

Internal control and risk management

Opinion of the Board of Directors on the adequacy and appropriateness of the internal control system.

The company recognizes the importance of the system of internal control which all employees of the company have joint roles and responsibilities together by assigning the duties and responsibilities, operating power on administrative and operation level is written clearly, covers financial control, operations, management, governance, compliance with the relevant laws and relating regulations to ensuring accomplishment of the objectives of the company will be achieved as follows:

1. Strategies and goals are clearly defined, consistent and support mission of the company.
2. Achieve the performance objectives with an efficient and cost effective resource management.
3. Report significant information both financial, administrative and implementation are accurate and reliable.
4. Implementation and practicing are in consistent with policies, rules and regulations set forth with the law and other regulations related to business.
5. Has the safety of personnel, property including data in information systems.
6. Has suitable oversight and management of the effectiveness.
7. Continuing in improving operational quality.

The Board of Directors Meeting No. 1/2018 held on February 26, 2018 by a committee of 4 members attended the meeting. The Board of Directors reviewed the system of internal control by asking for assessment of internal controls. The overall conclusion based on the evaluation of internal control systems in different 5 elements as follows.

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication
5. Monitoring Activities

The management is appropriate confident in the company's internal control system is strong enough to carry out such an effective way to protect the property from damage that may occur from use or disposal without permission and monitoring of the operations of the subsidiary. The assets of the company and its subsidiaries caused by the director or executive deployed without adequate power.

The company's internal audit department is responsible and accountable for ensuring an independent assessment of the internal control system, risk management and Corporate governance together with reviews the company's compliance with regulations especially the connected transaction.

In 2017, the internal audit have a plan policies and guidelines to determine in advance and believes that the internal controls are appropriate and adequate. To operate in accordance with the objectives and requirements of the relevant legislation and regulations, asset protection from fraud accounting and reporting accuracy and reliability. Although there may be some aspects of performance that should be considered and revised in a way, if considered as a whole can be assured that it will be able to achieve the following objectives of the organization as follows:

1. Control Environment

The Company has its policy and target for doing business. The policy and business goals are clear, regard to fairness to employees, customers, business partners including responsible to the shareholders, society and the environment. Review of the performance to meet defined goals regularly in order to comply with the conditions at that time. Prepare organizational structure and a charter of various committees including the duties and responsibilities of the Managing Director in writing to define authority clearly, in addition, setting policies of governance, ethics in business and conduct of directors management and staff in writing to guide the conduct of directors, management and staff which makes the system of internal control operates more effectively. It also records check, which is overseen by the Audit Committee, the approval of financial transactions, procurement regulations to be made in writing to prevent of using assets with abuse of power. The company provides training both internal and external to develop staff skills, have the knowledge and appropriate ability to operate in each position.

2. Risk Assessment

The company policies are in accordance with generally accepted accounting principles. The financial statements report presented fairly and reviewed by the Audit Committee and audited by the certified auditors. The company assesses type of the risk, cause of the risk factors, opportunities and possible impacts to provide to prevent plan and manage the possible risks that may arise as to the acceptable level as well as informed to the management and employees to minimize and prevent risks that may occurred. The internal audit has its process to monitor each operational unit and aware of the possible risks that may arise with supporting by the Board of Directors and the Audit Committee.

3. Control Activities

The company granted the scope of authority and approval level amount to each level of management clearly in writing. Including segregation of the roles and responsibilities of each working unit for check and balance. In the case of transactions with major shareholders, the Directors, management or related to such persons including connected transactions, the company has complied with the process of the Capital Market Commission and will conclude the said transaction as a normal business transaction in order to report to the Board of Directors. If not, it will be proposed to approve the procedure and inform the Stock Exchange of Thailand. The Company shall follow-up, review of the results of operations of the company on monthly basis and monitor the operation of the company in accordance with resolution of the Board of Directors, Shareholders and related laws. In the event of approval of the transaction in a manner that is binding the company long-term period, the company shall monitor to comply with the agreed conditions and reviewing the appropriateness of the contract in accordance with the situation. Also to highlight the clear duty of the employees to be legitimate, the company has determined that employee must abide by the rules and regulations of the company and laws strictly under the principles of corporate governance.

4. Information and Communication

The company provides both internal and external communications effectively. Accounting documents are kept in full by category and use accounting policies generally accepted accounting principles in the communications for financial information or other information that is accurate, current to people involved for making decision. There is a storage system that can monitor the accuracy and security of data and information

effectively. In a proposal to the Board for consideration, there is sufficient information to make decision, prepare minute of meeting, comments, questions or comments observations of Directors of the company in the consideration (if any) and resolution which can be verified.

5. Monitoring Activities

The company's operating results is monitored on a monthly basis and is compared with the performance in the prior year to analysis of the causes of differences and adjust their strategies to meet the needs in order to achieve a goal. In addition to having adequate internal control by requiring internal audit to do the audit, analyze and evaluate the internal control of various internal control system and monitor performance continuously by report directly to the audit committee if any significant defects are found, Audit Committee has to report to the Board of Directors for corrective action and to monitor progress in improving deficiencies regularly.

From the assessment of the internal controls of the company in 5 various aspects of the above, the Board of Directors including the 4 members of the Audit Committee concluded that the internal controls are appropriate and sufficient. The Board recognizes that any system of internal control may not be ensured against all damages resulting from significant mistakes but it can be prevented or acceptable at reasonable level.

Opinion of the Audit Committee in case of having different opinion from Board of Directors.

- No difference -

Auditors of the company is the office of Dr.Virach & Associated Office Co.,Ltd. who audited financial statements quarterly and the year 2017 give an opinion on the internal control system as follows:

Translation

February 26, 2018

To: The Board of Directors of S & J International Enterprises Public Company Limited.

Dr. Virach & Associates Office Co., Ltd. (Office) has examined the Financial Statements of S & J International Enterprises Public Company Limited. for the year ended December 31, 2017 in accordance with Financial Reporting Standards including test of accounting transactions and other necessary audit procedures which the audited report dated on February 23, 2018 was already issued. To perform audit work, Office have studied and evaluated the effectiveness of internal control of the company on accounting to determine the nature, timing and scope of the audit, to express an opinion on the financial statements of the company.

Please be informed that, Office did not examine all transactions, but only provided testing methods. In addition, the study and evaluation of the effectiveness of internal control in accounting for limited purposes as mentioned. Therefore, there may not be found any significant weaknesses that may exist in the internal accounting control system. However, in auditing did not find any significant weaknesses in the internal accounting control system.

Office would like to thank you the management who gave us the opportunity to serve the company. Office also thank you the management officers of the company for their co-operation and all kind support.

Yours truly,

Dr. Virach & Associates Office Co., Ltd.



(Dr.Preecha Suan)

Authorized Auditor Registration No. 6718