

SITHAI-0201/60

February 24, 2017

Subject : Clarifications Regarding the Financial Statements for the Year Ended 2016.

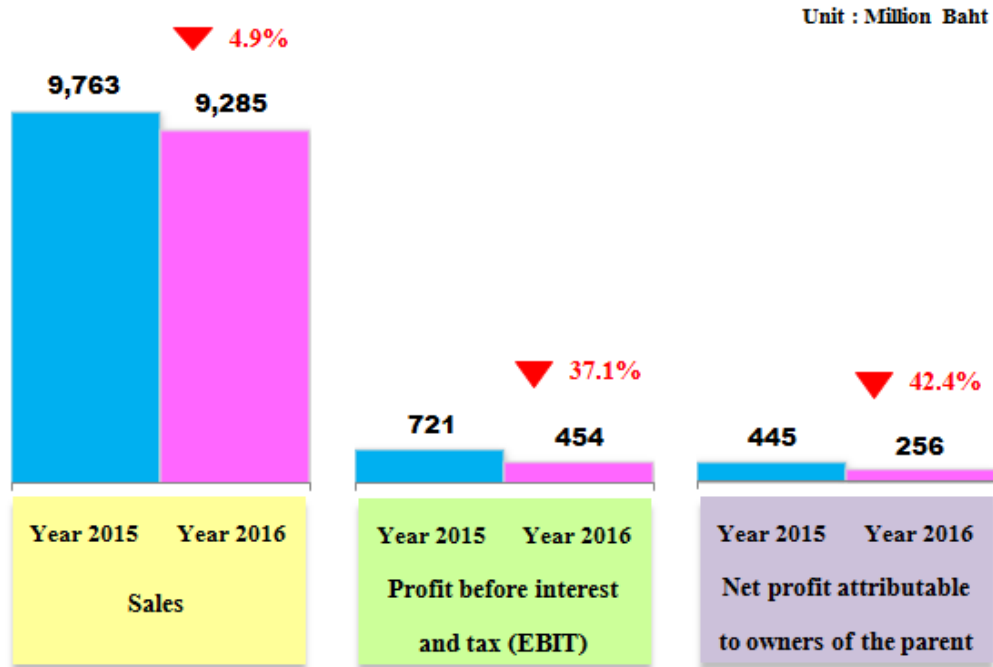
Dear President,
The Stock Exchange of Thailand (SET)

Reference is made to the financial statements for the year ended 2016, as submitted by the Company, which has been audited by the external auditor, considered by the Audit Committee, and approved by the Company's Board of Directors on February 24, 2017. The Company is pleased to report further clarifications in summary as follows:

1. Summary of Operating Performance Results of the Company and its Subsidiaries

For the year ended 2016, consolidated sales of the Company and its subsidiaries declined by 4.9% Year-On-Year (YoY). Gross Margin was lower to 17.0% (from 18.9%) of total sales. As such, consolidated profit of 2016 is Baht 264 million with Profit Attributable to the Owners of the Parent being Baht 256 million, a drop of Baht 189 million (or 42.4%) YoY. This represents an Earnings Per Share (EPS) of Baht 0.09 – a decrease of Baht 0.07 YoY (from Baht 0.16).

Picture 1 Overview of Consolidated Profit Information

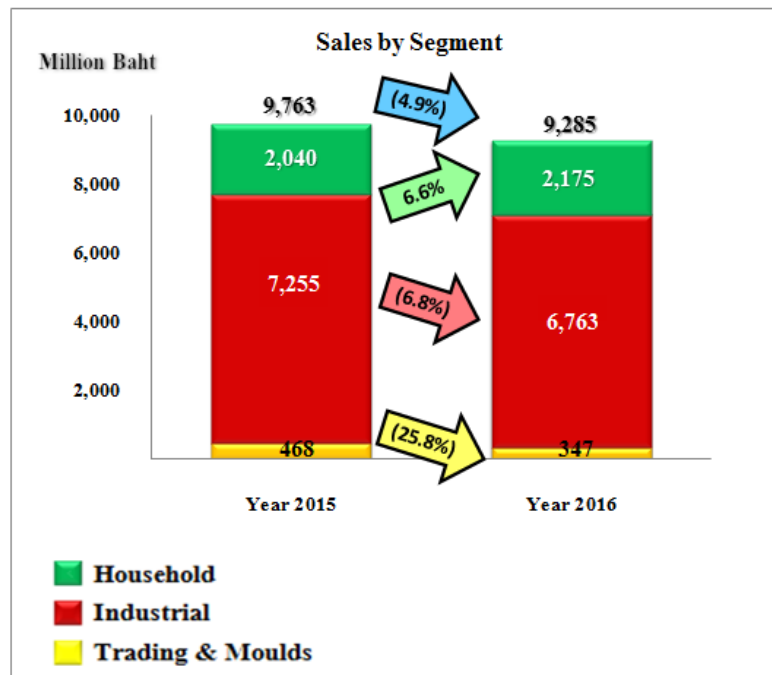


	Unit	Year 2015	Year 2016
Gross profit	%	18.9%	17.0%
Net profit attributable to owners of the parent	Million Baht	445	256
Net profit on sales	%	4.6%	2.8%
Earnings per share	Baht	0.16	0.09

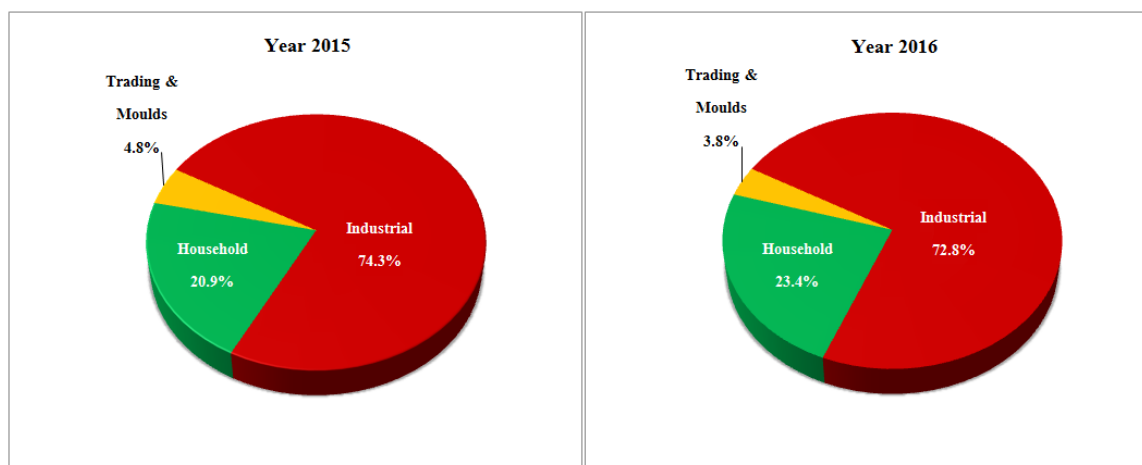
2. Analysis of the Operating Results for 2016

2.1 Sales - by Types of Business

Picture 2 Sales - by Types of Business



Sales Proportion by Business Line



The proportion of total sales for the Plastics Business Line, in year 2016 compared to year 2015, increased from 95.2% to 96.2% - comprising Household Products that achieved an increase in its share of total sales to 23.4% (from 20.9%), while Industrial Products that saw a decrease in its share of total sales to 72.8% (from 74.3%). The share of total sales for the Trading and Moulds Business Line in year 2016 shrank from 4.8% to 3.8%.

1) Household Products

Sales of Household Products were surged in 2016 from 2015 by Baht 135 million, or 6.6%, which can be divided by the production bases as follows:

- Domestic production base

Domestic sales were lower due to having received, last year, a large order of patented cartoon design for melamine products from a major convenience store operator for sale as premium products.

Sales of grand sales decreased in line with the overall slow economic environment and declining purchasing power.

The Group's total export sales also contracted marginally due to the impact from an economic slowdown in the Middle East markets and because of deferred purchase orders to year 2017 from customers in Europe.

Sales for the direct sales business boosted up when compared to the previous year, due to the change in strategies, the introduction of new product designs that are more appealing and attractive to this market, the ability to make use of new selling tools that helped improve working efficiency and the addition of more value to the business.

- Overseas production base

Overseas subsidiary – namely Srithai (Vietnam) Company Limited – also achieved higher sales of OEM melamine products as premium products for a beverage producer in Vietnam. Changes in its marketing strategies and expansion of distribution channels has resulted in continuing increased sales made through wholesales/retail sales (or traditional market), department stores (or modern trade) outlets and also export sales channels.

The subsidiary in India, namely Srithai Superware Manufacturing Private Limited that produces and distributes melamine household products, has started to generate revenues from the last Quarter of 2015.

2) Industrial Products

Total 2016 sales of Industrial Products decreased by Baht 492 million, or 6.8% year-on-year (YoY), with details for each respective product group as follows:

- Sales of Beverage Packaging products went down when compared to 2015 as a result of:

- 1) Sluggish demand in the domestic market from declining household income due to lower demand for labor force which had a negative impact on the overall private sector's consumption.
- 2) Lower export sales of **Preform** and **Closure** products to Indonesia, the Philippines and Laos as some customers having purchased those products themselves locally.
- 3) Reducing sale prices based on declining cost of raw materials.
- 4) Development of new Lightweight products causing less use of raw materials and also lower selling prices.

- Sales for the overseas subsidiary in Vietnam sank due to decline in orders from core customers in addition to the downward pricing adjustment from the previous year. The impact of the constantly changing weather conditions such as severe drought in the Central Highlands, salinization in the paddy fields of the Mekong Delta, a cold spell in the North and floods in the Central region resulted in a decline in overall consumer purchasing power.
- Domestic sales of Food Packaging products were down when compared to the previous year as a result of slow economic growth and continued high household debt levels. It restricted the recovery of overall private sector consumption that resulted in more careful spending.
- Sales of Other Industrial Products were also lower when compared to the previous year. Sales of automotive parts by the subsidiaries decreased as a result of the minor changes in the automotive industry having already been made last year, some car models having been discontinued, and overall slow sales in the automotive sector.
- However, sales of Industrial Products in other industry sectors by the Company have been upward - especially battery cases, for which the Company has improved the manufacturing process to be more efficient and launched new products being able to produce and deliver with higher volumes. Further, procurement budgets for plastic furniture products from the public sector as well as orders for plastic pallets from a major industrial project and containers automotive parts and fruit and vegetables in department stores were main factors pushing higher sales.

3) Trading & Moulds Business Lines

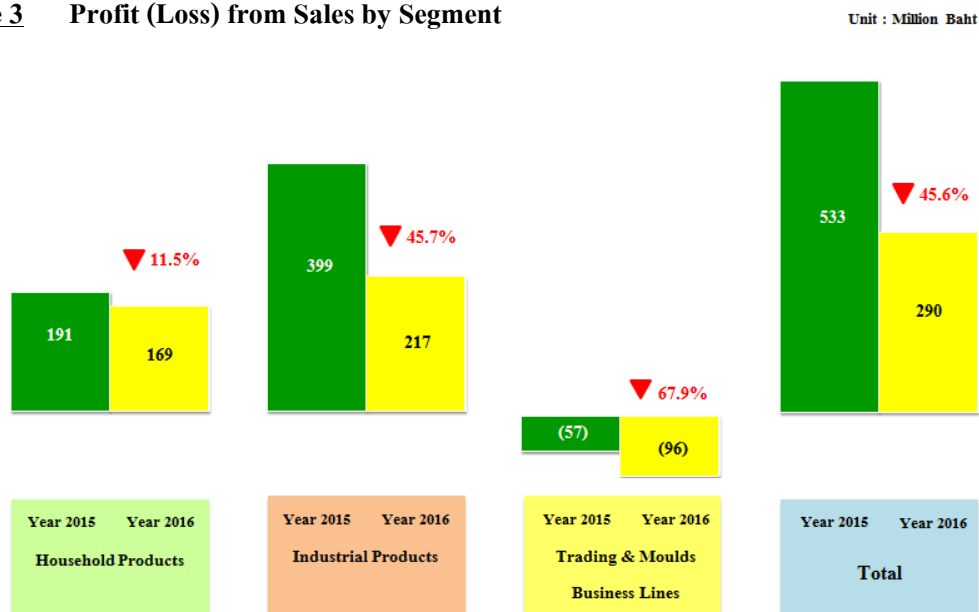
Year 2016, sales of the Trading and Moulds Business Lines were down Baht 121 million, or 25.8%, YoY compared to the previous year, resulting from:

- A decrease in the Moulds Business that corresponded to the economic slowdown and decline in orders for new moulds from the automotive industry sector.

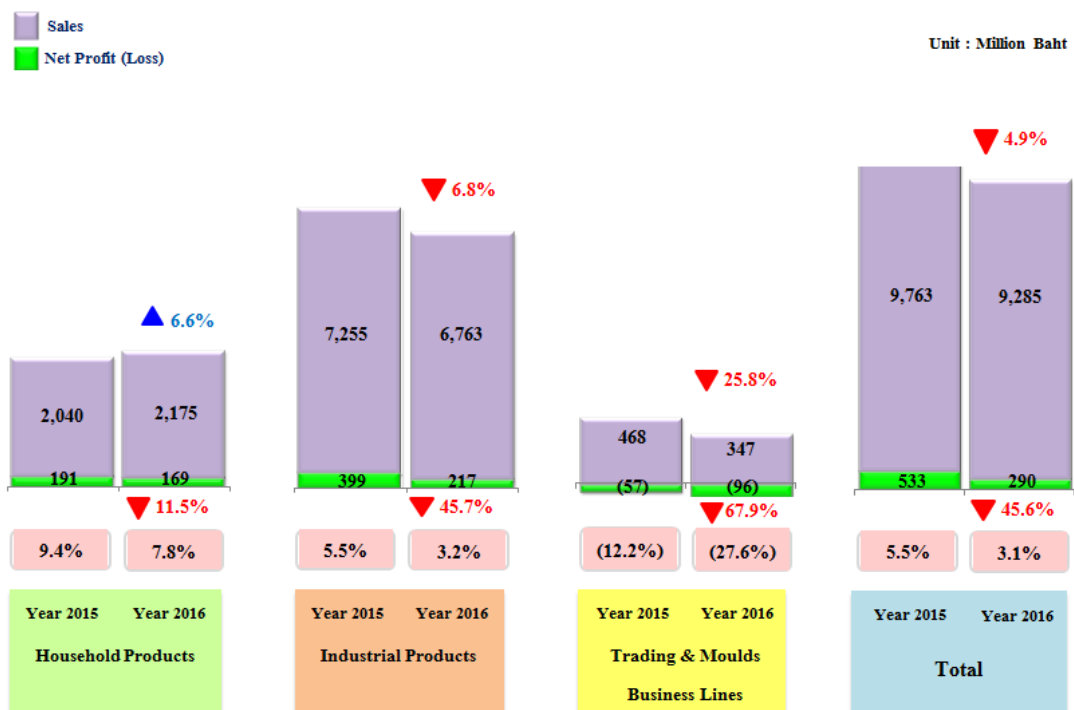
- A lower in sales of the Network Marketing Business under Trading Business Line, causing by the economic slowdown that led to limited consumption, as well as movements of some member leaders in joining or resigning from the Company.

2.2 Profit (Loss) from Sales by Segment

Picture 3 Profit (Loss) from Sales by Segment



Picture 4 Sales and Profit (Loss) from Sales by Segment



Profits from sales in 2016 of the respective Business Lines contracted by Baht 243 million, or 45.6%, YoY with the following details:

1) Household Products

Profits of Household Products were down by 11.5% in 2016 compared to 2015, with profit margins declining to 7.8% of total sales (from 9.4%) resulting from high sales volume of those products with low margins, increased labor cost, higher selling and administrative expenses in line with sales, sales promotions expenses by an overseas subsidiary, and a full year operation of a subsidiary in India.

2) Industrial Products

Profits for Industrial Products shrank by 45.7% when compared to that of last year, and profit margin lower to 3.2% (from 5.5%). Gross Profit of overseas subsidiary diminished as a result of under utilized production facilities corresponding to lower orders and lower selling price due to plummeting raw material costs from the previous year but having an effect this year, whereas selling and administrative expenses lessened marginally.

3) Trading & Moulds Business Lines

The Trading and Moulds Business Lines made an overall loss of Baht 96 million, with a loss margin of 27.6% of sales, more than that of the previous year. Moulds Business suffered higher losses from the slowdown automotive industry, causing the falling orders for new moulds whereas fixed costs were still high. Besides, the Network Marketing Business under Trading Business Line had loss from the sluggish economy while sales promotions expenses were to be maintained.

2.3 Selling and Administrative Expenses

Table 1 Selling and Administrative Expenses

unit : Million Baht

Description	Year 2016		Year 2015		Change from Year 2015	
	Amount	% on sales	Amount	% on sales	Amount Inc (Dec)	% +(-)
Selling and administrative expenses	1,288	13.9%	1,314	13.5%	(26)	(2.0%)

Eventhough overseas subsidiaries in Vietnam and India have been recently in full year operation, selling and administrative expenses in 2016 slightly dropped Baht 26 million, or 2.0% YoY from 2015, in line with sales.

3. Analysis of Consolidated Financial Position

Table 2 Consolidated Financial Position (partial)

Unit : Million Baht

Description	As at Dec 31, 2016	As at Dec 31, 2015	Changes from Dec 31, 2015	
	Amount	Amount	Amount Inc (Dec)	% +(-)
Trade accounts receivable, net	2,007	1,928	79	4.1%
Inventories, net	1,802	1,658	144	8.7%
Property, plant and equipment, net	6,065	5,852	213	3.6%
Total assets *	11,304	11,107	197	1.8%
Bank overdrafts and short-term loans	1,671	1,752	(81)	(4.6%)
Trade accounts payable	851	959	(108)	(11.3%)
Long-term loans	3,119	2,656	463	17.4%
Employee benefit obligations	377	379	(2)	(0.5%)
Total liabilities *	6,371	6,150	221	3.6%
Unappropriated retained earnings	1,755	1,792	(37)	(2.1%)
Non-controlling interests	239	245	(6)	(2.4%)
Total equity *	4,933	4,957	(24)	(0.5%)

Note : The 'Total' lines extracted from Consolidated Statements of Financial Position.

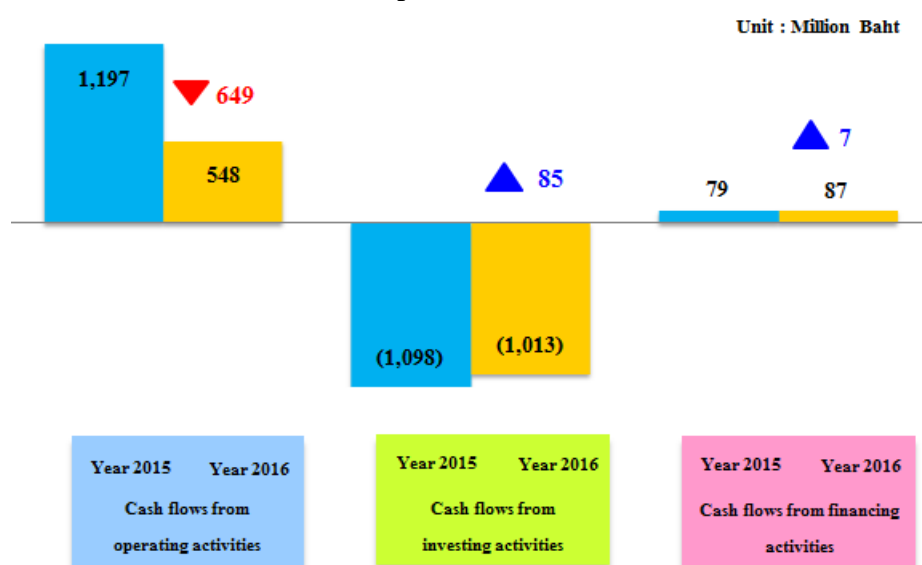
As at December 31, 2016, significant changes in the consolidated financial position compared to December 31, 2015 are as follows:

- Higher Trade Accounts Receivable, owing to customers of a subsidiary in Vietnam having placed a special large order for Household Products during the year, and a subsidiary in India having started to recognize full-year sales.
- Increase in Inventories on hand, thanks to the Company keeping an extra reserve of raw materials for producing plastic pallets and plastic containers to serve orders to be placed in early 2017. Extra raw materials were piled up for producing household products before the cost of such raw material is increased in January. As well, inventories of work in process were raised in response to orders received for premium products from a major convenience store operator for the new year festivity.

- Increase in the net book value of Property, Plant and Equipment as a result of additional acquisition of assets during the year, especially newly overseas subsidiaries in Vietnam and India which were expanding their capacities, netted with depreciation expenses and disposal.
- Decline in Bank Overdrafts and Short-Term Loans due to repayment.
- Reducing in Trade Accounts Payable, in line with lower orders from a group of customers for food and beverage packaging products, whose own sales have contracted.
- Rise in Long-Term Loans (net after scheduled repayments) from the loan draw downs for assets acquisition of overseas subsidiaries having investment expansion.
- Down in Employee Benefit Obligations resulting from the recognition of committed staff welfare and other benefits obligations after actual payment being made during the year.
- Lower Unappropriated Retained Earnings totaling Baht 37 million, from the dividend payment in respect of operating result of 2015 amounting to Baht 271 million which was higher than the amount of Profit Attributable to Owners of the Parent for the year 2016, and legal reserve amounting to Baht 22 million.
- Drop in Non-controlling Interests from dividend payment in respect of subsidiaries' operating result of 2015 higher than net profits of subsidiaries for the year 2016.

4. Analysis of Liquidity

Picture 5 Consolidated Cash Flows (partial)



Unit : Million Baht

	Dec 31, 2015	Dec 31, 2016
Net increase (decrease) in cash and cash equivalent	178	(378)
Cash and cash equivalents, opening balance	473	621
Effect from currency translation	(30)	29
Cash and cash equivalents, closing balance	621	272

For the 12 months period of 2016, the Group had significant cash flows transactions compared against the same period of 2015 as follows:

- 1) Lower Cash Flows from Operating Activities due to the plunge in net profit and increase in accounts receivable and inventory.
- 2) Decrease in Cash Flows for Investing Activities as less new investments were made in addition to replacements of some assets, whereas big investment were already spent for new manufacturing plants in Vietnam and India last year.
- 3) Higher Cash Flows from Financing Activities thanks to the amount of new long term loans draw downs over the amount of long term loan repayments.

As at December 31, 2016, the Group still has available unused credit facilities totaling more than Baht 5 billion comprising overdraft facilities, and revolving credit lines – all of which have associated interest costs that are appropriate. As such, the Group is confident that it has adequate cash flows for its operations and planned investment projects.

5. Analysis of Key Financial Ratios

Table 3 Key Financial Ratios

Description		Unit	12 months 2016	12 months 2015
Working Capital Ratios				
1.	Collection Period	Days	77.8	71.1
2.	Inventory Turnover	Days	84.2	75.4
3.	Payment Period	Days	39.7	43.6
4.	Cash Cycle	Days	122.3	102.9
Profitability Ratios				
5.	Return on Equity	%	5.4	9.6
6.	Return on Operating Assets	%	4.4	8.2
Financial Policy Ratios				
7.	Debt to Equity	Times	1.3	1.2

5.1 Working Capital Ratios

The Cash Cycle of the Group of Companies, as at December 31, 2016 was equal to 122.3 days, a longer when compared to 102.9 days as at December 31, 2015.

1) Average collections of Trade Receivables, as at December 31, 2016, was equal to 77.8 days, a longer compared to 71.1 days as at December 31, 2015. This was due to slump in sales of food and beverage packaging products with a shorter credit term compared to other product groups, as well as the first full year of operations of the subsidiaries in Vietnam and India in 2016.

2) Average days for inventory on-hand, as at December 31, 2016, was 84.2 days, an increase compared to 75.4 days as at December 31, 2015, resulting from the downward sales together with stocks of raw materials and finished goods being reserved to meet expected orders.

3) Average days for payment of Trade Payables, as at December 31, 2016, was 39.7 days, a shorter compared to 43.6 days as at December 31, 2015, thanks to the Company having purchased raw materials for the volume necessary based on production plans and the declining purchase of core raw materials corresponding to the lessening of orders.

5.2 Profitability Ratios

- 1) Return on Equity, as at December 31, 2016 was 5.4%, a drop compared to 9.6% as at December 31, 2015, corresponding to the decrease in net profit.
- 2) Return on Operating Assets, as at December 31, 2016 was 4.4 %, a decline compared to 8.2% as at December 31, 2015, in line with the lower Net Profit, while at the same time the Company acquired additional assets to support its expanded new business operations. The Company was not able to fully utilize such operating assets as a result of the negative impact from the slow economic environment. Besides, the subsidiaries in Vietnam and India have just started operations.

5.3 Financial Policy Ratio

- The Group of Companies has a Debt to Equity (D/E) Ratio, as at December 31, 2016, of 1.3 times, a higher compared to 1.2 times as at December 31, 2015, as a result of more long term loans acquired by the Group for the purpose of assets investment, whereas Net Profit was dwindled with dividend being paid out.

6. Risk Management

The Group has the following measures to manage various risks:

- 1) Movements of raw material costs

Given that the costs of key raw materials, plastic pellets account for over 60% of total product costs and are a commodity product, of which the prices change corresponding to the movements in crude oil prices. The Company then places great importance on the purchase of these raw materials so as to achieve the most proper costs. As such, the purchase of this raw material is managed by a special procurement group that closely follows ongoing fluctuations in the prices of the raw materials based on various sources of information, as well as that carefully plans the required raw materials purchases – in terms of quantity and prices. The appropriate timing of purchases together with the occasional adjustments to selling prices are also taken into consideration.

- 2) Labor cost

Labor cost is another important component of our production process. The Group of Companies have adjusted the workers' working hours so as to reduce overall labor costs as well as to achieve

improved production efficiency without reducing any productivity. It has also expanded intensive-labor manufacturing activities into those countries where both labor is more readily available and costs of labor is comparatively less.

3) Exchange rate fluctuations

The Company's export sales accounts for more than 20% of total revenues while key raw materials, machinery and equipments are to be imported from overseas. Hence, the Group focuses on the following risks management activities in order to mitigate relevant risks as well as to reduce potential impacts from being too reliant on any one particular foreign currency:

- Focus on selling products or purchasing materials or goods in various currencies.
- Sell products in Thai Baht for customers in certain countries with certain customers.
- Negotiate with key customers relating to price adjustments in the event that significant foreign exchange rates fluctuations occur.
- Execute foreign currency forward contracts, so as to reduce the potential impacts as appropriate and when the opportunity arises.
- Manage In/Out Cash Flows of foreign currencies, so as to achieve an effective balance of foreign currencies held by the Company (namely: a 'Natural Hedge').

4) Management of customers and credit lines

The Group has a limited number of customers for some products lines. It then plans to expand the customer base – both in the domestic and overseas markets – in order to diversify risks as well as to reduce the potential impact of being too reliant on any specific group of customers.

As for the management of customers credit lines, the Group analyzes and assesses the capability to pay by customers on a regular basis. Their credit lines and payment terms may be adjusted, in a systematic manner, according to the customer's actual payment history. There are measures in place to closely follow-up on and speed up any overdue receivables.

Nevertheless, with regards to the customer who has a problem in paying its outstanding debts owed, the Company has a policy to make provisions for doubtful debts that is reasonable and

appropriate according to its past history and assessment of the customer's ability to pay in the future.

5) Overseas investments

The Group has risks management policies in place in regards to its overseas investments, through taking into consideration business opportunities relating to the target customers, the cost structure of the business, applicable legal and financial systems, as well as local political stability and environment.

6) Management of capital funds

The Group has ongoing investments activities every year so as to expand its businesses. Capital funds is, therefore, an important factor – which is consisted of internal cash flows and commercial banks loans. The cost of funds is also taken into account. Despite relying on commercial banks for its source of funds, the Group has diversified the associated risks in the following manners:

- Source borrowing funds from several commercial banks, taking into consideration the proper proposed loans' terms and conditions each and every time as when the funds are required;
- Make use of applicable interest rates that are both fixed and floating;
- Make use of interest rates that are based on various financial/banking indicators or factors;
- Primarily borrow funds locally, so as to reduce potential impacts from any foreign currency fluctuations or volatility; and
- Set loan conditions with no security and collateral or guarantees – except for special instances of getting lower interest rates if providing a security or guarantees.

7. Significant Events in 2016

In 2016, the Group did not have any new accounting policies in addition to those of last year. However, there were some key events as follows:

7.1 Investment in a Subsidiary and Indirect Subsidiary

- **Srithai Superware Manufacturing Private Limited (“SSMP”)**

Summary of investment in SSMP, a subsidiary incorporated for manufacture and distribution of household products in India.

Capital	Million Rupee	(Equivalent to) Million Baht
Capital as at Jan 1, 2016	750	403
Paid up Quarter 2	150	79
Total as at Dec 31, 2016	900	482

- **Srithai (Hanoi) Company Limited (“SHN”) – indirect subsidiary**

Summary of investment in SHN, a subsidiary of Srithai (Vietnam) Company Limited, incorporated for manufacture and distribution of industrial products in Vietnam.

Capital	Million VND	(Equivalent to) Million Baht
Capital as at Jan 1, 2016	270,000	415
Paid up Quarter 1	50,000	80
Quarter 2	104,920	168
Total as at Dec 31, 2016	424,920	663

7.2 Subsidiary’s Dissolution

- **P.E.T. Blow Company Limited (“PETB”)**

On November 30, 2016, the Extraordinary General Meeting of Shareholders of PETB, a subsidiary incorporated for plastic bottle blowing, approved the dissolution. This is stemmed from the

subsidiary declining performance and increasing in cumulative deficits. The dissolution was registered with the Ministry of Commerce on December 2, 2016. PETB is under liquidation process.

7.3 Impairment of Investments in a Subsidiary

- **Srithai Superware India Limited (“SSI”)**

During the year 2016, the Company had considered and determined to set up allowance for impairment of investment in SSI, a subsidiary incorporated for trading of household products in India, of Baht 25.09 million which equals to the cost of investment in the subsidiary in the separate financial statements. This resulted from the subsidiary not meeting their operational budgets with continuing losses. SSI has a direction to fade out its operation in the next 2 years. The allowance is presented under loss on impairment of investment in a subsidiary in the statement of comprehensive income.

7.4 Dividend Payment of Subsidiaries

- **Korat Thai Tech Company Limited (“KTT”)**

Approved by	Total Dividend (Million Baht)	Dividend per share (Baht)	Percentage of shareholding	Dividend received (Million Baht)
Annual General Meeting of Shareholders on March 25, 2016	81	27.0	100.0	81
1st Extraordinary General Meeting of Shareholders on September 30, 2016	30	10.0	100.0	30
Total	111	37.0	100.0	111

- **Srithai Miyakawa Company Limited (“SMW”)**

Approved by	Total Dividend (Million Baht)	Dividend per share (Baht)	Percentage of shareholding	Dividend received (Million Baht)
Annual General Meeting of Shareholders on April 26, 2016	30	25.0	51.0	15

- **Srithai (Vietnam) Company Limited (“SVN”)**

Approved by	Total Dividend (Million VND)	Dividend per share	Percentage of shareholding	Dividend received (Million VND)
Board of Directors' Meeting on April 7, 2016	75,000	-	100.0	75,000

7.5 Contingent Liabilities

On May 15, 2011, the Company made an agreement with a recruitment agent registered in Cambodia for recruiting Cambodian migrant workers to work legally in Thailand. Once the work permits were obtained for the recruited workers and the workers had completed their work duties for the contract period, the Company paid the agreed service fee to the agent in full according to the agreement terms and agent invoices.

On June 13, 2016, the agent filed a lawsuit against the Company claiming it failed to pay. The agent filed for the service fee plus 7.5% annual interest from the date of filing the lawsuit until the settlement. Subsequently, the Company appointed an attorney and a representative to contest the lawsuit as it had not breached the agreement. The Company also filed a countersuit for breach of agreement. During the year 2016, the Company's attorney and Company representative had a court hearing for dispute resolution. However, it is unable to reach agreement. Therefore, the court set appointment from March 14, 2017 to March 16, 2017 in order to take evidence from both Company and the agent. The Company believes that this is not liable and management is confident that the ruling will be in the Company's favour. Therefore, the Company did not record contingent liabilities in the financial statements.

8. Post Statement of Financial Position Event

8.1 Approval of Dividends

On February 24, 2017, the Board of Directors of the Company passed a resolution to propose the dividend payment from the operating results of 2016 at Baht 0.10 per share, totaling Baht 271 million. However, the approval for the dividend payment shall be proposed to the Annual General Meeting of Shareholders No. 36 (Year 2017) for further consideration and approval.

9. Outlook of the Overall Businesses in 2017

9.1 Household Products

Domestic market

- Sales of Direct Sales business are expected to surge with the project to change this business to a digital platform, through the development and implementation of new applications so that it can be done via mobile phone and other mobile devices. This will make business transactions both easier and more accessible to buyers and sellers; such as: viewing the range of products on offer and sale promotions campaigns available on the e-catalogue, receiving products and promotions news via the applications, ordering and purchasing products via an e-commerce application, and paying for them online or via the Prompt Pay platform. As well, this will promote a paperless transactions system and enable an expanded market base in line with the latest economic and social environment trends according to the current consumer behavior.
- Sales of Srithai Super Outlet located in Chonburi are to be upward, by adding a variety of both products from the Company's own manufacturing plants and other leading manufacturers.

Export Markets

- The export sales trend will increase thanks to the development and introduction of new product lines through continuing close collaboration of a major European client group from 2016 onwards. This European client group requires quality products that must strict to EU quality standards including the standards criteria relating to safety, health and hygiene, and labor requirements. The Company's products, therefore, have been very well-received and in positive upward demand.
- A newly established subsidiary in India will achieve soaring sales, as a result of the increased production capacity, the expanded distribution and sales coverage throughout the country, and the various product promotions campaigns to be undertaken for major festivities.
- Sales of a subsidiary in Vietnam will decline, since a special bulk order had been fulfilled last year. However, this subsidiary should be able to maintain its sales through the traditional market channel, the modern trade, and export sales as changes in marketing strategies have been implemented with the addition of new distribution channels.

9.2 Industrial Products

Food and Beverage Packaging Products

- In 2017, sales of food and beverage packaging products, in the Industrial Products group, will ascend.

New food packaging products will be developed by reason of the Public Sector's focus on promoting and expanding the tourism industry and the expansion of processed sea food products exports from Thailand, having a positive effect on the Company's total sales.

With regards to the beverage packaging products, the Company will continue to develop these products through the introduction of innovative technology to enable a less use of raw materials required in the production process.

- Sales of the subsidiaries in Vietnam should be upturn through the introduction of additional new products that is expected to start in Quarter 2 of 2017, which will help push up total revenues for the subsidiaries.

Other Industrial Products

- For 2017, sales of these products will rise, thanks to orders expected from a large industrial project, for plastic pallets and containers. Growth of these sales correspond to the growth in the associated types of industry sectors, manufacturing plants or warehouses, and new products to be launched by the Company, such as: two colored plastic containers for agricultural products.
 - Plastic containers/pails: The Company focuses on expanding its market base for house paint containers/pails through using the IML manufacturing technology that yields a much better quality product with a lucrative selling price than those using the silk screening process.
 - The Company has received orders for premium products from a major convenience store operator, that have been well-accepted by consumers. We expect that additional orders for new types of premium products will be placed on a continuing basis. Further, the Company also plans to expand sales of premium products into other groups of clients.
 - If the Government stimulates the economy further and accelerates budget disbursements, it will lead to boost sales of the Company's plastic furniture and garbage bin products.

- Sales of automotive component parts by the subsidiary will grow due to design changes for some component parts that will take place during 2017. Meanwhile, the Company needs to adopt new strategies in competing with foreign competitors who use sharp pricing strategies, so as to maintain its current customers-base in this market.

9.3 Trading and Moulds Business Lines

Trading Business Line

- In 2017, sales of Srithai Network Marketing business is expected to recover as a result of new projects and certain investments in various aspects of this business group covering:
 - Strategies that focus on undertaking sales and marketing activities through online channels, so as to expand the group's customers bases as well as to increasingly meet the requirements of those targeted customers who tend to buy and sell products online.
 - Use of Drones for fertilizer spraying to support sales of agriculture-related products and enable this business to become a center of comprehensive innovative organic agricultural products.
 - Packaging size adjustment of the S-Matrix products to be more compact, which will encourage customer base expansion.
- Additionally, in 2017, the Network Marketing business expects to expand sales teams and promote some of its members to leadership positions, since many leaders from other network marketing businesses joined the Srithai Network Marketing business during 2016. Further, there have been positive growth trends for the health and beauty products as well as for the agriculture related products. Strategies that focus on specific product groups will be implemented - especially relating to launching the sales center of organic agriculture-related products and the Food Matrix Express outlets, along with launching new products from the beginning of the year under the Food Matrix brand and under the Innovative product group.



Moulds Business Line

- We expect that sales of plastic moulds for 2017 will increase as a result of design changes in the component parts, that will then required orders for new moulds.

Please be informed accordingly.

Yours faithfully,

Prin Bholnivas

Director and Company Secretary