requirement of written notification for prior-acknowledgement of the other party for at least 30 days in advance.
Credit Term	Number of days as mutually agreed
Conclusion of Contractual Essence	<ol style="list-style-type: none"> 1. The Contractual Party is the local dealer of the Company's products in Thailand only. 2. The Contractual Party uses MASTERKOOL trademark with the product, integral part, spare part and equipment particularly for the Company's product only. 3. If the Party defaults the payment or delays payment, the Contractual Party agrees to pay fine to the Company for 2% per month of debt value exceeding defined value. 4. If the Contractual Party defaults the Contract, causing the Company damaged, the Company is entitled to suddenly cancel the Contract whereas the Contractual Party is entitled to pay all outstanding product prices without discount and has duty to pay interest, fine or damage occurred to the Company.

*A big dealer who is the individual related to the Company. However, the contractual condition is indifferent from other dealers.

6) Product Transport Employment Contract

The Company has entered to make Product Transport Employment Contract with 3 local product transport contractors. The essence of the contract has been concluded as follows.

Contractual Party	<ol style="list-style-type: none"> 1. The local product transport contractor who is not the individual related to the Company ("the Contractual Party") 2. Masterkool International Public Company Limited ("the Company")
Contractual Duration	As mutually agreed with each Contractual Party.
Contractual Cancellation	When any party violates the Contract or cancels the Contract in advance in defined duration.
Price and Payment Condition	It depends on weight and distance as mutually agreed by each Contractual Party.
Conclusion of Contractual Essence	<ol style="list-style-type: none"> 1. The Contractual Party shall be responsible for damage or loss of product during transportation as mutually agreed, or the party shall arrange insurance for product damage or loss whereas the Company is the beneficiary. 2. The Contractual Party shall deliver products in local final area zones in the duration mutually agreed with each Contractual Party. 3. Transport cost is increased according to increase in diesel oil price to be line with mutual agreement of each Contractual Party.

4.2 Policy of Investment in its Subsidiaries and Associates

The company has mechanism to supervise subsidiary and affiliation directly and indirectly as well as measures to follow up management of the subsidiary and affiliation to maintain benefit of investment of the company and be able to manage and take responsibility of operation of subsidiary as a part of the company by emphasizing on investment in business that supports and makes benefit for the company by considering returns and other benefits the company expects to receive from investment. It is to support and promote business of corporations. However, the company has specified policy of investment in subsidiary and affiliation approved by the Board of Directors' meeting 1/2017 arranged on 23rd February 2017 with following details:

The Company has a policy to consider investing in subsidiaries, and associates by focusing on supporting business and benefits of the company; whereas considering on the return and other benefits of the company such as expected return on investment, were made. The Company considers the appropriate proportion of investment and expected return on investment for the benefit of the shareholders of the Company.

The company will supervise by sending people approved by the committee's meeting to be the committee and/or executive of subsidiary and affiliation as the representative by proportion of shareholding for ultimate benefit of the company, subsidiary or affiliation. The committee and executives shall have quality, role, duty and responsibility without lacking reliability as the Notice of SEC Office to take part in such business management.

Committees and/or executives have right to vote in committee's meeting and/or shareholder's meeting of the subsidiary and affiliation according to guidelines or resolution that the committee or shareholder's meeting of the Company has approved. The appointed committees and/or executives can apply discretion to vote in the meeting of the subsidiary and affiliation associated with general management but in case of material matters, they shall be approved by the committee's meeting or shareholder's meeting of the Company first. Essential matters include connected transaction, obtainment and distribution of asset, any actions that reduce proportion of shareholding of the company in subsidiary and affiliation or even business termination of subsidiary and affiliation.

5. Legal Dispute

As at 31 December 2016, the Company had none of legal dispute of which the lawsuit might significantly and negatively affect the Company's business operation.

6. General Information and Other Key Information

General Information as at 31 December 2016

6.1 General Information

6.1.1 The Company's Information

Company Name	Masterkool International Public Company Limited
Type of Business	Supply and distribution of Air Cooler, Mist Fan and Industrial Fan Products under "MASTERKOOL" and "Cooltop" Brands, and provision of rental services for use of such products in event organizing and designing and installing heat extracting system inside the plant and warehouse, as well as designing and installing ozone system for energy saving and environmental conservation. The Company distributes products through modern retail shops, foreign dealers and local dealers, and directly distributes and provides services through the Company.
Office Location	12/16-17 and 12/20 Thessabansongkroa Road, Latyao Sub-district, Chatuchak District, Bangkok 10900
Company Registration	No. 22, 2 Alley, Thetsaban Rangsan Nuea, Latyao Sub-district, Chatuchak District, Bangkok 10900
Company Registration	0107557000365
Registered Capital	THB 120,000,000
Paid-Up Capital	THB 120,000,000
	Consisting of 480,000,000 ordinary shares at par value of 0.25 Baht per share
Telephone	(66) 2953 8800
Facsimile	(66) 2589 8586
Website	www.masterkool.com

6.1.2. Reference Persons

Share Registrar	Thailand Securities Depository Company Limited Stock Exchange of Thailand Building 93 Ratchadaphisek Road, Khlong Toei District, Bangkok 10110 Telephone (66) 2009 9000, Facsimile (66) 2009 9991
Auditor	Mrs. Nattaporn Pun-Udom, CPA No. 3430 PricewaterhouseCoopers ABAS Ltd. 15F Bangkok City Tower, 179/74-80 Sathorn Road, South Sathorn, Bangkok, Thailand; Yan Nawa 10500 Tel: (66) 2344 1000, (66) 2824 5000 Fax: (66) 2286 5050

6.1.3. Details of Juristic Persons that the Company directly holds the shares from 10% of the number of issued and sold shares and overInformation as at 23rd February, 2017

Company Name	Innov Green Solutions Company Limited
Type of Business	Design, installation and provision of service relating to environmental conservation and energy saving system such as application of ozone system with air-conditioner, washing machine, vegetable washer and shoe deodorizer, etc.
Office Location	No. 22, Thetsabanerangsan Nua, Latyao Sub-district, Chatuchak District, Bangkok
Company Registration	0105554064743
Registered Capital	THB 1,000,000
Paid-Up Capital	THB 1,000,000
	Consisting of 10,000 ordinary shares at par value of 100 Baht per share
Proportion of the Company's Shareholding	99.98 Percent
Telephone	(66) 2953 8800
Facsimile	(66) 2591 9849

6.2. Other Key Information

Currently, Innov Green Solutions Company Limited has a registered capital of Baht 1,000,000 divided into 10,000 ordinary shares with a par value of Baht 100 each, and fully paid up. On 23rd February 2017, the Board of Directors of Masterkool International Public Company Limited approved the increase in share capital of Baht 29,000,000 by issuing 290,000 new ordinary shares with a par value of Baht 100 each. To offer new ordinary shares to existing shareholders proportionally. Innov Green Solutions Company Limited is in the process of taking legal action.

7. Securities and Shareholder Information

7.1 Registered and Paid-up capital

As of 31st December 2016, the Company has registered capital of Baht 120 million, paid-up capital of Baht 120 million, comprising of 480 million ordinary shares.

7.2 Shareholders

10 Major Shareholders as at March 15, 2017:

Shareholders	Nr. Of Shares	%
1. Mr. Noppachai Veeraman	122,932,260	25.61
2. Mr. Fung Meng Hoi	70,372,200	14.66
3. Ms. Petcharat Janyathammapot	43,476,500	9.06
4. K-SME Venture Capital Co., Ltd. ^{1/}	27,672,072	5.77
5. Mr. Chotipan Tiawiwat	26,230,000	5.46
6. Mr. Komin Krodmee	20,196,582	4.21
7. Mr. Athiphu Luechaichanakul	18,181,800	3.79
8. Mr. Chairat Kowitjindachai	10,000,000	2.08
9. Mr. Kittisak Phoka	6,000,000	1.25
10. Ms. Ratchaporn Jittasathien	5,329,962	1.11
11. Other Shareholders	129,608,624	27.00
Total	480,000,000	100.00

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

7.3 Issuance of other securities

-None-

7.3 Dividend Policy

The dividend payment policy of the Company and its subsidiaries has set by not less than 40% of net profit after tax of separate financial statement and deduction of legal reserve and other deposits.

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

However, resolution of the Board of Directors on approval of the dividend payment must be presented to a shareholders meeting for consideration of approval such dividend payment; except on interim dividend payment. The Board of Directors is authorized to approve the interim dividend payment, and then report to the next general meeting of shareholders.

8. Management Structure

8.1 The Board of Directors & Subcommittee

Management structure of the company consists of 4 committees: the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee and the Executive Committee. The details of each committee are as follows:

1) As of 1st January 2017, there are 9 members of the Board of Directors comprises of the following names:

Name	Position	Number of meeting attended/ Total numbers of meeting in 2016
1. Assoc. Prof. Dr. Prakrit Tangtisanon	Chairman, independent director and member of the Audit Committee, and member of the Nomination and Remuneration Committee	7/7
2. Mr. Sanpat Sophon	Director, Independent director and Chairman of the Audit Committee, and member of the Nomination and Remuneration Committee	7/7
3. Mr. Mongkol Kasaemsun Na Ayudthaya	Director, Independent director and member of the Audit Committee, and Chairman of the Nomination and Remuneration Committee	7/7
4. Mr. Kittisak Sriprasert ¹⁾	Director, independent director	5/7
5. Mr. Kritsana Thaidumrong	Director	6/7
6. Mr. Fung Meng Hoi	Director	6/7
7. Mr. Noppachai Veeraman	Director and Managing Director	7/7
8. Ms. Sunanta Wanwat	Director	7/7
9. Ms. Benjarat Hattachanchai ²⁾	Director	5/7

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

¹⁾ Mr. Kittisak Sriprasert Director since 1st March 2016

²⁾ Ms. Benjarat Hattachanchai Director since 12th May 2016

Among the Board of Directors, four have been appointed as authorized directors, namely, Mr. Noppachai Veeraman, Mr. Fung Meng Hoi, Ms. Sunanta Wanwat, and Ms. Benjarat Hattachanchai. Any two of the authorized directors are authorized to sign jointly on behalf of the Company.

In addition, Ms. Mallika Trakoolthai, The Executive Director, had been appointed as the Company secretary since 21st October 2013 according to the resolution of the Board of Directors' Meeting No. 6/2013 held on 21st October 2013.

2) The Audit Committee

Independent directors had been appointed as members of the Audit Committee who have complete qualifications according to the Notification of the Capital Market Supervisory Board No. TorJor. 28/2008 Re: Approval for Issuance and Offering for Sale of Shares dated 15th December 2008 (include any revision).

As of 1st January 2017, the Audit Committee comprises of the following names:

Name	Position	Number of meeting attended/ Total numbers of meeting in 2016
1. Mr. Sanpat Sophon	Chairman	4/4
2. Assoc.Prof. Prakrit Tangtisanon	Member	4/4
3. Mr. Mongkol Kasaemsun Na Ayudthaya	Member	4/4

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

3) The Nomination and Remuneration Committee

As of 1st January 2017, the Nomination and Remuneration Committee comprises of the following names:

Name	Position	Number of meeting attended/ Total numbers of meeting in 2016
1. Mr. Mongkol Kasaemsun Na Ayudthaya	Chairman	2/2
2. Assoc.Prof. Prakit Tangtisanon	Member	2/2
3. Mr. Sanpat Sopon	Member	2/2

Note: Ms. Yada Lahfaroengron, the Secretary to the Nomination and Remuneration Committee

4) The Executive Committee

As of 1st January 2017, the Executive Committee comprises of the following names:

Name	Position	Number of meeting attended/ Total numbers of meeting in 2016
1. Mr. Noppachai Veeraman	Chairman of the Executive Board	11/11
2. Ms. Benjarat Hattachanchai ¹⁾	The Executive Director	7/11
3. Ms. Sunanta Wanwat	The Executive Director	11/11
4. Ms. Phornphan Nilprasit	The Executive Director	11/11
5. Mr. Komin Krodmee	The Executive Director	9/11
6. Ms. Mallika Trakoolthai	The Executive Director	11/11
7. Mr. Sittiporn Lortrakul	The Executive Director	-
8. Mr. Sanchai Sriwiboon	The Executive Director	-
9. Mr. Thammasak Chobchai	The Executive Director	-

Note: Ms. Sawitta Srikaset, the Secretary to the Executive Committee

¹⁾ Ms. Benjarat Hattachanchai Executive Director, since 12th May 2016
 The Executive Director, No.7-9 Executive Director, since 1st January 2016

8.2. Executives

As of 1st January 2017, the Executive of the Company are:

Name	Position
1. Mr. Noppachai Veeraman	Managing Director
2. Ms. Benjarat Hattachanchai	Assistant Managing Director – Finance & Accounting
3. Ms. Phornphan Nilprasit	Assistant Managing Director – Logistics
4. Mr. Komin Krodmee	Assistant Managing Director – Factory Management
5. Ms. Mallika Trakoolthai	Executive Director and Company Secretary
6. Mr. Sittiporn Lortrakul	Assistant Managing Director – Retail Business
7. Mr. Sanchai Sriwiboon	Assistant Managing Director – International Business

Note: Ms. Sunanta Wanwat had been appointed as the Executive of Innov Green Solutions Co., Ltd., the subsidiary company since 1st January 2017.

8.3. Company Secretary

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

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

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

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

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

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

In addition of the relevant courses and her profile has been published in the enclosure 1.

8.4. Remuneration for the Board and Executives

8.4.1 Remuneration for the Board

The annual general meeting of shareholders' 2016 held on 21st April 2016, had the resolution to approve remuneration for independent directors and the non-executive directors, by considering based on roles and responsibilities to supervise and control the Company's operation. The consideration has been made in comparison to the industry, experience, duty, scope of role and responsibility, including benefits expected to be received from each directors as per the following details

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

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

the board and/or member of subcommittee. In 2016, the Company paid remuneration for the board and member in subcommittee as follows:

Name	The Directors' Remuneration of 2016 (Baht)				
	The Board	Audit Committee	Nomination and Remuneration Committee	Independent Director and NED	Total
1. Assoc. Prof. Dr. Prakit Tangtisanon	210,000	80,000	40,000	30,000	360,000
2. Mr. Sanpat Sopon	140,000	120,000	40,000	20,000	320,000
3. Mr. Mongkol Kasaemsun Na Ayudthaya	140,000	80,000	60,000	20,000	300,000
4. Mr. Kittisak Sriprasert ¹⁾	100,000	-	-	20,000	120,000
5. Mr. Kritsana Thaidumrong	120,000	-	-	-	120,000
6. Mr. Fung Meng Hoi	120,000	-	-	-	120,000
7. Mr. Noppachai Veeraman ²⁾	-	-	-	-	-
8. Ms. Benjarat Hattachanchai ²⁾	-	-	-	-	-
9. Ms. Sunanta Wanwat ²⁾	-	-	-	-	-
รวม	830,000	280,000	140,000	90,000	1,340,000

Note: ¹⁾ Mr. Kittisak Sriprasert Director, since 1st March 2016

²⁾ Members who are the Company's executives or employees those shall not receive remuneration for the board and member of sub committee are Mr. Noppachai Veeraman, Ms. Sunanta Wanwat, and Ms. Benjarat Hattachanchai

8.4.2 Remuneration of the Executive Committee and Executives

The extraordinary shareholders' meeting No. 2/2014, dated September 9, 2014 had the resolution to approve remuneration of the Executive Committee in term of attendance fee, which will be paid at Baht 30,000 per meeting for the chairman and Baht 20,000 per meeting for the member. However, members of the Executive Committee who are the Company's executives or employees shall not receive the remuneration of the Executive Committee. Currently, the members of the Executive Committee are the Company's executives.

In addition, the Company has the remuneration of executives in term of salaries, bonuses, position allowance, allowance, social security contributions. In 2016, the amount of remuneration paid to the Executive Committee and Executives are as follows

	2016
Numbers of Directors and Executives (persons)	6
Total remuneration (Baht)	9,501,234

Note: Mr. Nuntawat Kham-em, the resigned CFO, was included.

8.4.3 Other Compensation

Provident Fund

The Company provides provident fund for the executives by making contributions of 2% and let the executives deposit at 2% of salary. In 2016, the Company made the contributions of Baht 146,360 to the provident fund for 6 executives

8.5. Employee

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

As of December 31, 2016, the Company and its subsidiary have 250 employees. The compensation, e.g. salary, overtime, commission, bonus, position fee, allowance, intelligent allowance, social security contribution, provident fund deposit, and other allowance, are around Baht 109,185,459 Number of employees in each section comprise of:

Number of employees As of December 31, 2016	
1. Executives	5
2. Business and Customer Services ¹⁾	129
3. Finance and Accounting	21
4. Logistics	35
5. Factory Management	20
6. Human resource	13
7. Quality Control	9
8. Purchasing	4
9. Quality Assurance	9
10. Others ²⁾	8
11. Innov Green Solutions	6
Total	250

Note: • Business and Customer Services¹⁾, which mentioned in item number 2 of the above table, includes all sales business units, sales administrative support units, marketing unit, engineering unit; but excluding product consultants.

• Others²⁾, which mentioned in item number 10 of the above table, includes all other supporting units such corporate secretary unit, internal audit unit, research and development unit, investor relation unit, quality control / quality assurance including quality management representative (QMR)

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

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

Organization Sturcture as of 1 January 2017



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

9. Corporate Governance

9.1 Corporate Governance Policy

The Board of Directors approved policy of corporate governance which is in line with “the Code of Best Practices for Directors of Listed Company” stipulated by Stock Exchange of Thailand. The principle consists of the following 5 chapters as follows:-

Chapter 1: The Right of Shareholders

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

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

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

Chapter 2: Equal Treatment to Shareholders

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

The company’s committee has specified a measure to prevent using internal data for undesirable purpose of the relevant people including committee, executives, officers and employees of the association related to data (including to spouse and immature children of those people) not to use internal data that has not been published to trade, transfer and accept transfer securities of the company for 30 day during the period before presenting tranche financial statement to SEC or before such data

is publicized and the punishment has been stipulated for disclosing data of the company or using company's information for personal benefit according to the policy of Internal Data Utilization Prevention along with giving knowledge to committees and board of directors of the company about reporting security possession to Office of Security and Exchange Commission (SEC Office) as section 59 of Securities and Exchange Act B.E. 2535 (including amended version).

Chapter 3: Role of Stakeholders

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

Shareholder:	The company emphasized on being a good representative of shareholders to operate business for satisfaction of shareholders by being aware of long-term value growth of the company along with having good control system and internal audit system that can disclose information transparently, correctly and completely enough for decision to invest
Employee:	The Company will support potential development of human resource for ultimate benefit as the company realized that employees are a part of major resources essential to develop the organization. The company then treats every employee fairly and equally without discrimination along with providing proper returns and welfares. In addition, the Company has done the employee survey on the workplace health, and develop in various matters by "The Happy Workplace" initiative project which guided and supported by Thai Health Promotion Foundation for sustainability of well-being for Masterkool's employees.
Trade Partner:	The Company will treat all trade partners with integrity by holding principles of trade agreement, terms, and promise given to trade partner for good business relationship and benefit to all parties.
Opponent:	The Company will treat opponents/competitors with ethics of good competition by avoiding dishonest competition to destroy the opponent.
Customer:	The Company is determined to provide good service and give satisfaction to customers by providing quality product and service with honest and fair trade with customers. In addition, The Company provides channels for receiving complaints from customers through central agency that is the Company/Corporate Secretary.
Community & Society:	The company gives precedence to taking care of environment of nearby community, location of the office with campaigns to save energy as well as operating business that is not contrary to custom and tradition or causing damages to company. Besides, the company also has a policy to hire local labors nearby the factory of the company in Panasnikom, Chonburi Province

Chapter 4: Disclosure of Data and Transparency

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

through channels and media of Stock Exchange of Thailand including website of the company, newspaper so that shareholders can access data equally.

The company assigns the Company/Corporate Secretary, or a person authorized by the CEO to be responsible for essential data and information disclosure and communicating with investors, shareholders, as well as analysts and the relevant persons.

For convenience of contact, the prior mentioned persons are invited to contact the Company at the phone number: 0 2953 8800 or facsimile: 0 2589 8586 or E-mail: comsec@masterkool.com

Chapter 5: Responsibility of the Board of Directors

- **Structure of the Board of Directors**

The Board of Directors of the Company has 9 persons which consist of the executive directors, the non-executive directors and three (3) independent directors or at least one-third (1/3) of the Board to balance in voting and considering matters along with auditing management for utmost benefit of the company.

The term of office of the members of the Board shall be three (3) years, and with no more than three (3) consecutive terms (total of 9 years from the date of appointment). After completing a nine-year term, in case of the board members shall serve staggered terms, the Board of Directors shall carefully consider any reasonable means before proposing for shareholders' voting on election of members of the Board for staggered terms.

Directors can hold position in other listed companies; but not more than 5 companies. Besides, directors shall not be partner or executive or employee or consultant who receive regular salary or hold more than one (1) percent of total voting shares of any company that operates the same business and is a significant business competitor to the Company's or its subsidiary.

In addition, the Company appointed subcommittee i.e. the Audit Committee, the Nomination and Remuneration Committee, and the Executive Committee as well as clearly specifying scope of duty and responsibility of operation for such subcommittee.

The Risk Management Task Force, consisting of the Executives of the Company and its subsidiary, had been set up and chaired by the CEO. The task force was established to support works of the Audit Committee and the Board of Directors, regarding to risk management that could affect the business.

- **Roles and Responsibilities of the Board of Directors**

The Board of Directors has duty to consider and approve on important matters related to operation of the Company such as vision and mission, strategy, risk, initiative plan and budget; along with provides supervisory on management to meet the target under regulations, laws and business ethics for benefit of the Company and all relevant.

Corporate Governance Policy

The Company has set a written policy on corporate governance which has been approved by the Board of Directors and used as guideline for directors, executives and employees in implementing such policy to their operations.

Business Ethics

The Company has set a written business ethics for operating its business transparently, correctly and fairly and publishes to directors, executives and employees to operate their duties in compliance with such policy strictly.

Conflict of Interest

The Company has stipulated a policy on conflict of interest with principle that any decisions to operate business activities shall be made for utmost benefit of the Company and they should avoid any actions that cause conflict of interest by defining that

the relevant or those who are involved in considered transaction shall inform the company about relation or connection in such transaction and they shall not participate in considering judgment and has no authority to approve that transaction.

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

Internal Audit

The Company gives precedence to providing good internal control system by issuing working manuals and procedures in writing by dividing duty and responsibility along with authority table for operation and approval of the Board of Director, Subcommittee and Executives.

The Board of Director has assigned the Audit Committee to be responsible for verifying internal control process to ensure propriety and effectiveness of the Company's internal control; including operations, financial report, and compliance with rule, regulation, policy and corporate governance.

The Company established the Internal Audit Unit and procured the outsource IA, as the head of internal audit, to evaluate and inspect internal control system of the Company and report the result of such inspection directly to the Audit Committee.

The Board of Directors stipulated policy of corporate governance; along with the business ethics and the Code of Conduct as well as other policies. The mentioned policies shall be regularly reviewed on the year basis

- **Meeting of the Board of Directors**

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

- **Remuneration of the Directors**

The company has specified returns for committee clearly and it will be propagated in annual list form. Such return shall be approved by annual general meeting. However, the company has defined principles and returns of committee and executive depending on knowledge expertise and experience along with duty and responsibility by comparing with the company in same industry to retain the skillful and experienced people to work with the company for long time¹.

- **Development of the Directors and Executives**

The Company supports all directors and executives to develop their knowledge and capacity to continually improve their works by encouraging the directors and executives to participate in trainings. In case of replacement of directors or executives, the Company will provide documents and information beneficial to their duties as well as attending curriculum seminars that are advantageous to such newcomers.

In addition, the Board of Directors who oversees the organization is committed to continue on applying good corporate governance principles for listed companies of the year 2017 to their oversight of the Company to ensure creating sustainable value for the Company; and is reliable for shareholders, all involved parties, and meeting the aspirations of the business, shareholders, investors and society.

9.2 The Board of Directors and Subcommittee

The Management Structure of the Company includes the Board of Directors, Executive, and three Subcommittees i.e. the Audit Committee, Nomination and Remuneration Committee, and the Executive Committee.

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

The Board of Directors has specified in the Articles of Association of the Company and the Corporate Governance Policy that the term of office of the directors shall be three (3) years with one-third (1/3) of the directors or the nearest number of one-third of the directors shall retire from office each year. The directors to retire by rotation at every annual general meeting shall be those who have the longest term in office since their last appointment. The directors who retire can be re-elected for one more term of office.

The Audit Committee and the Nomination and Remuneration Committee hold the term of office for three (3) years, while the Executive Committee holds the term of office according to the term of service as an executive director. In case the member of the Executive Committee is the Non-Executive Director, the term of office is three (3) years, unless the Board of Directors otherwise resolved.

9.2.1 **The Board of Director and Roles & Responsibilities**

The Board of Directors consists of 9 directors, including executive directors, non-executive directors and non-executive directors who are qualified as the independent directors, in numbers of at least three independent directors or one-third of the total number of directors, in order to balance the voting and to review the management's performance to maximize the benefits to the Company.

Details of the Board of Directors as described in "**Management Structure**" page 38-43

Roles and Responsibilities of the Board of Directors

- (1) Supervising the Company and conduct in undertaking their duties complying to laws, the Company's objectives and the Company Articles of Association; also follow the resolutions of the shareholders with integrity and being aware of benefit of the Company and Accountability to Shareholders.
- (2) Setting corporate policies, objectives and directions of the company, also monitoring and supervising of the Executives' to conduct their duties in compliance to policies and regulations of the Company with effectiveness and efficiency for the Maximize Economic Value and Shareholders' Wealth
- (3) Controlling and supervising management department to practice with all stakeholders with ethnics and equality.
- (4) Considering and defining annual budgetary plan and revising annual budgetary plan to be suitable and corresponding to policy and trend of operation including inspecting and controlling management department to use budget according to annual budgetary plan.
- (5) Following up operations of the company to meet targets regularly and realizing compliance with law and regulations in agreement related to the company by determining management department to report overall operation along with material matters of the company to company's committee in every quarterly meeting so that the operations of the company are conducted efficiently.
- (6) Operating for the company to have accounting system, financial report, Internal Control, and Internal Audit that are efficient and reliable.
- (7) Playing a great role to operate risk management by providing guidelines and measures to manage risk suitably and sufficiently including monitoring such operation regularly.

- (8) Considering and approving and/or giving opinions to be proposed in the shareholder's meeting to consider approving significant transaction along with related-person transaction according to principles, terms and legal methods and regulations
- (9) Providing annual report of the Company and/or Company's committee to be in accordance with law and regulations and reporting to shareholders regularly and completely regarding to current condition of business and trends of operation in the future positively and negatively with supporting reasons.
- (10) Considering and appointing managing director and defining scope of duty and responsibility of the managing director.
- (11) Considering and specifying annual remuneration structure of the company and principles of remuneration payment of committees, executives and employees by recognizing proper factors such as performance, position, scope of duty and responsibility, quality, knowledge, capability and suitable return rate in same industry.
- (12) Considering amount of remuneration of the committee according to principles of return payment stipulated by company's committee to be proposed in shareholder's meeting for considering approval.
- (13) Considering procuring people with knowledge, capacity and experience along with qualification by applicable law and regulations to be proposed in shareholder's meeting for considering appointment as committee.
- (14) Defining policy, target, strategy and trend of operation of the subsidiary as well as considering appointment of people with knowledge, capability and experience relevant to the operations of subsidiary as the committee of subsidiary by proportion of holding shares of the company in subsidiary.
- (15) The committee may authorize a committee or many people or even anybody to operate substituting for the committee or may authorize those people to have power as agreed by the committee and within approved duration. The committee may provoke, terminate, change or amend such power of attorney when seeing appropriate. Nevertheless, such proxy shall be conducted in writing or recorded as resolution in the minutes of committee's meeting with clear scope of that authority and duty of the proxy. However, the proxy shall not have power to approve lists that such people or people with conflict of interest have stakes or may have conflict of any other interests with the company unless, it is approval following the policy and principles in shareholder's meeting or the company's committee has approved.
- (16) Having any other duties and responsibilities stipulated by law and regulations of the company and resolution of shareholder's meeting.
- (17) Considering and approving essential operations of the company for ultimate benefit of the company except following authority that can be conducted when being agreed by the committee's meeting with majority vote of the committees who attend the meeting and have rights to vote and from at least 3/4 of all votes in shareholder's meeting of shareholders who attend the meeting and have rights to vote:
 - a) Selling or transferring business of the company, wholly or partially.
 - b) Purchasing or accepting transfer business of other companies or private companies belonging to the company.
 - c) Making, amending or terminating an agreement related to business lease of the company, wholly or partially, assigning any persons to manage business of the company or consolidating with other people with purpose of profit and loss share.
 - d) Amending Memorandum of Association or regulations.
 - e) Adding or reducing capital including debenture issue.
 - f) Merger or Company Termination.
 - g) Any activities stipulated under the legal provision associated with securities and exchange and/or Regulations of Stock Exchange of Thailand shall be agreed by committee's meeting and shareholder's

meeting with at least $\frac{3}{4}$ votes of all shareholders who attend the meeting and have right to vote such as cross-transaction and obtainment or distribution of asset etc.

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

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

9.2.2 Audit Committee and Roles & Responsibilities

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

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

Details of the Audit Committee as described in "**Management Structure**" page 38-43

Roles & Responsibilities of the Audit Committee

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

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

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

9.2.3 Nomination and Remuneration Committee and Roles & Responsibilities

The Board of Directors has appointed the Nomination & Remuneration Committee by selecting from some company's committee and/or the expert. The Nomination & Remuneration Committee shall consist of 3 but not over 5 committees. Nevertheless, the independent committee acts as the Nomination & Remuneration Committee chairman

Details of the Nomination & Remuneration Committee as described in "**Management Structure**" page 38-43

Roles & Responsibilities of the Nomination and Remuneration Committee

- (1) Recruiting, selecting and proposing a person to take position as independent committee, committee chairman, and company's committee to present to company's meeting and/or shareholders to consider approving in case of the vacant position due to the due or other cases.
- (2) Recruiting, selecting and proposing a person to act as the managing director, chief executive office, and secretary of the company in case of the vacant position to present to company's meeting for further approval including specifying principles to inherit the position of chief executive officer
- (3) Considering and screening organization structure which suitable and supporting to business operation prior to propose to the Board of Directors for consideration of approval.
- (4) Proposing policy of remuneration and other benefits for directors, managing director and top executives to be suitable for duty and responsibility corresponding to overall operation of the company and market condition.
- (5) Considering annual bonus and salary adjustment for executives and employees based on the Company's performance.
- (6) Considering and screening salary structure and principles of allowance payment
- (7) Check qualification of people who are nominated to be company's committee to be in accordance with applicable law and regulations.
- (8) In case of nomination of the retiring director, the committee should present the retiring director's performance and contribution along with the attendance record of the Board of Directors 'meetings and shareholders' meetings for consideration by the shareholders.

The term of office of the Nomination & Remuneration Committee shall be three (3) years with one-third (1/3) of the members or the nearest number of one-third of the members shall retire from office each year. The members to retire by rotation shall be those who have the longest term in office since their last appointment. The members who retire can be re-elected for one more term of office.

9.2.4 Executive Committee and Roles & Responsibilities

Details of the Executives as described in "**Management Structure**" page 38-43

Roles & Responsibilities of the Executive Committee

- 1) considering and screening business plan and annual budgetary plan to present to company' committee
- 2) Specifying policy of finance and investment of the company and defining trend of investment policy to be corresponding to policy of the company and approving principles of investment including proposal of investment according to regulations of the company
- 3) Considering and operating material matters relevant to operation of the company
- 4) Considering and screening and giving suggestion all work types proposed to company's committee
- 5) Considering and appointing committee of the affiliated company or joint venture by proportion of shareholding or according to agreement between shareholders of the affiliated company or joint venture (if any)
- 6) Supervising and monitoring result of management of the company to correspond the policy, operation plan and annual budget stipulated by the company's committee and approving as well as reporting to company's committee regularly.

- 7) Considering risk management policy of the company to present to audit committee
 - (A) Identifying and evaluating risk to cover Strategic Risks, Operational Risks, Financial Risks and Legal Risks
 - (B) Considering and reviewing guidelines and tools to manage risk effectively and suitable for risk size and quality of the transactions operated by the company
 - (C) Monitoring result of risk evaluation in both normal condition and Stress Testing
 - (D) Evaluating possible risks from new product or risks that happen for new transaction as well as specifying guidelines to prevent possible risks
- 8) Considering and screening matters that the managing director proposes to management committee to consider approving or agreeing
- 9) Approving matters of finance and asset of the company under scope of approval authority
- 10) Assigning or suggesting the managing director to determine or practice any transaction agreed by the management committee
- 11) Appointing the work team to consider any matters agreed by the management committee
- 12) Considering and proposing matters agreed by management committee or determining approval or agreement
- 13) Considering any matters or doing any duties assigned by the company's committee.

The approval authority of the Executive Committee must not be authorization of approval on any concerns on conflict of interest or related-party transaction of the Company and/or its subsidiary.

The Executive Committee hold the term of office according to the term of service as an executive director. In case the member of the Executive Committee is the Non-Executive Director, the term of office is three (3) years, unless the Board of Directors otherwise resolved.

9.2.5 Executive and Roles & Responsibilities of Managing Director

Details of the Executives as described in "**Management Structure**" page 38-43

Roles & Responsibilities of the Managing Director

- (1) Managing, supervising, and approving on operations related to the normal/general management of the Company.
- (2) Considering of approval the appointment, dismissal and transfer of senior management levels i.e. deputy managing director, assistant managing director, or equivalent position in accordance with the approved organizational structure; including their salary, compensation, or other benefits
- (3) Administrating the Company following the policy and target as well as business plan and strategic plan stipulated by the Board of Directors, or the Executive Committee.
- (4) Authorizing or assigning a person or do particular task within scope complied with approval authority (authority table) or regulations or even commands stipulated by the Board of Directors.
- (5) Holding of supervisory power of issuing commands, regulations, notices, memorandum, and etc to keep good practices which corresponding to policies, the Company's benefits, and maintain work disciplines in the Company.
- (6) Holding of authorization to representing the Company in relating to the business to public or the third party for the benefits of the Company.
- (7) Approving the appointment of consultants which necessary for operation of the Company.
- (8) Performing other duties as assigned by the Executive Committee and / or the Board of Directors.

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

shareholder's meeting of the company to consider and approve according to regulations of the company or applicable law.

9.2.6 Authorization Levels and Monetary Limits

The Board of Directors Meeting No. 1/2017 held on February 23, 2017 resolved on approval of the **Authority Table** for specifying the authority of the Board of Directors, the Executive Committee, the Managing Director, and the Executives which can be summarized as follows:

The Authority Table specified on delegation of authority and approval of monetary limits at the Managing Director level, the Executive Committee, and the Board of Directors.:

- In case requiring of the authorization of upper levels of the Management, i.e. the Executive Committee, the Board of Directors, then delegated or assigned persons shall collect all concerned documents and propose to the Executive Committee and/or the Board of Directors for consideration of approval.
- In case requiring of the authorization of lower levels of the Managing Director, i.e. the Assistant Managing Director and the lower levels authorized in the Authority Table, then delegated or assigned persons shall collect all concerned documents and propose to the Managing Director for consideration of approval. This Authority Table shall be review every 2 years; or when appropriate.

For the budget of the company, it shall be presented to the Board of Directors for consideration of approval. If any transaction is deemed the related-party transaction or deemed as the acquisition or disposition of assets of the Company or its subsidiary, the Board of Directors and Management of the Companies are responsible for compliance with the relevant regulations of the SEC and the Stock Exchange of Thailand. In addition, the related persons which may have conflicts of interest, or any other benefits which deemed conflict of interest of the company or its subsidiary shall not vote such matters.

10. Recruitment, Nomination and Appointment of the Directors, Subcommittee, and Top Executive

To recruit a person as the directors, subcommittee and top executive of the Company is conducted by the Nomination and Remuneration Committee who responsible on recruiting and selecting persons to take such positions and nominate qualified persons to the Board of Directors and/or the Shareholder's meeting (depending on each). For selection of lower levels of the Managing Director positions, the selection is in the scope of roles and responsibilities of the Managing Director as the top executives of the Company.

However, persons who are appointed to act as the directors and executives shall have suitable qualification according to section 68 of Public Company Limited Act B.E. 2535 (including amended versions) and Securities and Exchange Act, Notice of Capital Market Supervisory Board as well as other relevant laws; besides proficiency and work experiences are counted.

In addition, directors can hold position in other listed companies; but not more than 5 companies. Besides, directors shall not be partner or executive or employee or consultant who receive regular salary or hold more than one (1) percent of total voting shares of any company that operates the same business and is a significant business competitor to the Company's or its subsidiary.

9.3 Recruitment of the Directors

The Board of Directors has the order of precedence to recruiting and appointing the directors that have expertise and experience to supervise benefit of the company and shareholders.

The Nomination and Remuneration Committee granted the minority shareholders to propose an agenda of annual general meeting and director nominee in advance. The director nominee shall have following qualifications:-

- Not having any prohibited characteristics under regulations of applicable law and notices such as Public Company Limited Act B.E. 2535, Notice of Capital Market Supervisory Board, Notice of Securities and

Exchange Commission and Regulation of the company relevant to qualification of company's committee, etc.

- Having integrity, morality, initiative, excellence, responsibility, justice, independence, and providing equitable shareholder opportunities.
- Having educational background and work profile that is beneficial to the Company's business.
- Passing training related to corporate governance and high level of policy-making.
- Having commitment to equal treatment of shareholders' interests
- Dedicating time and ability to enhance the business development of the Company.

The Board of Directors shall consist of independent committees at least 1/3 of the Board of Directors; and not less than 3 persons with qualifications stipulated by Notice of Stock Exchange of Thailand, and Notice of Capital Market Supervisory Board.

The Board of Directors shall consider and screen a qualified person to be appointed as the director including directors who represent of shareholders or independent directors by considering on skill and experience to strengthen the Board of Directors' structure; reviewing when appropriate.

9.3.1 Election of the Directors

The election of the directors in the shareholders' meeting follows principles and procedures as below:-

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

In case the position of director is vacant due to any other reasons apart from retirement by rotation, the Board of Directors shall consider appointing a qualified person and he shall not have prohibited characteristics to be the director in next board of directors' meeting unless the period of retired director is less than 2 months. The director that replaces will be in position within left period. Nevertheless, the resolution to appoint a person as the committee shall require at least three-quarters (3/4) votes of all board members left.

In annual general meeting, one-third (1/3) of the directors or the nearest number of one-third of the directors shall retire from office each year. The directors to retire by rotation at every annual general meeting shall be those who have the longest term in office since their last appointment. The directors who retire can be re-elected for one more term of office.

9.3.2 Recruitment of Independent Directors and Audit Committee

The company has a policy to specify qualification and recruitment of independent directors and audit committee in accordance with Notice of Capital Market Supervisory Board at T.J. 28/2008 associated with permission to offer newly issued share dated on 15 December 2008 (including amended version).

Nevertheless, the independent directors shall be at least 1/3 of all Board's members and not less than 3 persons while the audit committee consists of at least 3 independent directors with qualification stipulated by law, notice of Stock Exchange of Thailand and Notice of Capital Market Supervisory Board as follows:-

Qualification of Independent Directors

- a) Holding share not over 1% of all shares with right to vote of the company, headquarter, subsidiary, joint venture, major shareholder or authority of the company. However, it includes shareholding of the relevant of such independent directors.

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

After appointed as the independent directors with qualification from a) to i), the independent directors shall be assigned by the Board to make decision for operations of the company, holding company, subsidiary, affiliation, subsidiary in same level, major shareholder or authorized person of the company with Collective Decision.

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

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

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

Qualification of Audit Committee

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

Appointment of Independent Directors/ Audit Committee

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

9.3.3 Recruitment of Executive Committee

The Board of Directors appoints the executive committee by selecting from those who have knowledge and experience and understanding about business quality, normal operation of the business and management of the company. The component of executive committee consists of the management team with a managing director as the executive committee chairman.

9.3.4 Recruitment of Nomination and Remuneration Committee

The Board of Directors appoints the Nomination and Remuneration Committee by selecting from some of the Board's members and/or experts with amount of not less 3 people but not over 5 people. Nevertheless, the independent director is the Nomination and Remuneration Committee chairman.

9.3.5 Recruitment of Executive

The Board of Directors appoints a managing director by the Nomination and Remuneration Committee selects those who are qualified to take such positions by considering from knowledge, experience, and proficiency of management to present to the Board of Directors for further appointment.

9.4 Subsidiary and Affiliation's Operation Supervision

The company has mechanism to supervise subsidiary and affiliation directly and indirectly as well as measures to follow up management of the subsidiary and affiliation to maintain benefit of investment of the company and be able to manage and take responsibility of operation of subsidiary as a part of the company by emphasizing on investment in business that supports and makes benefit for the company by considering returns and other benefits the company expects to receive from investment. It is to support and promote business of corporations. However, the company has specified policy of investment in subsidiary and affiliation approved by the Board of Directors' meeting 1/2017 arranged on 23rd February 2017 with following details:

The Company has a policy to consider investing in subsidiaries, and associates by focusing on supporting business and benefits of the company; whereas considering on the return and other benefits of the company such as expected return on investment, were made. The Company considers the appropriate proportion of investment and expected return on investment for the benefit of the shareholders of the Company.

The company will supervise by sending people approved by the committee's meeting to be the committee and/or executive of subsidiary and affiliation as the representative by proportion of shareholding for ultimate benefit of the company, subsidiary or affiliation. The committee and executives shall have quality, role, duty and responsibility without lacking reliability as the Notice of SEC Office to take part in such business management.

Committees and/or executives have right to vote in committee's meeting and/or shareholder's meeting of the subsidiary and affiliation according to guidelines or resolution that the committee or shareholder's meeting of the Company has approved. The appointed committees and/or executives can apply discretion to vote in the meeting of the subsidiary and affiliation associated with general management but in case of material matters, they shall be approved by the committee's meeting or shareholder's meeting of the Company first. Essential matters include connected transaction, obtainment and distribution of asset, any actions that reduce proportion of shareholding of the company in subsidiary and affiliation or even business termination of subsidiary and affiliation.

9.5 Control of Internal Data Usage

The company and subsidiary realize and give precedence to operation according to Good Corporate Governance) and Check and Balance to strengthen confidence of shareholders and every relevant institute for continual operation by being aware of long-term value growth of the company. The committee and executives of the company agree to specify internal data usage control measure so that the company has transparent operation according to good corporate governance approved by the company's meeting 1/2017 arranged on 23rd February 2017 that can be summarized as follows:

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

5. The committees, executives and employees of the company and the subsidiary shall not trade, transfer or accept transfer securities of the company by using internal data of the company' subsidiary and/or do any other transactions using internal data of the company or subsidiary that may result in damages to the company directly or indirectly. This specification includes the spouse and immature children of the committee, executives and employees of the company and subsidiary. Those who infringe such regulation will be deemed as severe offence and the company has defined penalty for people who gain benefit from using or revealing internal data that defames the company and the company will liaison with relevant supervisory institute for further legal action.

9.6 Audit Fee & Non-Audit Fee

9.6.1 Audit Fee

The company and subsidiary pays remuneration for annual auditing and interim reviewing of financial statements to Pricewaterhousecoopers ABAS which is the auditing office of the company and subsidiary for accounting years ended on 31st December 2016 for 2,300,000 Baht.

The Annual Shareholders' Meeting 2016 held on 21st April 2016 had a resolution to appoint Ms. Nattaporn Pun-udom CPA #3430, or Mr. Khajornkiet Arunpairojkul CPA#3445, or Mr. Pisit Tangtanakul CPA #4095 of Pricewaterhousecoopers ABAS as the auditor of the company and subsidiary for interim reviewing and annual auditing of financial statements for accounting year ended on 31 December 2016; including audit under BOI requirements, in amount of 2,300,000 Baht

9.6.2 Non-audit Fee

The company hired Pricewaterhousecoopers ABAS to review and audit the financial data of the company as agreement for year ended on 31 December 2016 with total traveling expense of 85,544 Baht.

9.7 Compliance with Principle of Good Corporate Governance in Other Terms

-N/A-

10. Corporate Social Responsibilities**10.1 Overview Policy (CSR In Process)**

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

1) Fair Business Operation

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

2) Anti-Corruption

- The Company's policy is to define responsibility, practical guideline, and requirement in proper operation for prevention of anti-corruptions with all of the Company's business activities and for proper and circumspect consideration and practice on decision making and business operation that may have anti-corruption risk.
- The Company's anti-corruption policy covers the prohibition of the Company's directors, executives and employees to execute or accept all forms of corruption both of direct or indirect. It also covers the businesses in all countries and all relevant agencies with regular verification on compliance with anti-corruption policy as well as review of practical guideline and operating requirement to be consistent with the change of business, rule, regulation and legal provision.
- The Audit Committee has set guidelines for auditing the internal control system by the third-party auditors to be able to conduct a thorough audit on the key issues of neutrality and independence.

3) Respect on Human Rights

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

4) Fair Employee Treatment

- Human resources are regarded as the cog in propelling the Company's business to achieve the targets. The Company therefore devotes to the employee's quality of life through good working environment, fair human resource management system, encouragement of personnel development to be progressive according to appropriateness in every functional line. The Company cares for the quality of life of employees; therefore the Company has assessed the workplace health in 2016 and implemented the happy workplace project according to the guidelines for the happy organization by joining the Thai Health promotion Foundation.

5) Responsibility to Customers

- The customer satisfaction is regarded as one of the Company's main strategies in stepping into being "The Real Leader for Modern Cool" according to the Company's slogan. However, apart from maximum sales volume value in Thailand, the Company also emphasizes on customer responsibility.

- The Company has been certified for international standard of ISO 9001:2008 quality system management as the seal on well care in the Company's product and service quality. Moreover, the Company also has the assurance of the Company's product and service quality so that the customers are assured that they will get quality products and services from the Company with customer responsibility.
- The Company provides customers on direct complaint about products and services of the employees to the Company via telephone no. 02-953-8800 and 02-015-5920. In addition, the customers can directly contact to Customer Relations Management Unit via mobile phone nr. 081-422-4454. Besides, the customers may contact the independent unit i.e. the corporate secretary office via email: comsec@masterkool.com
- The Company has clear discount and selling pricing policy for each group of customers. Moreover, the Company also controls selling price with its dealers in every distribution channel to be in proper level.

6) Environment Care

- The Company realizes on the significance of environmental care in order not to cause pollution problems that may affect life quality of human and ecosystem. The Company then does not perform any acts that affect damage toward natural resources and environmental condition.

7) Co-Development for Community and Society

- The Company promotes the use of business process for benefit on quality of life development, helps build economy and strength to community and society, supports the employment in the community, implants employee conscious in environmental and social responsibility, and regularly seeks for opportunity in support of social and community activities.

8) Availability of Innovation and Propagation of Innovation Derived from Operation with Responsibility on Society, Environment and Stakeholders

- The Company continuously dedicates resources in research and development in order to invent environmentally friendly products and services, and helps in energy saving. The Company's evaporative air cooler product is one of the proofs for such dedications with energy saving capability of air cooler when compared with air-conditioner; moreover, the Company also accepts to completely advise energy saving.

10.2 Operation and Reporting Preparation

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

10.3 Operation of Business Affecting Social Responsibility

-None-

10.4 Environmental and Social Benefit Activities (CSR After Process)

The Company regularly arranges environmental and social benefit activities. For 2016, the Company continued the “CSR-MASTERKOOL Weaving Coolness to Society Project”, having its objective to render the Company’s products for public benefit to various agencies that have confronted with hot weather problem and electricity bill problem of air-conditioner. The company’s products were rendered in such project to various agencies such as temples, foundations, schools and hospitals, etc



Wat Phra That Pha Sorn Kaew, Tambon Camp Son, Khao Kho, Phetchabun



Suan Pa Uppatham School, Sanam Chaiket, Chachoengsao



Home for Blind Children, Ramindra Road, Bangkok

10.5 Prevention of corruption involvement

The Company's policy is to define responsibility, practical guideline, and requirement in proper operation for prevention of anti-corruptions with all of the Company's business activities and for proper and circumspect consideration and practice on decision making and business operation that may have anti-corruption risk.

The Company's anti-corruption policy covers the prohibition of the Company's directors, executives and employees to execute or accept all forms of corruption both of direct or indirect. It also covers the businesses in all countries and all relevant agencies with regular verification on compliance with anti-corruption policy as well as review of practical guideline and operating requirement to be consistent with the change of business, rule, regulation and legal provision.

The Audit Committee has set guidelines for auditing the internal control system by the third-party auditors; for being able to conduct a thorough audit on the key issues of neutrality and independence

In addition, the Company has assessed the business risk quarterly; and assigned to the Risk Management Task Force chaired by the Chairman of the Executive Committee, and the company secretary, as a central agency for co-ordinating, follows up on the performance of operation units to eliminate or reduce the risks.

11. Internal Control and Risk Management

11.1 Opinion of the Board of Directors on Internal Control System

The Company and its subsidiary have the order of precedence to good internal control system management for supporting effective operations of the Company and its subsidiary under internal control system that is adequate, effective and extensive to all areas in order to be in line with the relevant laws and rules for the listed companies in the Stock Exchange. The Board of Directors always arranges the adequate and effective check and balance mechanism for protection and well-management of the properties of the Company and its subsidiary under authorization level of approval and specifies roles and responsibility of the executives and staff by check and balance mechanism with written work procedures. The independent internal audit work unit is available. The Company has hired Acc-Plus Consultant Company Limited ("Acc-Plus Co., Ltd.") to perform auditing work of all units of the Company and its subsidiary; and directly report to the Audit Committee.

Moreover, the Company and its subsidiary also arranges proper and sufficiently circumspect Internal Control System and Internal Audit System for protecting assets of the Company and its subsidiary from improper use as well as prevention of fraud that may take place in the Company and its subsidiary under clear and accountable work process in consistency with the guideline of the Stock Exchange of Thailand.

In the Board of Directors' Meeting No. 1/2016 on 23rd February 2016, the Board of Directors which included the Audit Committee considered adequacy of internal control system of the Company and its subsidiary based on Assessment Form of the Office of SEC in accompany with further inquiries for additional information from the management and related officers. The internal control system of the Company and its subsidiary in all 5 areas has been assessed based on Guideline of COSO (Committee of Sponsoring Organizations of the Treadway Commission) as follows.

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

The Board of Directors commented that the Company and its subsidiary have proper and adequate internal control system according to existing control environment. Moreover, the Company has also arranged the sufficient personnel for effective system operation and has also proper internal control system in the issue of monitoring and controlling the operations of the Company and its subsidiary to enable to sufficiently protect the properties of the Company and its subsidiary from the unauthorized or wrongful use of their directors or executives; including related-party transaction and transaction who may have conflict of interest. In conclusion, the Audit Committee and the Board of Directors have had aligned comments.

11.2. Observations of Internal Audit Work Unit on Internal Control System of the Company; and External Audit

11.2.1 Observations of Internal Audit

In 2016, the internal auditor entered to audit and monitor internal control system and system compliance covering all of the systems of the Company and its subsidiaries, consisting of: 1) sales, marketing and after-sales service system, 2) cash receipt system, 3) payment system, 4) production system, 5) product and cost management system, 6) fixed asset system, and 7) payroll and human resource management system. The risks were also simultaneously assessed.

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

1) Sales, marketing and after-sales service system

The demand for the products of the international market has continued; in complying with the growth of international business of which risen in misting fans and evaporative air coolers. These products have a variety of requirements / specifications

due to the differences in each system design of installation. Some of these products or optional parts do not have high demands in local market; thus some items may not be listed on the standard price list. The Company, therefore, has updated the standard pricing list to cover all product categories of the company; including discount structure for the international market; along with revised working procedures.

2) Cash Receipt System (Inflow)

In the rental system for the product, some consumers may provide payment through transferring the rent through the company's account, deducted the withholding tax. The submission of the certificate of withholding tax to the company will be continuously monitored by the company to be used as corporate income tax credit, by assigning the staff of the rental branch for follow up and to communicate with customers about the tax deduction process when they open their sales in the future. All outstanding values do not have a significant effect the results of operations. During the year 2016, the total amount of outstanding tax deductible items was 58,641.07 Baht.

3) Payment System (Outflow)

In order to achieve proper budgetary disbursement, checks and balances are carried out. The company has set up a manual to control the use of investment and other budgets, together with the Authority Table, to be consistent and presented to the Board for approval and to provide clear guidelines for all practitioners.

4) Production System

--None--

5) Product and Cost Management System

--None--

6) Fixed Asset System

--None--

7) Payroll and Human Resource Management

The company's business is seasonal, which results in a management which has to consider several factors such as seasonal stock (in order to accurately quantify production orders or importation of goods according to demand) as well as human resource management. Therefore the company plans the capacity according to the sales forecast and sets the annual budget plan. But the management of the business according to season has to be closely monitored, so when the off season/low season begins, the relevant agencies will have to report information in a timely manner and plans must keep in pace with any swift changes in the environment. For example, the speed of the off-season due to weather conditions will affect the number of branches and the capacity to achieve business value. In addition, the company has prepared a long-term plan to generate consistent annual revenue.

11.2.2 Observations of External Audit

The Annual General Meeting of Shareholders held on 21st April 2016, resolved to appoint PricewaterhouseCoopers ABAS Ltd. as the auditor of the Company. In auditing the financial statements for the year 2016, the auditors have reviewed the internal control system of the Company and its subsidiary, reporting to the Audit Committee Meeting No. 1/2017 held on 23rd February 2017 that there were no observations of defects of the internal control system from the audit for the fiscal year 2016

11.3. Details of the Head of Internal Audit (HIA)

Details of the head of internal audit is as the Enclosure 3

Audit Committee Report

The Auditing Committee of Masterkool International PLC consists of 3 independent directors with qualifications and experience from various branches, as follows:

- | | | |
|----|-----------------------------------|----------------|
| 1. | Mr.Sanpat Sapon | Chairman of AC |
| 2. | Assoc.Prof.Dr. Prakit Tangtisanon | Member of AC |
| 3. | Mr.Mongkol Kasaemsun Na Ayudthaya | Member of AC |

The Auditing Committee has performed its duties as stipulated in the charter of the Auditing Committee as assigned by the Board of Directors. In the year 2016, the Committee had 4 meetings, which discussed the key business matters with management, internal auditors, and other auditors regularly, and was reviewed by the Committee. The summary of duties is as follows:

1. Financial Report Review: The Audit Committee meets only with the financial auditors and internal auditors quarterly without management attended the meetings. If there are any items where the Audit Committee has to rely on the details for consideration, the Committee may invite relevant executives to clarify, before commenting and presenting to the Board of Directors.

For financial report of the year 2016, the Audit Committee considered that the company's financial report was prepared in accordance with generally accepted auditing standards, with sufficient disclosure of material information in the notes to the financial statements.

2. Reviewing Transactions that May Lead to Conflict of Interests: The Audit Committee has reviewed the disclosure of information from transactions that may lead to conflict of interests, and they have been deemed to be adequate and in compliance with the rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission of Thailand.

3. Management Review and Risk Management: The Audit Committee has considered risk policies and programs, as well as the risk performance report, by meeting with the Risk Management Task Force to provide better guidelines and suggestions for improvement.

4. Review of Good Corporate Governance: The Audit Committee has directed and reviewed the operations in accordance with the Corporate Governance Policy, as well as business ethics requirements and defined work practices, to ensure compliance with good corporate governance principles to ensure that all stakeholders are respected.

5. Review of Internal Control System and Internal Auditing Oversight: The Audit Committee employed ACC-PLUS Consultant Co., Ltd., the third-party internal auditor, to be the company's internal auditor for the independence of the inspection work. Internal audit results were reported directly to the Audit Committee, and therefore continuous monitoring of internal auditing results is required. In the year 2016, the Audit Committee found no significant internal control deficiencies within the year.

6. Considering on Auditor and Audit Fee: The Audit Committee has considered SP Auditing Co., Ltd by expertise, based on knowledge, ability, qualifications, and experience, by the standard auditing of listed companies in the Stock Exchange of Thailand. Moreover, the auditing fee is in line with the size of the company's budget. It has proposed to the Board of Directors to consider the appointment of the auditor and the remuneration of the auditor at this Annual General Meeting of Shareholders.

Summary of Audit Committee Report

The Audit Committee has performed its duties and responsibilities as its charter approved by the Board of Directors with full knowledge, ability, prudence, caution, and sufficient independence to equally benefit all stakeholders.

The Auditing Committee is of the opinion that the company's financial report is accurate and consistent with generally accepted accounting standards. The company also manages the risk from internal control and proper internal auditing with compliance to the law, good corporate governance principles and to the requirements in business.



12. Related Party Transactions
1. Nature of Relationship of Related Party Transaction

Person / Juristic Person that may have conflict of interest	Nature of Relationship
Site Preparation Management Company ("Site Prep Co., Ltd.")	Mr. Kritsana Thaidumrong, the Director and Major Shareholder in Site Prep Co., Ltd. and the Company's director
Actdee Company Limited ("Actdee Co., Ltd.")	Mr. Thanapat Thaidumrong and Mr. Thammathat Thaidamrong, the Director and Major Shareholders in Actdee Co., Ltd. Mr. Thanapat Thaidamrong and Mr. Thammathat Thaidamrong are the close relatives of Mr. Kritsana Thaidumrong who is the Company's Director
Mr. Noppachai Veeraman	The Company's Director, Chairman of the Board, Managing Director, and Major Shareholder
Mr. Fung Meng Hoi	The Company's Director, Board Member, and Major Shareholder
Miss Varin Veeraman	Close relative of Mr. Noppachai Veeraman who is the Company's Director, Chairman of the Executive Committee Board, Managing Director, and Major Shareholders
Miss Veena Veeraman	Close relative of Mr. Noppachai Veeraman who is the Company's Director, Chairman of the Executive Committee Board, Managing Director, and Major Shareholders
Ms. Sunanta Wanwat	The Company's Director, Assistant Managing Director – Business and Customer Service
Ms. Phornphan Nilprasit	The Company's Director, Assistant Managing Director – Logistics

2. Details of Related Party Transaction

Person / Juristic Person that may have conflict of interest	Type of RPT	Value in FY 2016 (Thousand Baht)		Necessity and Reasonability
1. Site Preparation Management Company ("Site Prep Co., Ltd.")	Sales and service of evaporative air coolers	Sales Revenues	32.60	The Company has sold products and installation services of air cooler system to Site Prep Co., Ltd. under price and condition indifferent from other customers.
		AR (Beginning)	-	
		AR (Ending)	-	
2. Actdee Company Limited ("Actdee Co., Ltd.")	Sales and service of evaporative air coolers	Sales Revenues	12,821.27	The Company has sold the Company's products and services to Actdee Co., Ltd. which is the Company's dealer under price and condition in line with the criteria of which the Company has sold to other dealers in the same level.
		AR (Beginning)	3,972.56	
		AR (Ending)	884.31	

As of 31st December 2016, the Company has been granted for credits from 3 financial institutions for total loan limit of approximately Baht 335.50 million. Some of this loan limit has been guaranteed by the director, executive and relevant person with below details.

Person / Juristic Person that may have conflict of interest	Type of RPT	Value (Mil.Baht) 2014	Value (Mil.Baht) 2015	Necessity and Reasonability
1. Mr.Noppachai Veeraman 2. Mr.Fung Meng Hoi 3. Ms. Varin Veeraman 4. Ms. Veena Veeraman	Co-Guarantors of Company's loan below: • Short-term loan • Overdraft loan • Letter of Guarantee	220.0 5.0 2.0	- - -	The Company has negotiated for personal guarantee with two financial institutions: • KASIKORNBANK: has successfully discharged the guarantor in July 2016 • UOB BANK has successfully discharged the guarantor in Dec. 2016 For financial institution that also have a personal guarantee obligation; and is in the process of requesting for release of the guarantee • TMB BANK • SCB BANK: has successfully discharged the guarantor in July 2016 Presently, the Company was granted the limits with the bank without guarantee obligation totaling 282.50 million baht.
1. Mr.Noppachai Veeraman	Co-Guarantors of Company's loan below: • Short-term loan • Overdraft loan • Letter of Guarantee	32.4 13.6 -	32.4 13.6 -	
2. Mr.Fung Meng Hoi 3. Ms. Sunanta Wanwat 4. Ms. Phornphan Nilprasit	Co-Guarantors of Company's loan below: • Short-term loan • Overdraft loan • Letter of Guarantee	32.4 3.6 -	32.4 3.6 -	
5. Mr.Noppachai Veeraman	Co-Guarantors of Company's loan below: • Short-term loan • Overdraft loan • Letter of Guarantee	85.0 2.0 -	250.0 27.5 5.0	

3. Measure and Procedure of Approving on Related Party Transaction

The Company has set up measures to enter into related party transactions with people who may have conflicts. The Audit Committee is required to give an opinion on the necessity of entering into the transaction with reasonableness and the price suitability of the item; based on the conditions in the normal course of the market. This can be compared to the price charged to third parties. In the event that the Audit Committee is unqualified in considering potential inter-transactions, the Company will provide persons with special expertise such as auditor, financial advisor. Property appraiser law Office Independent experts, independent of the company. And a person who has no conflict of interest as a facilitator of such connected transaction to be used for the decision of the Audit Committee; for the Audit Committee to present to the Board meeting and / or shareholders as depending on each case.

In addition, the Company has imposed measures not to the management and / or stakeholders can participate in approving directly or indirectly their own interests. Also, the Board of Directors is responsible for the Company to comply with the laws governing securities and stock exchange and regulations, announcements, orders or requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand; including compliance with the disclosure requirements of connected transactions, and acquiring or disposing of important assets of the Company or its subsidiary, moreover, comply with the accounting standards set by the Federation of Accounting Professions and the Certified Public Accountants of Thailand. The

disclosure of related party transactions is included in the notes to financial statements that have been audited or reviewed by the Company's auditor.

4. Policy and Trend of Future Related Party Transaction

The Company will continue to do such transactions in the future with ACTDEE Co. Ltd, a major dealer of the Company, and relatives of the directors are major shareholders in such companies. By entering into the related transaction, it will be according to the ordinary course of business. There is a clear policy on entering into inter-company transactions i.e. the normal price and terms of business; likely to a transaction with an unrelated party by entering into an interim transaction in the future. It is necessary for the business operations and benefits of the Company

The Audit Committee will review the compliance with the rules and give an opinion on the reasonableness of transactions occurring quarterly.

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

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

13. Essential Financial Information
1. Statement of Financial Position

Statement of Financial Position	31 December 2014		31 December 2015 (Reclassified)		31 December 2016	
	Baht	%	Baht	%	Baht	%
Assets						
Current assets						
Cash and cash equivalents	1,164,111	0.4	53,884,430.00	9.85	47,440,840.00	8.35
Trade and other receivables - related parties.	11,926,707	3.7	50,243,246.00	9.18	55,571,265.00	9.78
Trade and other receivables - other parties	42,017,727	13.1	3,972,556.00	0.73	884,314.00	0.16
Current portion of receivables for financial lease contract	234,629	0.1	80,196,177.00	14.66	126,467,676.00	22.26
Inventories	172,007,864	53.8	530,110.00	0.10	8,257,378.00	1.45
Other current assets	8,463,029	2.6	230,920,152.00	42.21	183,624,020.00	32.33
Total current assets	235,814,067	73.7	13,308,895.00	2.43	22,542,273.00	3.97
Non-current assets			433,055,566.00	79.16	444,787,766.00	78.30
Deposit at financial institutions pledged as collateral	40,667,305	12.7	48,242,992.00	8.82	50,029,913.00	8.81
Receivables for financial lease contract – net of current portion	398,076	0.1	963,156.00	0.18	8,950,907.00	1.58
Investment in subsidiary	-	-	-	-	-	-
Property, plant and equipment	34,247,253	10.7	54,576,185.00	9.98	49,987,591.00	8.80
Intangible assets - net	3,289,562	1.0	3,200,958.00	0.59	5,016,443.00	0.88
Deferred tax assets	3,955,671	1.2	5,437,202.00	0.99	7,695,625.00	1.35
Other non-current assets	1,556,534	0.5	1,556,534.00	0.28	1,583,734.00	0.28
Total non-current assets	84,114,401	26.3	113,977,027.00	20.84	123,264,213.00	21.70
Total assets	319,928,468	100.0	547,032,593.00	100.00	568,051,979.00	100.00

Statement of Financial Position	31 December 2014		31 December 2015 (Reclassified)		31 December 2016	
	Baht	%	Baht	%	Baht	%
Liabilities and shareholder' equity						
Current liabilities						
Bank overdrafts and short term loans from financial institutions	134,133,738	41.9	84,894,899.00	15.52	1,536,844.00	0.27
Trade and other payables – related parties	428	0.0	-		-	-
Trade and other payables – other parties	67,453,411	21.1	126,247,018.00	23.08	153,272,846.00	26.98
Current portion of long term loan	312,647	0.1	426,195.00	0.08	102,202.00	0.02
Current portion of financial lease liabilities	224,575	0.1	985,406.00	0.18	1,867,633.00	0.33
Income tax payable	2,483,955	0.8	-	0.00	10,478,976.00	1.84
Other current liabilities	3,533,157	1.1	4,501,255.00	0.82	6,553,006.00	1.15
Total current liabilities	208,141,911	65.1	217,054,773.00	39.68	173,811,507.00	30.60
Non-current liabilities						
Long term loan from financial institutions – net of current portion	444,365	0.1	239,973.00	0.04	25,030.00	0.00
Long term of liabilities under financial lease contracts – net of current portion	22,080	0.0	1,898,850.00	0.35	3,066,349.00	0.54
Employee benefit obligation	2,815,048	0.9	1,575,034.00	0.29	1,889,945.00	0.33
Total non-current liabilities	3,281,493	1.0	3,713,857.00	0.68	4,981,324.00	0.88
Total liabilities	211,423,404	66.1	220,768,630.00	40.36	178,792,831.00	31.47
Shareholders' Equity						
Issued and fully-paid share capital						
- 480,000,000 shares at 0.25 Baht in 2015						
- 360,000,000 shares at 0.25 Baht in 2014	90,000,000	28.1	120,000,000.00	21.94	120,000,000.00	21.12
- 7,000,000 shares at 10.0 Baht in 2013						
- 4,440,000 shares at 10.0 Baht in 2012						
Premium on share capital	4,900,000	1.5	183,030,333.00	33.46	183,030,333.00	32.22
Surplus on share-based payment transactions	3,063,937	1.0	3,063,937.00	0.56	3,063,937.00	0.54
Retained earnings						
- Appropriated for legal reserve	3,146,327	1.0	3,743,166.00	0.68	3,743,166.00	0.66
- Unappropriated	7,394,800	2.3	14,823,133.00	2.71	77,818,318.00	13.70
Other components of shareholders' equity			1,603,394.00	0.29	1,603,394.00	0.28
Total shareholders' equity	108,505,064	33.9	326,263,963.00	59.64	389,259,148.00	68.53
Total liabilities and shareholders' equity	319,928,468	100.0	547,032,593.00	100.0	568,051,979.00	100.00

2. Statement of Comprehensive Income

Statement of Comprehensive Income	31 December 2014		31 December 2015 (Reclassified)		31 December 2016	
	Baht	%	Baht	%	Baht	%
Revenues						
Revenues from sales	436,205,404	94.1	560,718,026.00	94.32	853,246,230.00	95.91
Revenues from services	22,443,355	4.8	30,299,475.00	5.10	28,258,565.00	3.18
Other revenues	4,842,184	1.0	3,457,654.00	0.58	8,083,830.00	0.91
Total revenues	463,490,943	100.0	594,475,155.00	100.00	889,588,625.00	100.00
Expenses						
Cost of sales	251,211,041	54.2	363,117,875.00	61.08	562,670,397.00	63.25
Cost of services	8,736,586	1.9	11,115,654.00	1.87	7,838,137.00	0.88
Selling expenses	102,571,952	22.1	133,550,556.00	22.47	139,311,432.00	15.66
Administrative expenses	48,293,385	10.4	70,507,413.00	11.86	71,170,485.00	8.00
Management benefit expenses	8,256,063	1.8	-	-	-	-
Finance costs	5,973,957	1.3	7,765,612.00	1.31	1,599,745.00	0.18
Total expenses	425,042,984	91.7	586,057,110.00	98.58	782,590,196.00	87.97
Profit before share of profit (loss) from investments in jointly controlled entity	38,447,959	8.3	8,418,045.00	1.42	106,998,429.00	12.03
Share of profit (loss) from investments in jointly controlled entity	-	0.0	-	-	-	-
Profit before income tax	38,447,959	8.3	8,418,045.00	1.42	106,998,429.00	12.03
Income tax expense	7,047,356	1.5	392,873.00	- 0.07	20,003,244.00	2.25
Profit for the year	31,400,603	6.8	8,025,172.00	1.35	86,995,185.00	9.78
Other comprehensive gain (loss) – Actuarial gain (loss) on defined employee benefit plan – net of tax	(940,620)	-0.2	2,004,242.00	0.34	-	-
Income tax relating to components of other comprehensive income	188,124	0.0	- 400,848.00	- 0.07	-	-
Total comprehensive income for the year	30,648,107	6.6	9,628,566.00	1.62	86,995,185.00	9.78
Primary earnings per share (Baht)	0.10		0.02		0.18	
Primary earnings per share (Baht) (at the par value of 0.25 baht per share)	0.10		0.02		0.18	
Primary earnings per share (Baht) (Fully-diluted at 480 million shares)	0.07		0.02		0.18	

3. Statement of Cash Flows

Statement of Cash Flows	31 December 2014	31 December 2015 (Reclassified)	31 December 2016
	Baht	Baht	Baht
Cash flow from operating activities			
Profit before income tax	38,447,959	8,418,045	106,998,429
Adjustment for:			
Depreciation and Amortization	7,863,112	9,099,955	9,733,537
Allowance for Impairment Losses	-	-	3,590,041
Loss on written of fixed assets	328,572	11,697.00	- 9,338.00
Gain on sales of fixed assets			
Impairment loss on assets	-	418,830.00	-
Unrealized loss on revaluation of short-term investment	-	-	- 668,019.00
Unrealized loss on exchange rate	201,883	5,481,922.00	- 836,391.00
Share of profit (loss) from investments in jointly controlled entity	-	-	-
Goodwill amortization	-	-	-
Loss on decline in value of inventories	2,700,470	6,006,200.00	4,586,436.00
Bad debts and allowance for doubtful accounts (reversal)	(1,984,117)	1,536,111.00	781,934.00
Finance costs	5,973,957	7,669,024.00	1,599,745.00
Interest income	(679,438)	- 1,108,459.00	- 792,667.00
Employee benefit obligation	200,297	624,737.00	261,225.00
Provision expenses after sale	761,068	753,671.00	1,377,909.00
Expenses for share-based payment transactions	564,962		
Profit from operating activities before change in operating assets and liabilities	54,378,725	38,911,733.00	126,622,841.00
Decrease (increase) in operating assets			
Trade and other receivables	(9,966,856)	- 31,675,983.00	- 43,249,227.00
Receivables for financial lease contracts	242,910	- 829,074.00	- 15,620,525.00
Inventories	(70,358,216)	- 68,289,431.00	42,709,696.00
Other current assets	(1,464,834)	- 7,256,071.00	- 11,231,889.00
Other non-current assets	(972,510)	-	- 27,200.00
Increase (decrease) in operating liabilities			
Trade and other payables	32,529,456	56,248,223.00	27,833,191.00
Other current liabilities	(154,225)	214,426.00	673,843.00
Cash generated (paid) from operations	4,234,450	- 12,676,177.00	127,710,730.00
Interest paid	(5,886,798)	- 7,290,177.00	- 1,317,478.00
Income tax paid	(4,254,009)	- 4,759,207.00	- 9,696,351.00
Net cash used in operating activities	(5,906,357)	- 24,725,561.00	116,696,901.00

Statement of Cash Flows	31 December 2014	31 December 2015 (Reclassified)	31 December 2016
	Baht	Baht	Baht
Cash flow from investing activities			
Increase in deposits at financial institution pledged as collateral	(15,965,938)	-7,575,687	-1,786,922
Increase in short term loan to related party	-	-	-
Cash paid for investment for subsidiary	-	-	-
Cash received from sale of fixed assets	25,069	287,062.00	3,837,038.00
Purchases of fix assets		- 50,243,246.00	- 4,660,000.00
Deposit for purchases of fix assets	(11,245,325)	- 19,297,095.00	- 6,856,284.00
Purchases of intangible assets	(2,296,221)	-	-
Interest received	(2,865,470)	- 854,523.00	- 2,653,250.00
Net cash used in investment activities	(31,688,532)	- 76,664,239.00	- 11,648,992.00
Cash flows from financing activities			
Increase (decrease) in bank overdrafts and short term loan from financial institution	43,989,003	- 52,202,512.00	- 83,817,245.00
Increase in long term loan from financial institution	955,600	298,792.00	-
Repayments of long term loan from financial institution	(198,589)	- 389,636.00	- 538,936.00
Repayments of liabilities under finance lease contracts	(426,457)	- 1,726,858.00	- 3,135,318.00
Cash receipts from increase of share capital	20,000,000	30,000,000.00	-
Proceeds from premium on share	-	186,000,000.00	-
Transaction costs for issue of common shares	-	- 7,869,667.00	-
Dividends paid	(28,000,000)	-	- 24,000,000.00
Net cash provided by financing activities	36,319,557	154,110,119.00	- 111,491,499.00
Net increase (decrease) in cash and cash equivalents	(1,275,332)	52,720,319.00	- 6,443,590.00
Cash and cash equivalents at beginning of the year	2,439,443	1,164,111.00	53,884,430.00
Cash and cash equivalents at end of the year	1,164,111	53,884,430.00	47,440,840.00
Supplemental disclosure of cash flow information			
Non cash item – Purchase of vehicles under finance lease contracts	-	4,239,087.00	4,868,634.00

4. Financial Ratios

Financial Ratios	31 December 2014	31 December 2015 (Reclassified)	31 December 2016
	Baht	Baht	Baht
LIQUIDITY RATIO			
Current ratio (times)	1.13	2	2.56
Quick ratio (times)	0.26	0.87	1.33
Cash flow current ratio (times)	-0.04	-0.11	0.6
Receivable current ratio (times)	7.98	6.35	7.69
Avg. debt collection period (days)	45.12	56.73	46.79
Inventory turnover ratio (times)	3.16	2.1	3.51
Avg. selling period (days)	113.83	171.25	102.54
Payable current ratio (times)	4.92	2.96	4.08
Loan repayment period (days)	73.20	121.45	88.19
Cash Cycle (days)	85.75	106.54	61.14
PROFITABILITY RATIO			
Gross profit margin on sales (%)	42.41	35.24	34.06
Gross profit margin on service (%)	61.07	63.31	72.26
Operating profit margin (%)	8.63	2.15	11.4
Other profit margin (%)	1.04	0.58	0.91
Cash to profit margin (%)	-14.92	-194.29	116.1
Net profit margin (%)	6.77	1.35	9.78
Return on equity (%)	32.41	2.46	24.32
EFFICIENCY RATIO			
Return on assets (%)	11.73	1.47	15.6
Return on fixed assets (%)	134.77	31.38	185.01
Asset turnover (times)	1.73	1.09	1.6
FINANCIAL POLICY RATIO			
Debt to equity ratio (times)	1.95	0.68	0.46
Interest coverage ratio (times)	8.75	3.26	73.97
Commitment coverage ratio (cash basis)(times)	-0.14	-1.11	3.53
Dividend payout ratio (%)	89.17	0	27.59

14. Management's Discussion and Analysis
Table 1: Overall performance for the twelve-month period of 2016 ended December 31, 2016

Unit : Million Baht

Items	FY2016 (12 months)	FY2015 (12 months)	Increase (Decrease)	
			Amount	%
Net Product Sales	853.25	560.72	292.53	52.17
Net Service Sales	28.26	30.3	(2.04)	(6.73)
Other Revenue *	8.08	3.46	4.62	133.53
Total Revenues	889.59	594.48	295.11	49.64
Cost of Goods Sold	562.67	363.12	199.55	54.95
Cost of Service	7.84	11.12	(3.28)	(29.50)
Selling and Administrative Expenses	210.48	204.06	6.42	3.15
Financial Cost	1.6	7.77	(6.17)	(79.41)
Net Profit	87	8.03	78.97	983.44
EPS (Baht/Share)	0.18	0.021	0.159	757.14

*Other revenue such as interest income, foreign exchange gains, government grants, etc.

Overall Performance

For the twelve-month period of 2016, Masterkool recognized a net profit of 87.00 million baht, increased by 983.44% when compared to the comparable period of the previous year; by continuously growth of sales of the evaporative cooling products through all distribution channels and cost control. The total revenue of the period recorded 889.59 million baht, increase by 49.64% when compared to the total revenue of 594.48 million baht in the comparable period of 2015. With respect to selling and administrative expenses totaled 210.48 million baht, a decrease of only 3.15% compared to the selling and administrative expenses of 204.06 million baht of the same period in 2015, the Company recorded a net profit of 9.78% for the twelve month period of 2016, a significant increase when compared to a net profit of 1.35% for the comparative period of 2015.

Table 2: Sales summary by segments for the quarter 4/2016 period and the twelve-month period of 2016

Unit : Million Baht

Segments	Q4/2016	Y-o-Y Difference (%)	Jan – Dec 2016	Y-o-Y Difference (%)
Retail Channel	18.27	(30.79)	419.69	24.57
Corporate Customer Channel	37.33	(12.13)	245.16	79.78
Exporting Distribution	59.06	68.59	216.66	84.00
Others	3.47	234.96	8.08	133.80
Total Sales	118.13	12.56	889.59	49.64

Sales Summary by Segments
• Retail Channel

For the twelve month period of 2016, the Retail Channel which includes Modern Trade, Dealer, and On-line trading recorded an increase of 24.57% of sales when compared to the same period of 2015; mainly resulted by the SSSG (same-store sales growth) and by expansion of the modern trade channels such as Tesco Lotus Department Store; combination with sales growth of the dealers channels, online channels, and distribution through "SINGER". For the period of 2016, the Company has strategically marketed by doing promotions at points of sale (POS) in order to generate customer demand; and at the same time, to build awareness and understanding of the products increased, resulting in a wider market opened. Anyhow, the sales performance in the second half of the fiscal year 2016 dropped when compared to the same period of the fiscal year 2015 because of Thailand's economics which marked a temporary slowdown in the last quarter of the year.

- **Corporate Customer Channel**

For the twelve month period of 2016, the Corporate Customer Channel recorded an increase of 79.78% of sales when compared to the same period of 2015; mainly resulted by a few adjustments to our prior Sales Plan that resulted in a meaningful impact to sales production by developing a clear coverage of the channel, products and approaching with a right term of payment offered. Target customers include government organizations, private factories, hospitals, shopping malls, etc. that require solutions on cooling down the hot environment, energy saving, and avoiding a damaging effect on the environment. Products that made up the line are ozone generator, industrial fan, and LED light bulb. Market provided more response to the products and solutions; which expected to expand future revenue of the Company.

- **Exporting Distribution**

For the twelve month period of 2016, the Exporting Distribution by International Business Department recorded an increase of 84% of sales when compared to the same period of 2015. The sales growth of the Channel recorded on the highest growth in the year 2016. Mostly, the Company exported various products to AEC countries. Key success factors are not only that those countries are in the tropical areas like Thailand; but also potentiality of agents. Another key factor was expansion of exporting to the North-American countries and other countries; which totally based more than 40 countries worldwide.

Financial Status

Table 3: Summary statement of financial position as of December 31, 2016

Statement of financial position (million baht)	Consolidated financial statements			
	31.12.2016	31.12.2015	+ / (-)	%
Cash and cash equivalents	47.44	53.88	(6.44)	(11.95%)
Temporary investment	55.57	50.24	5.33	10.61%
Trade and other receivables	127.35	84.17	43.18	51.30%
Current portion of receivables for finance lease contracts	8.26	0.53	7.73	1458.49%
Inventories	183.62	230.92	(47.30)	(20.48%)
Other current assets	22.54	13.31	9.23	69.35%
Deposits as financial institutions pledged as collateral	50.03	48.24	1.79	3.71%
Receivables for finance lease contracts	8.95	0.96	7.99	832.29%
Property, plants and equipment	49.99	54.58	(4.59)	(8.41%)
Intangible assets	5.02	3.20	1.82	56.88%
Deferred tax assets	7.70	5.44	2.26	41.54%
Other non - current assets	1.58	1.56	0.02	1.28%
Total assets	568.05	547.03	21.02	3.84%
Bank over drafts and short - term loans from financial institution	1.54	84.89	(83.35)	(98.19%)
Trade and other payables	153.27	126.25	27.02	21.40%
Current portion of long - term loan from financial institution	0.10	0.43	(0.33)	(76.74%)
Current portion of liabilities under finance lease contracts	1.87	0.98	0.89	90.82%
Income tax payable	10.48	-	10.48	-
Total current liabilities	6.55	4.50	2.05	45.56%
Long - term loan from financial institutions - net of current portion	0.03	0.24	(0.21)	(87.50%)
Long - term of liabilities under finance lease contracts	3.07	1.90	1.17	61.58%
Employee benefit obligation	1.89	1.58	0.31	19.62%
Total liabilities	178.80	220.77	(41.97)	(19.01%)
Issued and paid-up share capital	120.00	120.00	-	-
Premium on share capital	183.03	183.03	-	-
Surplus on share-based payment transactions	3.06	3.06	-	-

Statement of financial position (million baht)	Consolidated financial statements			
	31.12.2016	31.12.2015	+ / (-)	%
Retained earnings				
- Appropriated for legal reserve	3.74	3.74	-	-
- Unappropriated	79.42	16.43	62.99	383.38%
Total equity attributable to the equity holders of the parent company	389.25	326.26	62.99	19.31%

Assets

As of December 31, 2016, the Company had total assets of 568.05 million baht, representing an increase of 21.02 million baht of assets when compared to the assets as of December 31, 2015 which valued 547.03 million baht or increased by 3.841% as details below:-

- Account receivables increased when compared to the balance ending December 31, 2015 in corresponding to sales of the year 2016 which shaped up.
- Current portion of finance lease receivables increased when compared to the balance ending December 31, 2015 due to the Company's policy launched in the year 2016 regarding the installment payment option for corporate customers; aiming on building up customers demand and decision of purchase.
- Inventory of 183.62 million baht representing 32.32% of total assets decreased of 47.30 million baht (20.48%) when compared to inventory of 230.92 million baht as of December 31, 2015. Even with the growth in sales, management of inventories was achieved.

Liabilities

As of December 31, 2016, the Company had total liabilities of 178.80 million baht, representing a decrease of 41.97 million baht or 19.01% when compared to total liabilities as of December 31, 2015 which valued 220.77 million baht as details below:-

- Bank overdrafts and short-term loans, including long-term loans from financial institutions significantly decreased when compared with the balance as of December 31, 2015 due to the company's sufficient liquidity for paying debt faster.
- Obligations under finance leases compared to the amount as of December 31, 2015 increased due to obligations under finance leases of assets preparing for 2017 peak sales period.

Shareholder's Equity

As of December 31, 2016, the Company had total shareholder's equity of 389.25 million baht or 45.93% of total assets, representing an increase of 62.99 million baht when compared to total shareholder's equity 326.26 million baht as of December 31, 2015, increased from the operation results of the twelve months of 2016.

	Consolidated financial statements		
	Jan - Dec 2016	Jan - Dec 2015	+ / (-)
Liquidity Ratio			
Current ratio	2.56	2.00	0.56
Quick ratio	1.50	0.93	0.57
Profitability Ratio			
Gross profit margin %	35.87%	37.05%	(1.18)
EBIT margin %	12.21%	2.72%	9.49
Net profit margin %	9.78%	1.35%	8.43
Efficiency Ratio			
Return on equity (ROE) %	22.35%	2.46%	19.89
Return on asset (ROA) %	15.31%	1.41%	13.90
Financial Policy Ratio			
Debt ratio	0.46	0.68	(0.22)

Liquidity Ratio

Current ratio and quick ratio increased of 0.56 and 0.57 respectively from the prior year as the Company repaid the bank overdrafts and short term loans from financial institutions and trade creditors; combining with well management of inventories by close monitoring and planning.

Profitability Ratio and Performance Ratio

Operating results of the year 2016, the gross margin slightly decreased due to the growth in export channel with the highest sales growth rate in the year. The channel operated at lower profit margin than other sales channels; while on the other hand costs less than others.

Financial Policy Ratio

The Company's ratio of debt to equity decreased from the previous year. This is directly from the Company's liquidity increased which resulting the risk of the loan also inclined.

Foreign Exchange Rate

The Company's products mostly imported and mainly paid in US dollars. The Company focused on the assessment of exchange rate fluctuations and managed by fix forward option to avoid loss from the exchange rate fluctuations. Anyhow, the Company had no policy to make profit from the exchange.

Confirmation of Information Accuracy

The Company has reviewed this Annual Information Disclosure document with caution and certify that the information disclosed herewith is complete, accurate, truthful, does not mistake and no essential element is missing In addition, the Company hereby certifies that:

- 1) The Financial Statements and Financial Information summarized in the Annual Report display accurate and complete essential element on the financial status, performance and cash flows of the Company and its subsidiary.
- 2) The Company has a good information disclosure system and that essential element of the Company and its subsidiary is disclosed accurately and completely, also responsible for ensuring compliance with such system.
- 3) The Company has a good internal control system and that it complies with such system. The Company reported the information about the internal control assessment on 23 February 2017 to the Company's auditor and the Audit Committee. This assessment included any default, change and misconduct which may affect the reporting of the Company and its subsidiary's Financial Statements.

"Therefore, as evidence that these documents constitute the entire set that the Company has certified; the Company has authorized Miss Mallika Trakoolthai to initial all pages. If any page is without Miss Mallika Trakoolthai's initial, the Company does not certify that the information given is the true copy"

Name	Position	Signature
Mr. Sunanta Wanwat	Director	 _____
Ms. Benjarat Hattacharnchai	Director	 _____
Authorized Person		
Miss Mallika Trakoolthai	Executive Director / Company Secretary	 _____

Enclosure 1

Details of Director, Executive, Regulator and the Company Secretary

1.1 Details of Director, Executive, Regulator and the Company Secretary

Name-Surname /Position	Age (Years)	Educational Qualification	Proportion of Shareholding in the Company (Percent)	Family Relationship between Director or Executive	Last 5 Years of Experience	
					Period/Position/Company name	Type of Business
1 Assoc. Prof. Dr. Prakit Tangtisanon Appointed on 8 November 2013 ● Chairman of the Board ● Independent Director ● Audit Committee Member ● Nomination and Remuneration Committee Member	74	<ul style="list-style-type: none"> • Honorary Doctorate Degree, Tokai University, Japan • Master of Communication Engineering, Faculty of Engineering The University of Electro-Communications, Japan • Bachelor of Communication Engineering Program, Faculty of Engineering, Tokai University, Japan • Certificate Course for Directors Certification Program (DCP 185/2014) Thai Institute of Directors (IOD) • Certificate Course for Advanced Audit Committee Program (ACP 25/2017) Thai Institute of Directors (IOD) 	-	-	<ul style="list-style-type: none"> • 2013-Present Chairman of the Board, Independent Director, Audit Committee Member and Nomination and Remuneration Committee Member Masterkool International Public Company Limited • 2017-Present Chairman of the Board, Independent Director Nova Organic Company Limited • 2016-Present Director Bangkokthonburi University Council • 2016-Present Vice President, Old Japan Student's Association, Kindom of Thailand • 2008 – 2012 Executive Director, Japan International Corporation Agency (JICA) 	Produce, Sell and Rent Out Mist Fan and Air Cooler Supplementary food Business Educational Institution Association Develop the study of instructors and students of the universities in ASEAN, Engineering Program.

Name-Surname /Position	Age (Years)	Educational Qualification	Proportion of Shareholding in the Company (Percent)	Family Relationship between Director or Executive	Last 5 Years of Experience	
					Period/Position/Company name	Type of Business
2. Mr.Sanpat Sophon Appointed on 8 November 2013 ● Director ● Independent Director ● Chairman of the Audit Committee ● Nomination and Remuneration Committee Member	62	<ul style="list-style-type: none"> • Master of Business and Administration, Western Michigan University, USA • Bachelor of Law, Ramkhamhaeng University • Certificate Course for Role of the Chairman Program (RCP 30/2013) Thai Institute of Directors (IOD) • Certificate Course for the Executive Director Course (EDC 1/2012) Thai Institute of Directors (IOD) • Certificate Course for Directors Certification Program (DCP 49/2004) Thai Institute of Directors (IOD) • Certificate Course for Advanced Audit Committee Program (AACP 23/2016) Thai Institute of Directors (IOD) 	-	-	<ul style="list-style-type: none"> • 2013 - Present Director, Independent Director, Chairman of Audit Committee, and Nomination and Remuneration Committee Member, Masterkool International Public Company Limited • 2013 - Present Chairman of the Board, Planet Communication Asia Public Company Limited • 2010 – 2014 Expert Director, Software Industry Promotion Agency (Public Organization) (SIPA) 	Produce, Sell and Rent Out Mist Fan and Air Cooler Sell products and services of telecommunication. Public Organization under Ministry of ICT acts to support the development of software industry

Name-Surname /Position	Age (Years)	Educational Qualification	Proportion of Shareholding in the Company (Percent)	Family Relationship between Director or Executive	Last 5 Years of Experience	
					Period/Position/Company name	Type of Business
3. Mr. Mongkol Kasaemsun Na Ayudthaya Appointed on 8 November 2013 ● Director ● Independent Director ● Audit Committee Member ● Chairman of the Nomination and Remuneration Committee	56	<ul style="list-style-type: none"> • Master of General Management (Administrative Studies), Southeastern Oklahoma State University, USA • Bachelor of Agricultural Engineering Program, Kasetsart University • Certificate Course for Directors Accreditation Program (DAP 70/2008) Thai Institute of Directors (IOD) 	-	-	<ul style="list-style-type: none"> • 2013 - Present Director, Independent Director, Audit Committee member, and Chairman of Nomination and Remuneration Committee, Masterkool International Public Company Limited • 2014 - Present Director of Private Teacher Aid Fund, Private Teacher Aid Fund, Ministry of Education • 2012 – 2014 Advisor and Subcommittee Member, National Innovation Agency • 2012 – 2012 President, Thai Social Enterprise Office • 2011 – 2011 Deputy Managing Director, Secondary Mortgage Corporation 	Produce, Sell and Rent Out Mist Fan and Air Cooler Support fund for teacher and educational personnel of private school. Support innovative fund. Promote and carry forward mechanism of social activity building. financial institution

Name-Surname /Position	Age (Years)	Educational Qualification	Proportion of Shareholding in the Company (Percent)	Family Relationship between Director or Executive	Last 5 Years of Experience	
					Period/Position/Company name	Type of Business
4. Mr. Kittisak Sriprasert Appointed on 1 March 2016 ● Director ● Independent Director	50	<ul style="list-style-type: none"> • Master of Business Administration Program, Finance and Entrepreneurial Management The Wharton School, University of Pennsylvania Philadelphia, Pennsylvania, USA • Master of Science, Industrial Engineering (MSIE), The University of Texas at Arlington, USA • Bachelor of Engineering, Electronics (BE) Program, King Mongkut's Institute of Technology Ladkrabang • Certificate Course for Director Certification Program (DCP) 156 Thai Institute of Directors (IOD) 	-	-	<ul style="list-style-type: none"> • 2016-Present Director, Independent Director, Masterkool International Public Company Limited • 2012 - 2014 President/Director and Secretary of Board of Directors, CAT Telecom Public Company Limited • 2010 Investment Director, Thai Prosperity Advisory Co.,Ltd. 	Produce, Sell and Rent Out Mist Fan and Air Cooler Telecommunications Investment Management

Name-Surname /Position	Age (Years)	Educational Qualification	Proportion of Shareholding in the Company (Percent)	Family Relationship between Director or Executive	Last 5 Years of Experience	
					Period/Position/Company name	Type of Business
5. Mr. Kritsana Thaidumrong Appointed on 8 November 2013 ● Director	53	<ul style="list-style-type: none"> • Master of Business Administration Program, Thammasat University • Bachelor of Engineering, Electric Power Engineering Program, King Mongkut's Institute of Technology Ladkrabang • Certificate Course for Directors Accreditation Program (DCP 191/2014) Thai Institute of Directors (IOD) 	0.42	-	<ul style="list-style-type: none"> • 2013-Present Director, Masterkool International Public Company Limited • 2016 - Present Director, Sitem Holding Company Limited • 2015 - Present Director, Innovative Traffic Management Company Limited • 2015 - Present Director, Carboncor (Thailand) Company Limited • 2014 – Present Director, Protective Coating Company Limited • 2011 - Present Director, Bangkok Tire Trading Company Limited • 2008 - Present Director, Bangkok Tire Refinery Company Limited • 2007 - Present Director, Folding Gate Company Limited • 2006 – Present Director, Metis Air Corporation Co.,Ltd. • 1994 - Present Director and Chairman of Executive Committee Site Preparation Management Company Limited. 	Produce, Sell and Rent Out Mist Fan and Aircooler Investment Cola Asphalt Premix -Cola Asphalt Premix -Provide anti-corrosion and rust coating service. -Engage the business and transport of tires, and plastic and synthetic tires -Produce Synthetic Oil. -metal fence and automatic door, -Sell and install air- conditioner -Sell electric system

Name-Surname /Position	Age (Years)	Educational Qualification	Proportion of Shareholding in the Company (Percent)	Family Relationship between Director or Executive	Last 5 Years of Experience	
					Period/Position/Company name	Type of Business
6 Mr. Fung Meng Hoi Appointed on 3 June 2002 ● Director	56	<ul style="list-style-type: none"> • Bachelor of Business Administration Program, Ottawa University, USA • Certificate Course for Director Accreditation Program (DCP 189/2014) Thai Institute of Directors (IOD) 	14.66	-	<ul style="list-style-type: none"> • 2002 - Present Director, Masterkool International Public Company Limited • 2016 - Present Director, Dionysus Asia Sdn Bhd, Malaysia • 2016 - Present Director, The Wine Poetry Sdn Bhd, Malaysia • 2016 - Present Director, Sensetech Properties Sdn Bhd, Malaysia • 2016 - Present Director, Leisure Range Sdn Bhd, Malaysia • 2003 - Present Director, SenseTech Sdn Bhd, Malaysia 	Produce, Sell and Rent Out Mist Fan and Air Cooler Wine Wine Real estate Real estate Distributing Agent of High Sensitive Smoke Detection System for Fire-Protection

Name-Surname /Position	Age (Years)	Educational Qualification	Proportion of Shareholding in the Company (Percent)	Family Relationship between Director or Executive	Last 5 Years of Experience	
					Period/Position/Company name	Type of Business
7. Mr. Noppachai Veeraman Appointed on 3 June 2002 • Director • Chairman of Executive Committee • Managing Director	56	<ul style="list-style-type: none"> • Bachelor of Electronics and Electrical Engineering Program King Mongkut's Institute of Technology Ladkrabang • Certificate Course for Directors Certification Program (DCP 185/2014) Thai Institute of Directors (IOD) • Certificate Course for Director Accreditation Program (DAP 82/2010) Thai Institute of Directors (IOD) 	25.61	-	<ul style="list-style-type: none"> • 2002 – Present Director, Chairman of Executive Committee and Managing Director, Masterkool International Public Company Limited • 2011 – Present Director, Innov Green Solutions Company Limited 	<ul style="list-style-type: none"> • Produce, sell and rent out Mist Fan and Air Cooler • Supply, distribute, rent out for usability and provide service of Ozone System.

Name-Surname /Position	Age (Years)	Educational Qualification	Proportion of Shareholding in the Company (Percent)	Family Relationship between Director or Executive	Last 5 Years of Experience	
					Period/Position/Company name	Type of Business
8. Miss Sunanta Wanwat Appointed: 8 November 2013 <ul style="list-style-type: none"> • Director • Executive Director 	42	<ul style="list-style-type: none"> • Master of Electronic Commerce Program, Faculty of Business Administration, Sripratum University • Bachelor's Degree, Marketing Program, Faculty of Business Administration, Payap University • Certificate Course for Director Accreditation Program (DAP 105/2013) Thai Institute of Directors (IOD) 	1.07		<ul style="list-style-type: none"> • 2013 - Present Director and Executive Director Masterkool International Public Company Limited • 2017 - Present Assistant Managing Director of Business and Customer Service , Innov Green Solutions Company Limited • 2011 - Present Director and Executive Director Innov Green Solutions Company Limited • 2013 - 2016 Assistant Managing Director of Customer Service and Business, Masterkool International Public Company 	<ul style="list-style-type: none"> • Produce, sell and rent out Mist Fan and Air Cooler • Supply, distribute, rent out for usability and provide service of Ozone System.

Name-Surname /Position	Age (Years)	Educational Qualification	Proportion of Shareholding in the Company (Percent)	Family Relationshi p between Director or Executive	Last 5 Years of Experience	
					Period/Position/Company name	Type of Business
9.Ms.Benjarat Hattacharnchai Appointed: 12 May 2016 • Director • Executive Director • Assistant Managing Director of Finance & Accounting	43	<ul style="list-style-type: none"> • Master of Business Administration, Executive Program, Kasetsart University • Bachelor of Education, Business Education Program, Kasetsart University • Certificate Course for Director Accreditation Program (DAP 84/2010) Thai Institute of Directors (IOD) • Certificate Course for Company Secretary Program (CSP 50/2013) Thai Institute of Directors (IOD) • Certificate Course for Effective Minute Taking (EMT 25/2013) Thai Institute of Directors (IOD) • Executive Financial Management Certificate Program Class 1 Chulalongkorn University 	None		<ul style="list-style-type: none"> • 2016- Present Director, Executive Director, Assistant Managing Director of Finance & Accounting, Masterkool International Public Company Limited • 2016- Present Director, Innov Green Solutions Company Limited • 2009 - 2016 Vice President Finance & Supply Chain Zemasch Corporation Company Limited 	<ul style="list-style-type: none"> • Produce, sell and rent out Mist Fan and Air Cooler • Supply, distribute, rent out for usability and provide service of Ozone System.

Name-Surname /Position	Age (Years)	Educational Qualification	Proportion of Shareholding in the Company (Percent)	Family Relationshi p between Director or Executive	Last 5 Years of Experience	
					Period/Position/Company name	Type of Business
10. Ms.Mallika Trakoolthai Appointed: 8 Nov 2013 • Executive Director • Company Secretary	49	<ul style="list-style-type: none"> • Bachelor in English Program, Faculty of Humanities, Srinakharinwirot University • Fundamental Practice for Corporate Secretaries Class 28, Thailand Listed Companies Association (TLCA) • Fundamentals of Law for Corporate Secretaries Class 10, Thailand Listed Companies Association (TLCA) • Management Development Program, Thailand Management Association • Advances for Corporate Secretaries Class 1/2016, Thailand Listed Companies Association (TLCA) 	0.20		<ul style="list-style-type: none"> • 2013 - Present Executive Director and Company Secretary Masterkool International Public Company Limited • 2010 - 2013 Director and Assistant MD of Organization Development Masterkool International Public Company Limited 	<ul style="list-style-type: none"> • Produce, sell and rent out Mist Fan and Air Cooler • Supply, distribute, rent out for usability and provide service of Ozone System.

1.2 Duty and Responsibility of the Company Secretary

The Company Secretary's scope, authority and responsibility has been defined in Section 89/15 and Section 89/16 of Securities and Exchange Act (Issue No. 4) B.E. 2551 (2008) which is effective on 31 August 2008 with responsibility, precaution and honesty. In addition the practice shall be performed in accordance with law, objective, articles of association, resolution of the Board, as well as resolution of the Shareholders' Meeting. However, legal duty of the Company Secretary is as follows.

1. Prepare and kept the following documents.
 - (a) Register of Director
 - (b) Appointment Letter of the Board of Directors' Meeting, Minutes of the Board of Directors' Meeting and Annual Report of the Company
 - (c) Appointment Letter of the Shareholders' Meeting and Minutes of the Shareholders' Meeting
2. Keep Interest Report reported by the Director or Executive, and deliver the copy of Interest Report according to Section 89/14 for audit by Chairman of the Board and Chairman of the Audit Committee within 7 working days from the date of the Company's receipt for that report.
3. Execute others as required by the Promulgation of Capital Market Supervisory Board

Moreover, the Company Secretary also has other duties as assigned by the Company as follows.

- (1) Perform the duty in holding the Board of Directors' Meeting and the Shareholders' Meeting.
 - (2) Communicate and coordinate with internal work units of the Company to comply with the resolution of the Board of Directors and resolution of the Shareholders' Meeting.
 - (3) Communicate and coordinate with governing agencies such as Office of Securities and Exchange Commission, the Stock Exchange of Thailand; and supervise on complete and accurate disclosure of information and information report to governing agencies and public according to law.
 - (4) Arrange the orientation and give advice to the directors who are newly appointed.
 - (5) Other duties assigned by the Board of Directors.
-

Enclosure 2

Information of the Director who is in the position of Subsidiaries Companies

Information of the Director who is in the position of Subsidiaries Companies

Directors and Executives	Company	ING	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1. Assoc. Prof. Dr. Prakrit Tangtisanon	X, AC,NRC		X															
2. Mr. Sanpat Sapon	/, AC,NRC			X														
3. Mr. Mongkol Kasaemsun Na Ayudthaya	/, AC,NRC																	
4. Mr. Kittisak Sriprasert	/																	
5. Mr. Kritsana Thaidumrong	/				/	/	/	/	/	/	/	/	/,//					
6. Mr. Fung Meng Hoi	/													/	/	/	/	/
7. Mr. Noppachai Veeraman	/, //	/, //																
8. Ms. Sunanta Wanwat	/	/, //																
9. Ms. Benjarat Hattacharnchai	/, //	/																

Note: X = Chairman of the Board / = Director // = Executive AC = Audit Committee NRC = Nomination and Remuneration Committee

Subsidiaries

ING : Innov Green Solution Co., Ltd,

Related Companies

- | | |
|---|---|
| 1. Nova Organic Company Limited | 9. Folding Gate Company Limited |
| 2. Planet Communication Asia Public Company Limited | 10. Metis Air Corporation Company Limited |
| 3. Sitem Holding Company Limited | 11. Site Preparation Management Company Limited |
| 4. Innovative Traffic Management Company Limited | 12. Dionysus Asia Sdn Bhd, Malaysia |
| 5. Carboncor (Thailand) Company Limited | 13. The Wine Poetry Sdn Bhd, Malaysia |
| 6. Protective Coating Company Limited | 14. Sensetech Properties Sdn Bhd, Malaysia |
| 7. Bangkok Tire Trading Company Limited | 15. Leisure Range Sdn Bhd, Malaysia |
| 8. Bangkok Tire Refinery Company Limited | 16. SenseTech Sdn Bhd, Malaysia |

Enclosure 3

Details of Head of Internal Audit

Enclosure 3: Details of the Head of Internal Audit

Internal Auditor (Outsource)	Acc-Plus Consultant Co., Ltd. 33 Soi Chat San, Thanon Suthisan Winitchay, Sam Sen Nok, Bangkok Tel 0-2693-3581-2		
Chief of Internal Auditor	Ms. Wanna Maluangnon		
Education Qualifications	Master of Business Administration, Chulalongkorn University Diploma of Auditing, Thammasat University Bachelor of Accounting, Chulalongkorn University		
Work experience	1994-Present	Managing Director	Acc-Plus Consultant Co., Ltd
	1993-Present	Consultant of Accounting and Taxation	The Far East Law Office Co., Ltd.
	2014-Present	Independent Director and Audit Committee	PAE (<i>Thailand</i>) Public Company Limited
	2011-2013	Independent Director and Audit Committee	Picnic Corporation Public Company Limited
Related Training	<ul style="list-style-type: none"> • Workshop on COSO2013 framework for internal control, the latest version, Class 3/56, organized by the Federation of Accounting Professions • Workshop on the evaluation of internal control system design COSOERM of each application (December 2011) • Audit Committee Program – ACP, Class 42/2013, organized by The Thai <i>Institute of Directors Association (IOD)</i> • Director Accreditation Program – DAP, Class 99/2012, organized by The Thai <i>Institute of Directors Association (IOD)</i> • Auditor License No. 4170 		

Enclosure 4

Financial statements

MASTERKOOL INTERNATIONAL PUBLIC COMPANY LIMITED

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2016

A handwritten signature or set of initials in blue ink, located in the bottom right corner of the page. The signature is stylized and appears to consist of a large, sweeping initial followed by a smaller mark.



Independent Auditor's Report

To The Shareholders and Board of Directors of Masterkool International Public Company Limited

My opinion

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

What I have audited

I have audited the accompanying consolidated and separate financial statements of the Group and the Company, which comprise the consolidated and separate statements of financial position as at 31 December 2016, and the related consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

Basis for opinion

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

Key audit matters

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

A handwritten signature in blue ink, appearing to be 'DM', is located in the bottom right corner of the page.



Key audit matter	How my audit addressed the key audit matter
------------------	---

Impairment of short-term borrowings to subsidiary

Refer to note 33.2 "Related-party transactions" to the separate financial statements.

The Group holds a 100% equity interest in Innov Green Solutions Co., Ltd. and accounts for this interest as a subsidiary. For the year ended 31 December 2016, the balance of short-term borrowings to the subsidiary was Baht 27,020,837.

There was uncertainty about the business performance of the subsidiary previously, because the performance depends on a number of key projects under the save energy project by ozone, LED installation and water treatment installation. Because the subsidiary's operations haven't met the operational budget and have incurred losses over the year, management performed an impairment review of the short-term borrowings.

I focused on this area due to magnitude of the amount and because the management has to assess the subsidiary's future profitability and cash flow projection which depends on a number of assumptions such as the revenue growth rate, the discount rate and the inflation rate. These assumptions involve significant judgements by management in assessing the possible of future business plan.

I evaluated the subsidiary budgeting procedures (on which the forecasts are based) and assessed the principles of the subsidiary's discounted cash flow model. I tested the mathematical accuracy of the calculation derived from each forecast model and assessed key assumptions in the forecasts such as;

- Revenue growth, by referring to management's forecasts and external data used, I assessed that the projects that were included in management's forecasted revenue were probable as they have a signed agreement or official confirmation from customers, and the revenue growth rate was in line with the reasonable future plan.
- Discount rate, I challenged management regarding the reasonableness of the discount rate used and found that it was consistent with the subsidiary's cost of capital.

I also considered the historic and forecasted macro-economic and business performance, and compared them to other comparable companies operating in the same sector in Thailand.

I found that the key assumptions were supported by the available evidences and was within an acceptable range. In assessing the subsidiary's future profitability and cash flow projection, the short-term borrowings do not require any impairment to be recorded in these financial statements as at 31 December 2016.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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



Responsibilities of the directors for the consolidated and separate financial statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group 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 the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

My objectives are to obtain reasonable assurance about whether the consolidated 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 TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group 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 and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated 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.

A handwritten signature in blue ink, appearing to be 'D. M.', is located in the bottom right corner of the page.



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

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

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated 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.

PricewaterhouseCoopers ABAS Ltd.

A handwritten signature in blue ink, appearing to read 'Nattaporn', with a horizontal line underneath.

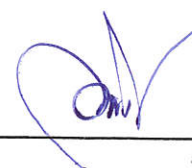
Nattaporn Phan-Udom
Certified Public Accountant (Thailand) No. 3430
Bangkok
23 February 2017

A handwritten signature in blue ink, appearing to read 'Om', with a horizontal line underneath.

Masterkool International Public Company Limited
Statement of Financial Position
As at 31 December 2016

	Notes	Consolidated financial statements		Separate financial statements	
		Restated		Restated	
		2016	2015	2016	2015
		Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	4, 8	47,440,840	53,884,430	46,754,434	53,716,082
Short-term investments	4, 9	55,571,265	50,243,246	55,571,265	50,243,246
Trade and other receivables	10, 33.2				
- Related parties		884,314	3,972,556	1,950,734	4,186,225
- Other parties		126,467,676	80,196,177	122,410,808	79,322,581
Current portion of receivables of finance lease	11	8,257,378	530,110	440,030	530,110
Inventories	12	183,624,020	230,920,152	184,761,985	231,753,872
Short-term borrowings to related parties	22	-	-	27,020,837	9,159,551
Other current assets		22,542,273	13,308,895	19,878,371	12,451,753
Total current assets		444,787,766	433,055,566	458,788,464	441,363,420
Non-current assets					
Deposits at financial institutions pledged as collateral	13	50,029,913	48,242,992	49,029,913	47,230,121
Receivables of finance lease - net	11	8,950,907	963,156	523,126	963,156
Investment in subsidiary	14	-	-	1,261,210	1,261,210
Property, plant and equipment	15	49,987,591	54,576,185	45,602,394	48,669,511
Intangible assets	16	5,016,443	3,200,958	3,800,086	3,191,566
Deferred tax assets	26	7,695,625	5,437,202	7,148,087	5,437,202
Other non-current assets		1,583,734	1,556,534	1,583,734	1,556,534
Total non-current assets		123,264,213	113,977,027	108,948,550	108,309,300
Total assets		568,051,979	547,032,593	567,737,014	549,672,720

Director _____



The accompanying notes on pages 13 to 61 form part of this interim financial information.

Masterkool International Public Company Limited
Statement of Financial Position
As at 31 December 2016

	Notes	Consolidated financial statements		Separate financial statements	
		2016	Restated 2015	2016	Restated 2015
		Baht	Baht	Baht	Baht
Liabilities and equity					
Current liabilities					
Bank overdrafts and short-term borrowings					
from financial institutions	17	1,536,844	84,894,899	1,536,844	84,894,899
Trade and other payables	18, 33.2				
- Related parties		-	-	18,320	18,320
- Other parties		153,272,846	126,247,018	145,818,342	124,920,177
Current portion of long-term borrowings					
from financial institutions	19	102,202	426,195	102,202	426,195
Current portion of finance lease liabilities	20	1,867,633	985,406	1,867,633	985,406
Income tax payable		10,478,976	-	10,478,976	-
Other current liabilities		6,553,006	4,501,255	6,401,941	4,442,059
Total current liabilities		173,811,507	217,054,773	166,224,258	215,687,056
Non-current liabilities					
Long-term borrowings from financial institutions	19	25,030	239,973	25,030	239,973
Finance lease liabilities	20	3,066,349	1,898,850	3,066,349	1,898,850
Deferred tax liabilities		-	-	-	-
Employee benefit obligations	21	1,889,945	1,575,034	1,873,261	1,570,972
Total non-current liabilities		4,981,324	3,713,857	4,964,640	3,709,795
Total liabilities		178,792,831	220,768,630	171,188,898	219,396,851

The accompanying notes on pages 13 to 61 form part of this interim financial information.

Masterkool International Public Company Limited
Statement of Financial Position
As at 31 December 2016

	Notes	Consolidated financial statements		Separate financial statements	
		2016	Restated 2015	2016	Restated 2015
		Baht	Baht	Baht	Baht
Liabilities and equity (Cont'd)					
Equity					
Share capital	24				
Authorised share capital					
480,000,000 ordinary shares					
of Baht 0.25 each		120,000,000	120,000,000	120,000,000	120,000,000
Issued and paid-up share capital					
480,000,000 ordinary shares					
of Baht 0.25 each		120,000,000	120,000,000	120,000,000	120,000,000
Share premium	22, 24	183,030,333	183,030,333	183,030,333	183,030,333
Surplus on share-based payment transactions		3,063,937	3,063,937	3,063,937	3,063,937
Retained earnings					
Appropriated - legal reserve	22	3,743,166	3,743,166	3,743,166	3,743,166
Unappropriated		77,818,318	14,823,133	85,107,286	18,835,039
Other components of equity		1,603,394	1,603,394	1,603,394	1,603,394
Equity attribute to owners of the parent		389,259,148	326,263,963	396,548,116	330,275,869
Non-controlling interests		-	-	-	-
Total equity		389,259,148	326,263,963	396,548,116	330,275,869
Total liabilities and equity		568,051,979	547,032,593	567,737,014	549,672,720

The accompanying notes on pages 13 to 61 form part of this interim financial information.

Masterkool International Public Company Limited
Statement of comprehensive income
For the year ended 31 December 2016

	Notes	Consolidated financial statements		Separate financial statements	
		2016 Baht	Restated 2015 Baht	2016 Baht	Restated 2015 Baht
Revenues					
Revenues from sales		853,246,230	560,718,026	831,647,863	559,027,307
Revenues from services		28,258,565	30,299,475	26,479,718	29,031,624
Other income		8,083,830	3,457,654	8,599,889	3,836,491
Total revenues		889,588,625	594,475,155	866,727,470	591,895,422
Expenses					
Costs of sales		562,670,397	363,117,875	544,595,396	362,017,401
Costs of services		7,838,137	11,115,654	6,530,655	10,014,896
Selling expenses		139,311,432	133,550,556	139,237,569	133,209,237
Administrative expenses		71,170,485	70,507,413	63,941,615	66,561,677
Finance costs		1,599,745	7,765,612	1,599,206	7,762,557
Total expenses		782,590,196	586,057,110	755,904,441	579,565,768
Profit before income tax		106,998,429	8,418,045	110,823,029	12,329,654
Income tax expense	26	(20,003,244)	(392,873)	(20,550,782)	(392,873)
Profit for the year		86,995,185	8,025,172	90,272,247	11,936,781
Other comprehensive income (expense)					
<i>Items that will not be reclassified to profit or loss</i>					
Actuarial gain (loss) on defined employee benefit plans		-	2,004,242	-	2,004,242
Income tax relating to components of other of other comprehensive income		-	(400,848)	-	(400,848)
Other comprehensive income for the year, net of tax		-	1,603,394	-	1,603,394
Total comprehensive income for the year		86,995,185	9,628,566	90,272,247	13,540,175
Profit attributable to:					
Owners of the parent		86,995,185	8,025,172	90,272,247	11,936,781
Non-controlling interests		-	-	-	-
		86,995,185	8,025,172	90,272,247	11,936,781
Total comprehensive income for the year attributable to:					
Owners of the parent		86,995,185	9,628,566	90,272,247	13,540,175
Non-controlling interests		-	-	-	-
		86,995,185	9,628,566	90,272,247	13,540,175
Earnings per share for profit (loss) attribute to the equity holders of the parent					
	27				
Basic earnings (loss) per share		0.18	0.02	0.19	0.03

The accompanying notes on pages 13 to 61 form part of this interim financial information.

Consolidated financial statements

Notes	Attributable to owners of the parent													
	Total parent's equity													Total equity
	Issued and paid-up share capital	Share premium	Surplus on share-based transactions	Legal reserve	Retained earnings	Gains (losses) on remeasurements of defined employee benefit plans		Total other comprehensive income for the year	Total parent's equity	Non-controlling interests	Total equity			
						Baht	Baht					Baht	Baht	
Baht						Baht	Baht					Baht		
	90,000,000	4,900,000	3,063,937	3,146,327	7,394,800	-	-	108,505,064	-	108,505,064				
	30,000,000	178,130,333	-	-	-	-	-	208,130,333	-	208,130,333				
	-	-	-	596,839	(596,839)	-	-	-	-	-				
	-	-	-	-	8,025,172	1,603,394	1,603,394	9,628,566	-	9,628,566				
	120,000,000	183,030,333	3,063,937	3,743,166	14,823,133	1,603,394	1,603,394	326,263,963	-	326,263,963				
	120,000,000	183,030,333	3,063,937	3,743,166	14,823,133	1,603,394	1,603,394	326,263,963	-	326,263,963				
	-	-	-	-	(24,000,000)	-	-	(24,000,000)	-	(24,000,000)				
	-	-	-	-	86,995,185	-	-	86,995,185	-	86,995,185				
	120,000,000	183,030,333	3,063,937	3,743,166	77,818,318	1,603,394	1,603,394	389,259,148	-	389,259,148				

The accompanying notes on pages 13 to 61 form part of this interim financial information.

Masterkool International Public Company Limited
Statement of Changes in Equity (Cont'd)
For the year ended 31 December 2016

Separate financial statements

	Notes	Other components of equity										Total equity Baht				
		Issued and paid-up share capital		Share premium		Surplus on share-based payment transactions		Legal reserve		Retained earnings			Gains (losses) on remeasurements of defined employee benefit plans		Total other comprehensive income for the year	
		Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht		Baht	Baht	Baht	Baht
Beginning balance 1 January 2015		90,000,000	4,900,000	3,063,937	3,146,327	7,495,097	-	-	-	-	-	-	-	-	108,605,361	
Change in equity for period																
Proceeds from shares issued	24	30,000,000	178,130,333	-	-	-	-	-	-	-	-	-	-	-	208,130,333	
Appropriated for legal reserve	23	-	-	-	596,839	(596,839)	-	-	-	-	-	-	-	-	-	
Total comprehensive income for the year		-	-	-	-	11,936,781	-	-	1,603,394	-	-	-	-	-	13,540,175	
Ending balance 31 December 2015		120,000,000	183,030,333	3,063,937	3,743,166	18,835,039	1,603,394	1,603,394	1,603,394	1,603,394	1,603,394	1,603,394	1,603,394	330,275,869		
Beginning balance 1 January 2016		120,000,000	183,030,333	3,063,937	3,743,166	18,835,039	1,603,394	1,603,394	1,603,394	1,603,394	1,603,394	1,603,394	1,603,394	330,275,869		
Change in equity for period																
Dividends paid	23	-	-	-	-	(24,000,000)	-	-	-	-	-	-	-	-	(24,000,000)	
Total comprehensive income for the year		-	-	-	-	90,272,247	-	-	-	-	-	-	-	-	90,272,247	
Ending balance 31 December 2016		120,000,000	183,030,333	3,063,937	3,743,166	85,107,286	1,603,394	1,603,394	1,603,394	1,603,394	1,603,394	1,603,394	1,603,394	396,548,116		

The accompanying notes on pages 13 to 61 form part of this interim financial information.

Masterkool International Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2016

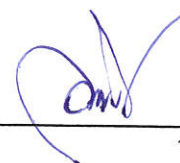
	Notes	Consolidated financial statements		Separate financial statements	
		2016 Baht	Restated 2015 Baht	2016 Baht	Restated 2015 Baht
Cash flows from operating activities					
Profit before income tax		106,998,429	8,418,045	110,823,029	12,329,654
Adjustments for:					
Depreciation and amortisation	15, 16	9,733,537	9,099,955	9,498,716	8,942,043
Allowance for impairment		3,590,041	-	358,232	-
Loss on write-off of property, plant and equipment		370,480	40,341	370,480	40,341
Gain on disposal of property, plant and equipment		(379,818)	(28,644)	(384,938)	(28,644)
Loss on impairment	15	-	418,830	-	418,830
Unrealised gain from short-term investment		(668,019)	-	(668,019)	-
Unrealised (gain) loss on foreign exchange rate		(836,391)	5,481,922	(836,391)	5,481,922
Allowance of obsolete inventories	12	4,586,436	6,006,200	4,586,436	5,970,554
Allowance (Reversal) for doubtful accounts	10	781,934	1,536,111	781,934	1,536,111
Finance costs		1,599,745	7,669,024	1,599,206	7,665,969
Interest income		(792,667)	(1,108,459)	(792,667)	(1,473,543)
Employee benefit obligations	21	261,225	624,737	249,141	620,676
Provision expense after sale		1,377,909	753,671	1,377,909	753,671
Profit from operating activities before changes in assets and liabilities		126,622,841	38,911,733	126,963,068	42,257,584
Changes in operating assets:					
- trade and other receivables		(43,249,227)	(31,675,983)	(40,918,706)	(30,703,278)
- receivable of finance lease		(15,620,525)	(829,074)	624,604	(829,074)
- inventories		42,709,696	(68,289,431)	42,405,452	(67,711,615)
- other current assets		(11,231,889)	(7,256,071)	(9,425,128)	(6,928,659)
- other non-current assets		(27,200)	-	(27,200)	-
Changes in operating liabilities:					
- trade and other payables		27,833,191	56,248,223	21,705,528	54,482,015
- other current liabilities		673,843	214,426	581,972	380,942
Cash flows from operations		127,710,730	(12,676,177)	141,909,590	(9,052,085)
Interest paid		(1,317,478)	(7,290,177)	(1,317,478)	(7,287,122)
Income tax paid		(9,696,351)	(4,759,207)	(9,696,351)	(4,759,207)
Net cash generated from (used in) operating activities		116,696,901	(24,725,561)	130,895,761	(21,098,414)

The accompanying notes on pages 13 to 61 form part of this interim financial information.

Masterkool International Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2016

	Notes	Consolidated financial statements		Separate financial statements	
		2016 Baht	Restated 2015 Baht	2016 Baht	Restated 2015 Baht
Cash flows from investing activities					
Deposits at financial institutions pledged as collateral increase	13	(1,786,922)	(7,575,687)	(1,799,792)	(7,562,817)
Cash paid from loans to related parties		-	-	(17,871,719)	(3,850,000)
Proceeds from disposals of property, plant and equipment	15	3,837,038	287,062	3,803,786	287,062
Investment in short-term investment		(4,660,000)	(50,243,246)	(4,660,000)	(50,243,246)
Purchases of property, plant and equipment	15	(6,856,284)	(19,297,095)	(4,877,296)	(19,227,097)
Purchases of intangible assets	16	(2,653,250)	(854,523)	(1,441,750)	(854,523)
Interest received		470,426	1,019,250	480,861	1,006,808
Net cash from/ (used in) investing activities		(11,648,992)	(76,664,239)	(26,365,910)	(80,443,813)
Cash flows from financing activities					
Increase in overdraft and short-term borrowings from financial institutions	17	(83,817,245)	(52,202,512)	(83,817,245)	(51,722,370)
Additions of long-term borrowings from financial institutions	19	-	298,792	-	298,792
Repayment of long-term borrowings from financial institutions	19	(538,936)	(389,636)	(538,936)	(389,636)
Repayments of finance lease liabilities	20	(3,135,318)	(1,726,858)	(3,135,318)	(1,726,858)
Proceed from issue of ordinary shares	24	-	30,000,000	-	30,000,000
Share premium	24	-	186,000,000	-	186,000,000
Direct cost from issue of ordinary shares	24	-	(7,869,667)	-	(7,869,667)
Dividends paid	23	(24,000,000)	-	(24,000,000)	-
Net cash from / (used in) financing activities		(111,491,499)	154,110,119	(111,491,499)	154,590,261
Net (decrease) increase in cash and cash equivalents		(6,443,590)	52,720,319	(6,961,648)	53,048,034
Cash and cash equivalents, beginning balance		53,884,430	1,164,111	53,716,082	668,048
Cash and cash equivalents, ending balance		47,440,840	53,884,430	46,754,434	53,716,082
Non-cash transaction					
Acquired vehicles under finance lease	15	4,868,634	4,239,087	4,868,634	4,239,087

The accompanying notes on pages 13 to 61 form part of this interim financial information.



Other Information

-None-