

# AGENDA 7

## TO CONSIDER THE APPOINTMENT OF THE AUDITOR AND DETERMINATION OF AUDIT FEE



### Background and Rationale

According to the Company's Articles of Association concerning with the appointment of the auditor and determination of the audit fees for the Company, stating that the matter should be carried out according to the governing law; by which the Public Limited Company Act B.E. 2535 states as follows:

Section 120: The Company's financial auditor must be chosen and fees are reviewed and approved by the Annual General Meeting of Shareholders where the meeting may vote for the same auditor to continue as the company's financial auditor.

Section 121: The financial auditor must not be a director, employee, or take any position in the company.

The policy on selecting the auditor for the Company is to contact various auditing companies that have been endorsed by the Securities and Exchange Commission (SEC) to audit the listed companies. The Company will request for proposals from these audit companies including service terms and audit fee. The Audit Committee shall select the audit company with satisfactory terms and suitable with the Company for the best interests of the Company.

According to the Notification of the Capital Market Supervisory Board No. TorJor.11/2552 stipulates that the listed company shall rotate an auditor in the occurrence that the auditor has performed his/her duties on auditing or reviewing and expressed opinion on financial statement of the same listed company for 5 consecutive years and the listed company can appoint a new auditor from the same audit firm of the changed auditor. Nonetheless, the listed company may re-appoint the changed auditor who has vacated from his/her duty at least 2 fiscal years from the date on which such auditor has vacated from his/her duty.

### Board of Directors' Opinion

In compliance with the Public Limited Company Act B.E. 2535, which stipulates that the Shareholders' Meeting should appoint the Company's financial auditor and determine the audit fee every year and the Notification of the Capital Market Supervisory Board No. TorJor.11/2552 stipulates that the Company must rotate the auditor every 5 consecutive fiscal years with recommendation from the Audit Committee and after consideration by the Board of Directors' Meeting No. 309 (1/2018) dated January 29, 2018, the Board of Directors approved to propose to the Shareholders' Meeting to consider appointing Mrs. Sasithorn Pongadisak, certified public accountant registration no. 8802, or Mr. Thanit Osathalert, certified public accountant registration no. 5155, or Mrs. Wilai Buranakittisophon, certified public accountant registration no. 3920 or Miss Chanarat Chanwa, certified public accountant registration no. 9052 of KPMG Phoomchai Audit Ltd., to be the Company's financial auditor for year 2018, having the audit fee for year 2018 totaling Baht 1,540,000 or an increase from year 2017 of Baht 100,000 or 6.94 percent.

## Supporting Information

(1) The auditors proposed above are independent and have no relationship or any other types of stake or interest with the Company, its executives, major shareholders or persons related to those mentioned.

(2) The auditors proposed above have been endorsed by the SEC to audit the listed companies. The Shareholders' Meeting has appointed the auditor from KPMG Phoomchai Audit Ltd. having the number of years performing the audit work for the Company as follows.

(2.1) Mrs. Sasithorn Pongadisak (never been the auditor signing the Company's financial statements)

(2.2) Mr. Thanit Osathalert (never been the auditor signing the Company's financial statements)

(2.3) Mrs. Wilai Buranakittisopon (never been the auditor signing the Company's financial statements)

(2.4) Miss Chanarat Chanwa (never been the auditor signing the Company's financial statements)

(3) The comparison of audit fees between the new auditor for year 2018 and previous auditor for year 2017 are as follows:

Description (Unit : Baht)	Year 2018	Year 2017	Increase (Decrease)	
			Amount	%
<b>Company's Audit Fee</b>				
- Yearly Audit Fee	1,140,000	760,000	380,000	50.00%
- Quarterly Reviewed Financial Statement (3 quarters)	150,000	360,000	(210,000)	(58.33%)
- Quarterly Consolidated Financial Statements Preparation (4 quarters)	250,000	320,000	(70,000)	(21.88%)
<b>Total</b>	<b>1,540,000</b>	<b>1,440,000</b>	<b>100,000</b>	<b>6.94%</b>

(4) Diamond Materials Co., Ltd. is the subsidiary company of the Company also uses audit services from KPMG Phoomchai Audit Ltd. Comparison of the audit fee for year 2018 and 2017 is as follows.

Description (Unit : Baht)	Year 2018	Year 2017	Increase (Decrease)	
			Amount	%
<b>Subsidiary Company's Audit Fee</b>				
- Yearly Audit Fee	340,000	310,000	30,000	9.68%
- Quarterly Reviewed Financial Statement (3 quarters)	60,000	60,000	-	-
<b>Total</b>	<b>400,000</b>	<b>370,000</b>	<b>30,000</b>	<b>8.11%</b>

(5) During the past year 2017, the Company and the subsidiary company only used audit services without using any non-audit services from the audit company employing the auditor and related person or business with the auditor or the audit company employing the auditor.

(6) The Audit Committee has considered the selection of auditors who possesses the qualification, quality, working standard, expertise and auditor independence, as well as the past work experience to be in good standard. After consideration and comparison of the workload and the audit fee, the Audit Committee has selected the auditor from KPMG Phoomchai Audit Ltd., whom is a qualified public accountant according to the regulations of the Securities and Exchange Commission.

(7) Accordingly, the Audit Committee has proposed its opinions to the Board of Directors to obtain

approval from the Shareholders' Meeting for the appointment of an auditor from KPMG Phoomchai Audit Ltd. according to the following name list, whoever, to be the Company's auditor for year 2018, namely Mrs. Sasithorn Pongadisak, certified public accountant registration no. 8802, or Mr. Thanit Osathalert, certified public accountant registration no. 5155, or Mrs. Wilai Buranakittisophon, certified public accountant registration no. 3920, or Miss Chanarat Chanwa, certified public accountant registration no. 9052, and approval of the yearly audit fee, quarterly reviews fee and preparation of quarterly consolidated financial statements for year 2018 for a total of Baht 1,540,000, which is an increase of 6.94 percent from year 2017.

#### **Voting Procedure**

The resolution for this meeting agenda shall be based on the majority votes from all the votes of shareholders attending and voting at the meeting. If the vote counts are even, the Chairman of the meeting shall have the right for a casting vote.