

(TRANSLATION)

Pan Asia Footwear (Public) Co.,Ltd

The Report of Annual General Meeting of Shareholders No.35

on 23<sup>th</sup> April 2013 at Chaopraya 1 Conference Room, 2<sup>nd</sup> floor, Montien Riverside Hotel.

No. 372 Rama III Road, Bangkok, Bang Kho Laem, Bangkok, 72 Person 89 Shareholders and proxies have attended the meeting, with the counted number of 351,567,009 shares from 540,000,000 shares which is equivalent to 65.11 % which completed a quorum.

.....  
The meeting opened at 16.00 O'clock.

Mr.Boonkiet Chokwattana as Chairman and Chief Executive Officer, opened the 35th General Meeting of the shareholders of Pan Asia Footwear Co., Ltd. (Thailand).

In this meeting, the Directors who joint as follows;

- |                                    |  |
|------------------------------------|--|
| 1. Mister Boonkiet Chokwattana     | Chairman and Chief Executive Officer                 |
| 2. Mister Payont Pantsri           | Director and Senior Vice President                   |
| 3. Mister Sujarit Patchimnun       | Chairman of Audit Committee and Independent Director |
| 4. Pol.MaJ.Gen.Panurat Meepien     | Audit Committee and Independent Director             |
| 5. Mister Wichit Prayoonwiwat      | Director and Managing Director                       |
| 6. Mister Sommat Khunset           | Director and Chief Administrative Officer            |
| 7. Mister Veerawuthi Dechapiratkul | Director and Chief Operation Officer                 |

And to count the votes in the General Meeting of shareholders in this with transparency as Assessment of the Annual General Meeting of shareholders of the Office of the Securities and Exchange Commission, recommend a representative of the auditor of the company that attended the Annual General Meeting of Shareholders is Mr. Noprauk Phitsanuong of D.I.A. International Audit Co.,Ltd, the Company's auditors, the witness for voting in this meeting.

For various voting methods in this conference, including meeting agenda 1,4,5,6 and 7 were assigned to Mr. Sommat Khunset, Director and Chief Administrative Officer explain and lead to meeting.

For including meeting agenda 2and3 were assigned to Mister Wichit Prayoonwiwat Director and Managing Director explain and lead to meeting.

Mr. Sommat Khunset, Director and Chief Administrative Officer clarified various methods of voting in the meeting according to clause 44 of the Article of the Association of the Company whereas 1 share is equivalent to 1 vote. The voting shall be done openly.

1. If you do not agree with the opinion of the Board of Directors or abstain, please raise the banners.
2. If you agree, please do not raise the banners.

The votes are counted only dissenting votes and abstained votes which were subtracted from the total votes of shareholders attending the meeting. The remainder will be treated as votes to approve the agenda.

To make the vote smooth, convenient and transparent, shareholders, who oppose or abstain, will raise the banner. Staffs will read the bar code label points to summarize the results and gave shareholders the ballots. Shareholders will enter the card number according to scoreboard received, then, specify the agenda and sign on the ballots. Staff will collect the ballots immediately as evidence for a vote.

In case of shareholders registered to join the meeting after the meeting has already started, shareholders were entitled to vote at the agenda which has not yet been considered. The Company will count the total votes of shareholders attending the meeting since a quorum to vote on the agenda to record in the minutes accordingly.

The Directors of the Company as a shareholder would exercise all voting in favor of the agenda. In the case of being a proxy of shareholder, it must be complied with the proxy.

**Agenda 1. Consider to confirm the minutes of the shareholders' general meeting no.1 on 15<sup>th</sup> February 2013**

Mr.Sommat Khunset, Director and Chief Administrative Officer, requested the meeting to confirm the minutes of the Annual General Meeting of shareholders no.1 on 15<sup>th</sup> February 2013.The report were prepared within 14 days from the day of shareholders' general meeting and sent to the Stock Exchange of Thailand, Securities and Exchange Commission and Ministry of Commerce within the period of time prescribed by law as well as already publicized the minutes through the website of the Company (www.pan-ptr.com) and according to the copies of the minutes of the meeting of shareholders no.1 on 15<sup>th</sup> February 2013 which were distributed together with the notice for this meeting to shareholders.

In this agenda, there was a comment from the shareholder as follows.

Mr. Sathaporn Phungnirun, the shareholder had his suggestion: shareholders' questions should be recorded in the minutes.

Mr. Sommat Khunset the, Director and Chief Administrative Officer: clarified that comments were acknowledged to be developed and improved minutes of the next meeting.

The meeting considered and have approved the minutes of Annual General Meeting of shareholders no.1 on 15<sup>th</sup> February 2011 with voting.

Approve -334,892,888- Votes                      Disapprove -247,466- Votes                      Abstain -none-

**Agenda 2. To acknowledge the report on the operating result of the Board of Directors for the previous year.**

Mr.Wichit Prayoonwiwat, Managing Director, reported to the meeting that the operating result of the Board of Directors were printed in details in the annual report of 2013 which was prepared in accordance with the requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand.

In this agenda, there was a question from the shareholder as follows.

Mr. Sathaporn Phungnirun, the shareholder had a question: According to annual report 2012, page 41, the last paragraph; what was the meaning of "The Audit Committee has considered that in the past year, the Company's financial reporting and disclosure of financial information was not yet completed in accordance with generally accepted accounting standards."

Mr. Noprauk Phitsanuong of D.I.A. International Audit Co.,Ltd, the Company's auditors clarified: Auditor's qualified opinion. There were only two issues that were not complete and accurate.

1. Company did not receive a reply confirmation to certain creditors.

2. The Company did not receive the financial statements of associated companies to prepare financial statements in which investments under the equity method.

Requested the meeting to acknowledge the performance of the Company for the past year.

The meeting acknowledged the performance of the Company for the past year.

**Agenda 3.To consider and approve the balance sheet and the statement of income for the year ended 31<sup>th</sup>December 2012.**

Mr. Wichit Prayoonwiwat, Managing Director, proposed to the meeting to consider and approve the balance sheet and the statement of income ended on 31<sup>st</sup> December 2012 were prepared under the generally accepted accounting principle which have been audited and attested by the certified auditor. For the year 2012, the financial statements have results of operations of the company in 2012 that were summarized as follows.

| List                          | The consolidated financial statements. | The individual financial statement |
|-------------------------------|--|------------------------------------|
| Total asset                   | 1,809                                  | 1,864                              |
| Total Liabilities.            | 2,072                                  | 1,702                              |
| The shareholders.             | (263)                                  | 162                                |
| Total income.                 | 2,099                                  | 1,652                              |
| Net profit                    | (997)                                  | (1,042)                            |
| Gain (loss) per share (Baht). | (1.85)                                 | (1.93)                             |

The details are as shown in the financial statements as part of the Annual Report. 2012, the Company has delivered to shareholders in advance and the notice of meeting to consider a proposal to the shareholders for approval.

In this agenda, there was a question from the shareholder as follows.

Mr. Kiet Sumongkolthanakulor the shareholder themselves and proxy of other shareholders questioned; Notes to the consolidated financial statements on page 20; why the company was lending Kabinburi Pan Asia Footwear Co., Ltd. 136 million baht and set allowance for doubtful accounts balance at the year-end while there was no chance to get a refund.

Mr. Sommat Khunset Director and Chief Administrative Officer explained: Kabinburi Pan Asia Footwear Co., Ltd. is a subsidiary where the Company holds 100% of shares, thus the Company provided financial assistance because of lack of liquidity, use money to repay to creditors and put some money to pay compensation to employees under the law.

The meeting considered and had the unanimous resolution to approve the balance and the statement of income ended 31<sup>st</sup> December 2012 which was audited by the auditors with voting

Approve -335,238,963-Votes      Disapprove -223,944- Votes      Abstain -30,000- Votes

**Agenda 4. To approve the suspension of payment of dividend during the year 2012.**

Mr. Sommat Khunset, Director and Chief Administrative Officer, made an announcement to the meeting that Under the Articles of Association of the Company No.56, Do not divide the dividend income from other than profit In the event that the Company has accumulated losses are forbidden to share dividends. So The company had the statement of income, accumulated loss for the year 2011 amount (1,518,001,608) baht and end of year 2012 had accumulated loss total (1,042,142,259) baht. So, the financial statements of company had accumulated loss on 31<sup>st</sup> December 2011 total (2,560,143,867) baht that it is impossible to pay dividend. Proposed to the shareholders' meeting that it was appropriate to cancellation of dividend payment for the year 2012

The meeting considered and had the unanimous resolution to cancellation of dividend payment for the year 2012 with voting

Approve -335,612,908- Votes

Disapprove -none-

Abstain –none-

**Agenda 5. To consider the election of new directors to replace directors who shall retire by rotation**

Mr. Sommat Khunset, Director and Chief Administrative Officer, Under the Articles of Association of the Company No.22 At every annual general meeting, one of third (1/3) of the directors shall retire from office. If the number of directors cannot be divided into three (3) parts, the nearest to such one of third (1/3) of the directors shall retire from office. The retirement of directors in the first and second years after registration of the Company shall be effected by drawing lots. In the subsequent years, the director who has held office the longest shall retire. A director who retires from office may be re-elected, in every shareholders' general meeting, one of third of all directors shall retire. And directors who retire may be re-elected.

In 2013, the draw had been made by the Company, the results showed that the three directors to retire consisted of 1. Mr.Boonkiet Chokwattana 2. Mr.Payont and 3. Mr.Vichit Tantianunanon. Unfortunately, Mr.Vichit Tantianunanon who was an independent committee and audit committee requested not to continue as the Company's committee. Therefore the position of Independent Director and Audit Committee became vacant. The committees proposed to the board about electing Mr.Siripong Sombatsiri to be the Company committee and also appointed as an Independent Director and Audit Committee instead of the vacant position of Mr.Vichit Tantianunanon.

The Board of Directors proposed to the Annual General Meeting of shareholders for the election of the other two directors who have the knowledge and experience and have made benefits to the Company all along. The two directors who would be out of office were 1. Mr.Boonkiet Chokwattana and 2. Mr.Payont Pantsri to serve as directors for another term. The Board of Directors also agreed to propose to the General Meeting of Shareholders to consider the appointment of a Director to replace vacant position and appointed as an Independent Director and Audit Committee of the Company who was Mr.Siripong Sombatsiri Director selection process of the Company has not passed recruitment committee because the Company has not yet appointed a recruitment committee. However, the Board of Directors has considered qualifications in various fields which must have appropriate qualifications, knowledge, experience and expertise of a professional. Including management performance and must not be disqualified under Section 68 of the Companies Act 1992 and the requirements of the Securities and Exchange Commission and the Stock Exchange.

In addition, a public limited company under the law, notification that directors are forbidden to be directors of other companies which perform businesses of the same nature and are competitive with the business of the Company except that the meeting of shareholders is notified. So the meeting of shareholders was informed, before it considered and made a resolution to appoint directors, which some directors nominated for re-appointment were directors in other companies which perform businesses with the same nature and were competitive with the business of the Company were:

1. International Curity Footwear Co.,Ltd
2. Footwear Tech 1530 Co.,Ltd
3. Kabinburi Pan Asia Footwear Co.,Ltd
4. Advantage Footwear Co.,Ltd

In this agenda, there was a question from the shareholder as follows.

1. Mr. Sathaporn Pungniran; shareholder, questioned: The Company has been established a long time ago and there have always been directors in positions. Why, in this agenda, directors who would be retired must be elected by draw.

Mr. Sommat Khunset, Director and Chief Administrative Office explained: Since the General Meeting of Shareholders No. 33 of 2011, all directors have resigned from the Board. The meeting had resolved to determine the number of new directors – 9 persons. The meeting also elected the Board of Directors consisted of 9 persons per specified amount. All of them had the same term of office. According to the conference no. 34 in 2012, the first draw per Company’s regulation was done which three of directors who were retired consisted of 1. Mr. Wichit Prayoonwiwat, 2. Mr.Sommat Khunset and 3. Mr.Veerawuthi Dechpiratkul. A second draw for Directors to retire from office, one third according to the regulation must be done in this General Meeting of Shareholders. There will not be a draw for the next meeting (2014) as the director who has been in the position for the longest period will be out of position.

2. Mrs.Kanung Makkatheeranuwat, proxy for Mr. Nirun Losakul, questioned: Why the whole group of Board of Directors decided to retire in Annual General Meeting of Shareholders No. 33 of 2011.

Mr.Boonkiet Chokwattana, Chairman and CEO, clarified: Since major shareholders of the Company were changed from Bangkok Rubber PLC. and PA Capital Co.,Ltd. To be I.C.C. International PLC. and Sahapatanapibul PLC., allows the new shareholders to have an opportunity to determine the number of directors and nominate persons to be elected as directors of the Company.

Proposed to the meeting to consider and approve the appointment to replace the retired directors, complied with the following to take position as Director of the Company

1. Mr. Boonkiet Chokwattana with voting

Approve -335,612,808- votes                      Disapprove -100-votes                      Abstain –none-

2. Mr.Payont Pantsri with voting

Approve -335,612,808- votes                      Disapprove -100-votes                      Abstain –none-

### **Election of Independent Directors**

Mr. Sommat Khunset, Director and Chief Administrative Officer, proposed at the meeting that since Mr.Vichit Tantanunanon who is an independent director and audit committee, requested not to serve as a director of the Company any longer caused the position of Independent Director and Audit Committee became vacant. According to the requirements of the Securities and Exchange Commission (SEC), which requires listed companies to have independent directors, not less than one third of the directors in the Board of Directors of the Company, There are a total of 9 directors in the Company which is required to have 3 independent directors. When considering the qualifications of Mr. Siripong Sombatsiri, that is those who have knowledge, skills and experience are not disqualified under Section 68 of the Companies Act 1992 and the requirements of the Securities and Exchange Commission The Board agreed to propose to the Annual General Meeting of shareholders to elect Mr.Siripong Sombatsiri to replace the vacant position of Director of the Mr.Vichit Tantanunanon, also to serve as an Independent Director and Audit Committee of the Company.

The CV. of Mr.Siripong Sombatsiri who has been proposed as a new director has been sent to shareholders together with the notice of meeting to consider. Proposed the meeting to consider the appointment of independent directors.

The meeting unanimously gave approval to appoint Mr. Siripong Sombatsiri to be Independent Director and Audit Committee of the Company to replace the vacant position of Mr. Vichit Tantianunanon with voting  
 Approve -335,612,808- votes                      Disapprove -100- votes                      Abstain –none-

Therefore, the Company's Board of Director 2013, consists of 9 persons as follows.

- |                            |                                |
|----------------------------|--------------------------------|
| 1. Mr.Boonkiet Chokwattana | 2. Mr.Boonchai Chokwattana     |
| 3. Mr.Payont Pantsri       | 4. Mr.Wichit Prayoonwiwat      |
| 5.Mr.Sommat Khunset        | 6. Mr.Veerawuthi Dechapiratkul |
| 7. Mr.Sujarit Patchimnun   | 8. Pol.MaJ.Gen.Panurat Meepien |
| 9. Mr.Siripong Sombatsiri  |                                |

While having 3 Independent Directors and Audit Committees (one third from the Company's Board of Director), who are;

- |                                |                             |
|--------------------------------|-----------------------------|
| 1. Mr.Siripong Sombatsiri      | Chairman of Audit Committee |
| 2. Mr.Sujarit Patchimnun       | Audit Committee             |
| 3. Pol.MaJ.Gen.Panurat Meepien | Audit Committee             |

**Agenda 6. To consider an appointment and remuneration of the Company's auditors**

Mr. Sommat Khunset, Director and Chief Administrative Officer, announced to the meeting that under the Articles of Association of the Company, auditors shall not be directors, employees or people who hold any positions in the company In the year 2012, the shareholders' meeting appointed Missis Wilairat Rojnakarin C.P.A.(Thailand) Registration no.3104 or Miss Somjintana Pholhirunrat C.P.A.(Thailand) Registration no.5599 of D.I.A. International Audit Co.,Ltd as auditors for the year 2012 of the Company

In 2013, as mentioned in the General Meeting of shareholders' invitation letter that the Company is contacting new auditor, because the original auditor (D.I.A. International Audit Co.,Ltd) has increased missions.

The Audit Committee was considered to appoint new auditors to ne the Company's auditors in 2013 who are 1.Mr.Kritsada Lertwana C.P.A.(Thailand) Registration no.4958 or 2.Mr. Termpong Oponpun C.P.A.(Thailand) Registration no.4501 or 3. Miss Witsuta Jariyathanakorn C.P.A.(Thailand) Registration no 3853 of Ernst and Young Co.,Ltd for the first term. The auditor who are qualified according to the company and the requirements of the Securities and Exchange Commission. Appropriate to propose to the Annual General Meeting of shareholders to appoint such person as the auditor of the company. Although Ernst and Young Co.,Ltd is the auditor of our affiliated companies and subsidiaries and has no relationship with or interest in the Company, subsidiaries, executives, major shareholders or persons related to the mentioned persons. So it is proper to propose to the shareholders' general meeting to consider the appointment of such persons to be auditors of the Company by fixing the audit fees as follows

| <b><u>Particulars</u></b>                             | <b><u>Year 2013</u></b>        | <b><u>Year 2012</u></b>        |
|---|--------------------------------|--------------------------------|
| 1. Audit fee for quarter 1,2,3                        | 750,000.- baht                 | 750,000.- baht                 |
| 2. Audit fee for the period 31 <sup>st</sup> December | 1,000,000.- baht               | 800,000.- baht                 |
| <b>Total</b>  | <b><u>1,750,000. -Baht</u></b> | <b><u>1,550,000. -Baht</u></b> |

In this agenda, there was a question from the shareholder as follows.

Mr.Tara Chonpranee; shareholders, questioned: Why the increase of audit fee is only for audit fee for the period while audit fee by quarter remains unchanged, caused a big different in cost. The increase of fee is not proportional.

Mr. Sommat Khunset Director and Chief Administrative Officer: clarified that the original auditor's missions were increased so they denied for the Company audit in 2013, together with the subsidiaries, associates and related companies with more than 30 companies. The cost of living is also increased in the current environment caused Ernst & Young Co.,Ltd. adjusted the cost audit as mentioned.

The meeting considered and unanimously approved the appointment

1.Mr.Kritsada Lertwana C.P.A.(Thailand) Registration no.4958 or

2.Mr.Termpong Oponpun C.P.A.(Thailand) Registration no.4501 or

3.Miss Witsuta Jariyathanakorn C.P.A.(Thailand) Registration no 3853 of Ernst and Yong Co.,Ltd.

as auditors for the year 2013 for the first term by prescribing the audit fees totaled to 1,750,000 baht with voting

Approve -335,676,008- Votes

Disapprove -none-

Abstain -none-

#### **Agenda 7. To consider the remuneration of directors to the Board of Directors for the year 2013**

Mr.Sommat Khunset, Director and Chief Administrative Officer, announced to the meeting that under the Articles of Association of the company no.33, the Company was forbidden to pay money or other property to directors unless such payment is the remuneration according the right and benefit of other nature in general as directors of the Company.

For the year 2012 the Company paid the remuneration for the total financial amount 1,482,500 baht that paid to Board of Director of the Company for meeting amount 495,000 baht, Annual remuneration amount 900,000baht and paid to Audit Committee for meeting amount 87,500 baht

The director had considered from operating of the company should propose remuneration to the board of Director as 4 million baht which is equal to the previous year 2012 by the Executive Directors who allocated. It is appropriate to propose to the Annual shareholders' General Meeting to fix the remuneration to the Board of Directors is not over 4 million baht. The amounts of remuneration had considered from the suitability of the duties and responsibilities of the directors and the audit committee detail as follows:

(1) Board of Directors

- The meeting payment : paid for directors who come in the meeting

- Remuneration in yearly : paid for all directors

(2) Audit Committee: paid for the meeting payment per quarter.

However specifying of director's remuneration pass consideration carefully from board of directors and audit committee through compare with the same industrial and proposed to the meeting to give the approval.

The meeting unanimously gave approval to the Company to pay the remuneration for the Board of Directors for the year 2013 total financial amount of not over 4 million baht that is equal to the previous year annually excluding the remuneration or welfare which the Board of Directors received in the capacity as employees or personnel of the Company and allowed the Board of Directors to consider the appropriation of this sum among themselves until there was any change with voting

Approve -335,668,064- votes

Disapprove -6,478- votes

Abstain -1,466- votes

**Agenda 8. To consider other businesses (if any).**

This agenda does not have any topic raised to consider by shareholders but shareholders are questioning the Board as follows;

1. Mr.Apirum Punyaphol; shareholder: suggested:

- Suggested to open more shops to sell company's products in university as the university students, ages 15-35, make buying decisions much faster.

- What would the Chairman do to make PAF survives?

2. Mr.Thara Chonpranee; shareholders, questioned and suggested:

- How can the Company build the confidence? For example; open new markets, build company's own brand.

Mr.Boonkiet Chokwattana; Chairman and CEO, clarified: Pan Asia Footwear PLC. has faced the big impact from export and the main reason is about the delivery and efficiency. Currently, the Company is downsizing, taking small order which can make profits. Also, we are developing our own brand for export. Human resource development – attitude of Management team and employees, is another focus which will take some time. However, as an executive management of Saha Group, he will do the best to improve company's circumstance.

When nobody proposed other businesses, the chairman thanked every shareholder and declared closing of the meeting

The meeting closed at 5:40 pm.

Mr. Boonkiet Chokwattana

( Mr.Boonkiet Chokwattana )

Chairman of the meeting

Certified True Copy

Mr.Wichit Prayoonwiwat, Mr.Sommat Khunset

(Mr.Wichit Prayoonwiwat, Mr.Sommat Khunset)

Director