



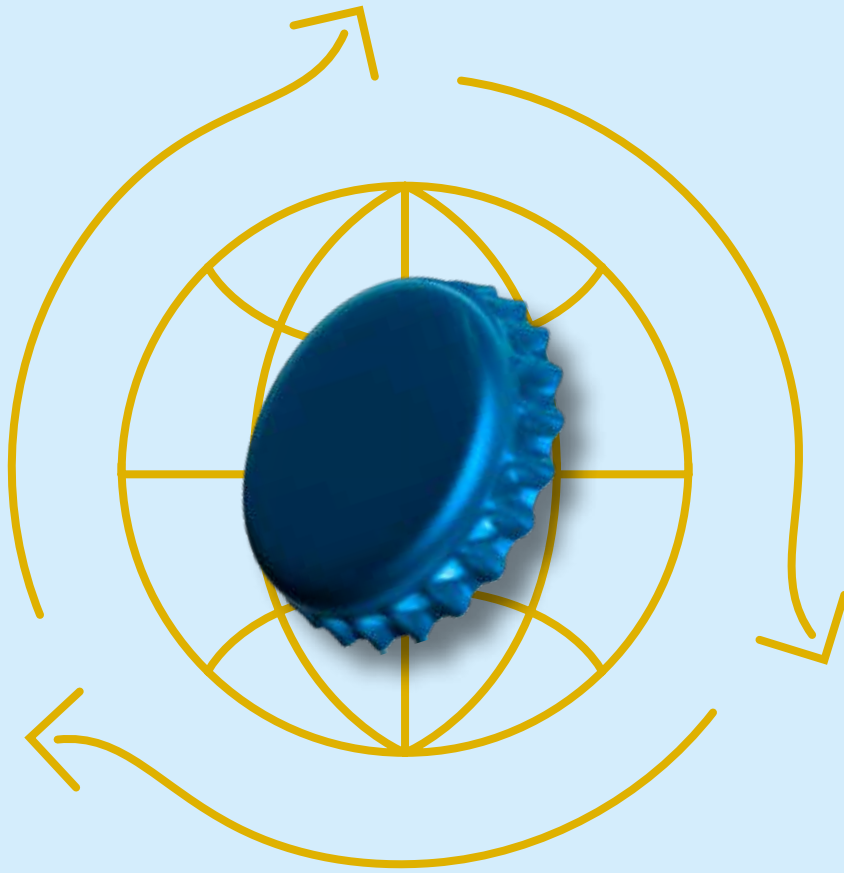
บริษัท ฝาจีบ จำกัด (มหาชน)

Crown Seal Public Company Limited

ANNUAL REPORT  
**2018**

รายงานประจำปี 2561





*The best cap for  
simple life*

# Vision Mission



## Vision

Aim to be highly competitive, innovative and quality comprehensive cap provider with total solutions to satisfy ASEAN and target countries demand



## Mission

1. Be highly cost competitive provider
2. Provide high quality and innovative cap closures with total solutions
3. Maintain leader status on metal caps
4. Grow market share in plastic caps
5. Enter new market segmentations other than food and beverage markets
6. Enhance our people to be excellent knowledge with quality mind and consumer centric as well as disciplined employee
7. Be safe and happy workplace for our employee
8. Comply to good corporate governance and be responsible for social and environment



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Our Products





## Message from the Board of Directors



**Mr. Dhep Vongvanich**  
Chairman of the Board of Directors

Throughout the past, Crown Seal Public Company Limited has engaged in business of production of quality sealed packaging product that has been accepted by both domestic and foreign operators. The Company provides both pre-sale service and after sale service. In addition, the Company has continuously developed products and quality joining with business partners for all the time throughout. The Company has been certified for its quality management system in accordance with international standard and focused the importance of the environment and transparent business operation, based on good governance principles and joins as a member of the Thai Private Sector Collective Action Coalition against Corruption (CAC), which shows the Company's commitment. To be a part of creating a good Thai society.

In the year 2018, sales performance has grown continuously over the past year, from the Company commitment to develop products to meet the needs of customers and the development of management capabilities of the Company to be more systematic. However, the price of the Company's main raw materials, such as steel, aluminum and plastic has increased, while the rising of price of the Company is quite difficult and in some cases there is a price reduction due to competition. Therefore, it makes profits to be less than estimated profits. However, the Company is still committed to find ways to reduce production costs and expenses in order to have good and stable performance. The domestic beverage industry has changed the use of more diverse packaging product, to add difference to the goods. Therefore, the Company has project to develop products of the Company to be able to use with a wider variety of beverages, including changing of machines and increasing the efficiency of the machines to be fully used.

Furthermore, the Company also focuses importance of participants and stakeholders and employees of the Company and business partners, Including communities and the environment. The Company has treated and controlled several values so that values are correct, according to the regulations of the Department of Industrial Works and Pollution Control Department. There is proper treatment and disposal in accordance with environmental law requirements, so that it will not affect the community and the environment. This is the important goal of the Company.

The Board of Directors would like to thank to shareholders, investors, partners, customers and business partners, relevant government agencies giving confidence and supporting the operations of the Company well constantly. The Company would like to thank to all employees for their dedication and inspiration in bringing Crown Seal Public Company Limited to move forward steadily and securely, prepare to be ready for development and change things to be better, for the maximum benefit of the participants and stakeholders who always trust and rely on the Company well for all the time throughout.



# Financial Highlights

	Financial Statements in Which Equity Method is Applied			Separate Financial Statements		
	2018	2017	2016	2018	2017	2016
<b>Operating Results (Million Baht)</b>						
Total Revenue	-	2,822	3,012	3,191	2,816	3,012
EBITDA	-	472	634	580	463	643
Share of Loss from Investment in Associated Company	-	(6)	(8)	-	-	-
Net Profit	-	250	372	330	240	381
<b>Financial Status (Million Baht)</b>						
Total Assets	-	-	3,582	4,159	3,684	3,593
Total Liabilities	-	-	603	787	596	603
Total Shareholders' Equity	-	-	2,979	3,372	3,088	2,990
<b>Financial Ratios (%)</b>						
Net Profit Margin	-	8.85	12.36	10.4	8.54	12.65
Return On Assets	-	-	10.78	8.42	6.61	11.01
Return On Equity	-	-	13.10	10.22	7.91	13.37
Basic Earnings Per Share (Baht)	-	4.80	7.16	6.35	4.62	7.33
Diluted Earnings Per Share (Baht)	-	4.73	7.05	6.25	4.55	7.22
Book Value Per Share (Baht)	-	-	56.43	63.88	58.48	56.63



# Board of Directors



**Mr. Dhep Vongvanich**

Independent Director, Chairman of the Board of Directors  
and Chairman of the Executive Committee

**Mr. Pornwut Sarasin**

Vice - Chairman



**Mrs. Pilai Piemphongsarn**

Independent Director and Chairman of the Audit Committee

**Mr. Hisashi Nakajima**

Director



**Mr. Ichio Otsuka**

Director

**Mr. Satit Chanjavanakul**

Independent Director, Member of the Audit Committee  
and Chairman of the Nomination and Remuneration Committee



**Mr. Pongpanu Svetarundra**

Independent Director, Member of the Audit Committee  
and Member of the Nomination and Remuneration Committee





**Prof. Dr. Suwimon Keeratipibul**

Independent Director, Member of the Executive Committee  
and Member of the Nomination and Remuneration Committee

**Mr. Dhitivute Bulsook**

Director



**Mr. Yoshiki Miyatani**

Director

**Mr. Takayuki Sasou**

Director and  
Member of the Executive Committee



**Mr. Hisatoshi Itsubo**

Director and  
Member of the Nomination and Remuneration Committee

**Mr. Akihiko Kato**

Director and  
Member of the Executive Committee



**Mr. Panthep Supachaiyakit**

Director and Member of the Executive Committee

**Ms. Ratree Chanthum**

Company Secretary, Secretary to the Board of Directors  
and Secretary to the Executive Committee





# Management



**Mr. Panthep Supachaiyakit**  
President

**Mr. Takayuki Sasou**  
Senior Vice President - Technical



**Mr. Akihiko Kato**  
Vice President - Technical

**Mr. Ruj Tantsetthi**  
Vice President - Plant



**Mr. Preecha Suthivechakun**  
Vice President - Quality Assurance

**Mr. Peerasage Sopakanit**  
Deputy Vice President - Finance and Accounting





## Board of Directors



**Mr. Dhep Vongvanich**

Age 72 years

- Independent Director
- Chairman of the Board of Directors
- Chairman of the Executive Committee

- Nationality** - Thai
- Position** - Independent Director : Appointment as of 24 Jun. 2008
- Chairman of the Board of Directors : Appointment as of 15 Dec. 2016
- Chairman of the Executive Committee : Appointment as of 19 Feb. 2018

**Ratio of Shareholding (%)**\* -None-

**Education / Director Training Courses with IOD**

- Bachelor of Civil Engineering, Chulalongkorn University

**Past experience of 5 years retroactively**

- Present** - Independent Director, Chairman of the Board of Directors and Chairman of the Executive Committee Crown Seal Public Company Limited.
- Chairman TPC Vina Plastic and Chemical Corp., Limited.
- Advisor of the President Siam Cement Public Company Limited.
- SCG Country Executive Director Vietnam.
- Member of Board of Directors Thai Plastic and Chemicals Public Company Limited.
- Director Bangkok Industrial Gas Company Limited.
- Board of Commissioner PT. Indonesia Caps and Closures



**Mr. Pornwut Sarasin**

Age 59 years

- Vice-Chairman
- Authorized Director

- Nationality** - Thai
- Position** - Director : Appointment as of 24 Jun. 2015
- Vice-Chairman : Appointment as of 15 Dec. 2016

**Ratio of Shareholding (%)**\* 0.0415

**Education / Director Training Courses with IOD**

- MBA. Pepperdine University, USA.
- Director Accreditation Program (DAP 45)

**Past experience of 5 years retroactively**

- Present** - Vice-Chairman Crown Seal Public Company Limited.
- Chairman ThaiNamthip Company Limited.
- Director and Chairman of the Audit Committee Charoong Thai Wire & Cable Public Company Limited.
- Director Home Product Center Public Company Limited.
- Director AP (Thailand) Public Company Limited.
- Director Denso (Thailand) Company Limited.
- Director Honda Automobile (Thailand) Company Limited.
- Director Isuzu Motors (Thailand) Company Limited.
- Director Thai Asia Pacific Brewery Company Limited.
- Director Thai Bridgestone Company Limited.
- Director Thai-MC Company Limited.
- Director Tri Petch Isuzu Sales Company Limited.
- Director Tri Petch Isuzu Leasing Company Limited.
- 1999-2013** - Vice-Chairman ThaiNamthip Company Limited.

Crown Seal Public Company Limited



**Mrs. Pilai  
Piemphongsarn**

Age 82 years

- Independent Director
- Chairman of the Audit Committee

- Nationality** - Thai
- Position** - Independent Director : Appointment as of 12 Oct. 1999
- Chairman of the Audit Committee : Appointment as of 8 Dec. 2011

**Ratio of Shareholding (%)**\* -None-

**Education / Director Training Courses with IOD**

- Bachelor of Accountancy, Chulalongkorn University
- Certified Public Accountant (Thailand) (CPA.NO.2336)
- Honorary Certified Internal Auditor from The Institute of Internal Auditors (CIA.NO.30861)
- Director Certification Program (DCP 9/2001)

**Past experience of 5 years retroactively**

- Present**
- Independent Director and Chairman of the Audit Committee Crown Seal Public Company Limited.
  - President Audit and Management Consultant Company Limited.
  - Independent Director and Audit Committee Thaivivat Insurance Public Company Limited.



**Mr. Hisashi Nakajima**

Age 62 years

- Director
- Authorized Director

- Nationality** - Japanese
- Position** - Director : Appointment as of 4 Nov. 2015

**Ratio of Shareholding (%)**\* -None-

**Education / Director Training Courses with IOD**

- Bachelor of Mechanical Engineering, Hokkaido University, Japan

**Past experience of 5 years retroactively**

- Present**
- Director Crown Seal Public Company Limited.
  - President and Representative Board Director Nippon Closures Company Limited.
- 2013-Aug. 2015-
- Board Director and Executive Operating Officer, Head of Technical Development Headquarters Nippon Closures Company Limited.
- 2010-2013
- Operating Officer and Plant Manager, Ishioka Nippon Closures Company Limited.



**Mr. Ichio Otsuka**

Age 59 years

- Director

**Nationality** - Japanese

**Position** - Director : Appointment as of 8 Aug. 2017

**Ratio of Shareholding (%)**\* -None-

**Education / Director Training Courses with IOD**

- Bachelor of Mechanical Engineering, Keio University, Japan

**Past experience of 5 years retroactively**

- |           |   |
|-----------|---|
| Present   | - Director Crown Seal Public Company Limited.                           |
|           | - President Toyo Seikan Company Limited.                                |
| Apr. 2016 | - Director and Senior Executive Officer<br>Toyo Seikan Company Limited. |
| Jun. 2016 | - President Toyo Seikan Company Limited.                                |
| 2015      | - Executive Officer Toyo Seikan Company Limited.                        |
| 2014      | - Operating Officer Toyo Seikan Group Holdings Company Limited.         |
| 2013      | - Operating Officer Toyo Seikan Company Limited.                        |



**Mr. Satit Chanjavanakul**

Age 70 years

- Independent Director
- Member of the Audit Committee
- Chairman of the Nomination and Remuneration Committee

**Nationality** - Thai

**Position** - Independent Director : Appointment as of 29 Jun. 2009  
- Audit Committee : Appointment as of 20 Feb. 2010  
- Nomination and Remuneration Committee :  
Appointment as of 19 Feb. 2018

**Ratio of Shareholding (%)**\* -None-

**Education / Director Training Courses with IOD**

- M.A. [Business Administration], Thammasat University
- M.Sc. [Textile Technology], University of Leeds, U.K.
- Director Certification Program (DCP 83/2007)
- Board Nomination & Compensation Program (BNCP 5/2018)

**Past experience of 5 years retroactively**

- |         |  |
|---------|--|
| Present | - Independent Director, Member of the Audit Committee and<br>Chairman of the Nomination and Remuneration Committee<br>Crown Seal Public Company Limited. |
|         | - Chairman SNC Former Public Company Limited.  |
|         | - Independent Director and the Audit Committee<br>Asia Plus Group Holdings Public Company Limited.   |
|         | - Independent Director and the Audit Committee<br>Lalin Property Public Company Limited.   |
|         | - Independent Director and the Audit Committee<br>Thai Agro Energy Public Company Limited.   |
|         | - Director Asia Plus Securities Company Limited.   |
|         | - Director SPC Home Ideas Company Limited.   |
|         | - Director Witcorp Products Company Limited.   |



## Mr. Pongpanu Svetarundra

Age 59 years

- Independent Director
- Member of the Audit Committee
- Member of the Nomination and Remuneration Committee

- Nationality** - Thai
- Position**
- Independent Director : Appointment as of 8 Dec. 2011
  - Member of the Audit Committee : Appointment as of 8 Dec. 2011
  - Member of the Nomination and Remuneration Committee : Appointment as of 19 Feb. 2018

**Ratio of Shareholding (%)**\* -None-

### Education / Director Training Courses with IOD

- M.A.(Economics), Northwestern University, USA.
- Financial Statements for Directors (FSD 2/2008)
- Role of the Chairman Program (RCP 21/2009)

### Past experience of 5 years retroactively

- Present
- Independent Director, Member of the Audit Committee and Member of the Nomination and Remuneration Committee Crown Seal Public Company Limited.
  - Independent Director and Nomination and Remuneration Committee Asset World Corp Public Company Limited.
- 2016-2018
- Permanent Secretary Ministry of Tourism and Sports.
- 2012-2017
- Director TMB Bank Public Company Limited.
- 2009-2016
- Director Thaisri Insurance Public Company Limited.
- 2013-2015
- Director Thai Airways International Public Company Limited.
- 2011-2015
- Deputy Permanent Secretary Ministry of Finance.



## Prof. Dr. Suwimon Keeratipibul

Age 64 years

- Independent Director
- Member of the Executive Committee
- Member of the Nomination and Remuneration Committee

- Nationality** - Thai
- Position**
- Independent Director : Appointment as of 26 Apr. 2010
  - Member of the Executive Committee : Appointment as of 19 Feb. 2018
  - Member of the Nomination and Remuneration Committee : Appointment as of 19 Feb. 2018

**Ratio of Shareholding (%)**\* -None-

### Education / Director Training Courses with IOD

- Doctor and Master of Engineering (Fermentation Technology), Hiroshima University, Japan
- Director Accreditation Program (DAP 97/2012)

### Past experience of 5 years retroactively

- Present
- Independent Director, Member of the Executive Committee and Member of the Nomination and Remuneration Committee Crown Seal Public Company Limited.
  - Lecturer at the Department of Food Technology Faculty of Science, Chulalongkorn University
  - Independent Director President Bakery Public Company Limited.
- 1997-2011
- Representative of the Food Industry Group The Federation of Thai Industries in Codex Committee on Food Hygiene of Codex Alimentarius Commission, Organized by Food and Agriculture Organization (FAO) and World Health Organization (WHO) of UN.



**Mr. Dhitivute Bulsook**

Age 50 years

- Director

**Nationality** - Thai

**Position** - Director : Appointment as of 20 Feb. 2010

**Ratio of Shareholding (%)**\* 0.0120

**Education / Director Training Courses with IOD**

- MBA of Babson College, USA
- Bachelor of Engineering, Chulalongkorn University
- Director Certification Program  
(DCP 78/2006 - English Program)

**Past experience of 5 years retroactively**

- Present
- Director Crown Seal Public Company Limited.
  - Director Sermasuk Public Company Limited.
  - Director Petform (Thailand) Company Limited.
  - Director Sermasuk Holding Company Limited.
  - Director Sermasuk Beverage Company Limited.
  - Director Sermasuk Training Company Limited.
  - Director Great Brands Limited.
  - Director Wrangyer Beverage (2008) Company Limited.
  - Director ThaiDrinks Company Limited.
- 2011-Sep. 2015 - President Sermasuk Public Company Limited.



**Mr. Yoshiki Miyatani**

Age 60 years

- Director

**Nationality** - Japanese

**Position** - Director : Appointment as of 28 Apr. 2016

**Ratio of Shareholding (%)**\* -None-

**Education / Director Training Courses with IOD**

- Bachelor of Business Administration,  
Meiji University, Japan

**Past experience of 5 years retroactively**

- Present
- Director Crown Seal Public Company Limited.
  - President Bangkok Can Manufacturing Company Limited.
  - President Next Can Innovation Co., Ltd.
  - Director Toyo Seikan (Thailand) Company Limited.
  - Director Kanagata (Thailand) Co., Ltd.
  - Director Global Eco-can Stock (Thailand)  
Company Limited.
  - Operating Officer Toyo Seikan Company Limited.
  - Operating Officer Toyo Seikan Group Holdings  
Company Limited.



## Mr. Takayuki Sasou

Age 63 years

- **Director**
- **Member of the Executive Committee**
- **Authorized Director**

- Nationality** - Japanese
- Position** - Director : Appointment as of 19 Apr. 2017
- Member of the Executive Committee :  
Appointment as of 19 Feb. 2018

**Ratio of Shareholding (%)**\* -None-

### Education / Director Training Courses with IOD

- Bachelor Degree, Department of Mechanical Engineering, Faculty of Engineering Division, Tokyo City University

### Past experience of 5 years retroactively

- |         |   |
|---------|---|
| Present | - Director and Member of the Executive Committee Crown Seal Public Company Limited. |
|         | - Advisor (In charge of CSC) Nippon Closures Company Limited.                       |
|         | - Director Bangkok Can Manufacturing Company Limited.                               |
| 2013    | - Executive Operating Officer Production Nippon Closures Company Limited.           |
| 2010    | - Operating Officer Plant Manager, Komaki Nippon Closures Company Limited.          |



## Mr. Hisatoshi Itsubo

Age 56 years

- **Director**
- **Member of the Nomination and Remuneration Committee**

- Nationality** - Japanese
- Position** - Director : Appointment as of 7 Nov. 2017
- Member of the Nomination and Remuneration Committee :  
Appointment as of 19 Feb. 2018

**Ratio of Shareholding (%)**\* -None-

### Education / Director Training Courses with IOD

- Bachelor Degree of Sociology, Kansai University, Japan

### Past experience of 5 years retroactively

- |           |   |
|-----------|---|
| Present   | - Director and Member of the Nomination and Remuneration Committee Crown Seal Public Company Limited. |
|           | - Operating Office Corporate Planning Nippon Closures Company Limited.                                |
| Apr. 2018 | - Operating Office Global Business Planning Nippon Closures Company Limited.                          |
| Apr. 2016 | - General Manager Operational Headquarter Nippon Closures Company Limited.                            |
| Jan. 2015 | - Head of Procurement Center Toyo Seikan Group Holdings Company Limited.                              |
| Apr. 2012 | - General Manager-Procurement Toyo Seikan Kaisha Company Limited.                                     |





## Mr. Akihiko Kato

Age 53 years

- Director
- Member of the Executive Committee

- Nationality** - Japanese
- Position** - Director : Appointment as of 19 Feb. 2018
- Member of the Executive Committee :  
Appointment as of 19 Feb. 2018

**Ratio of Shareholding (%)**\* -None-

### Education / Director Training Courses with IOD

- Bachelor's Degree of Mechanical Engineering, Chubu University, Japan.

### Past experience of 5 years retroactively

- Present - Director and Member of the Executive Committee Crown Seal Public Company Limited.
- Manager of Production Promotion Dep. Nippon Closures Company Limited.
- Apr.-May 2017 - Manager of Corporate Planning Sec, Operational HQ Nippon Closures Company Limited.
- Sep. 2014 - President Riguan Closure (Changshu) Co.,Ltd.
- Apr. 2014 - Manager of Quality Control Dep. of Okayama factory Nippon Closures Company Limited
- Apr. 2013 - Manager of Engineering Dep. of Okayama factory Nippon Closures Company Limited.



## Mr. Panthep Supachaiyakit

Age 64 years

- Director
- Member of the Executive Committee
- Authorized Director

- Nationality** - Thai
- Position** - Director : Appointment as of 25 Apr. 2018
- Member of the Executive Committee :  
Appointment as of 19 Feb. 2018

**Ratio of Shareholding (%)**\* -None-

### Education / Director Training Courses with IOD

- MBA. Marketing, GSB (Booth School), The University of Chicago
- Bachelor of Engineering (mechanical), College of Engineering, Chulalongkorn University
- Director Accreditation Program (DAP 102/2013)
- Director Certification Program (DCP 203/2016)

### Past experience of 5 years retroactively

- Present - Director and Member of the Executive Committee Crown Seal Public Company Limited.
- Director Thai British Security Printing Public Company Limited.
- 1 Jan. 2015 - Senior Advisor SCG Paper
- 1 May 2014 - Managing Director-Phoenix Pulp and Paper Thai paper/Thai Union Paper, SCG Paper
- 16 Jul. 2012 - Managing Director Thai paper/ Thai Union Paper, SCG Paper
- 01 Feb. 2012 - Chief Marketing Officer and Managing Director-SFCC SCG Building Material



## Ms. Ratree Chanthum

Age 36 years

- **Company Secretary**
- **Secretary to the Board of Directors**
- **Secretary to the Executive Committee**

- Nationality** - Thai
- Position** - Company Secretary : Appointment as of 1 May 2018
- Secretary to the Board of Directors : Appointment as of 1 May 2018
- Secretary to the Executive Committee : Appointment as of 1 May 2018

**Ratio of Shareholding (%)**\* -None-

### Education / Director Training Courses with IOD

- Master of Business Administration (International Business Management), Sripatum University
- Company Secretary Program (CSP) 74/2016
- Anti-Corruption: The Practical Guide (ACPG) 33/2016
- Effective Minutes Taking (EMT) 39/2017
- Fundamentals Practice for Corporate Secretaries 1/2559
- Advances for Corporate Secretaries 1/2559

### Past experience of 5 years retroactively

- Present - Company Secretary Office Manager, Company Secretary, Secretary to the Board of Directors and Secretary to the Executive Committee Crown Seal Public Company Limited.
- 2016-Apr. 2018 - Company Secretary Thai British Security Printing Public Company Limited

Remarks 1. All above 14 Directors have not family relations.

2. \* Ratio of shareholding includes shares of spouse and minor children.



## Management



**Mr. Panthep  
Supachaiyakit**

Age 64 years

- **President**

**Nationality** - Thai  
**Position** - President : Appointment as of 1 Oct. 2017  
**Ratio of Shareholding (%)**\* -None-

**Education / Director Training Courses with IOD**

- MBA. Marketing, GSB (Booth School), The University of Chicago
- Bachelor of Engineering (mechanical), College of Engineering, Chulalongkorn University
- Director Accreditation Program (DAP 102/2013)
- Director Certification Program (DCP 203/2016)

**Past experience of 5 years retroactively**

Present - President Crown Seal Public Company Limited.  
- Director Thai British Security Printing Public Company Limited.  
1 Jan. 2015 - Senior Advisor SCG Paper  
1 May. 2014 - Managing Director-Phoenix Pulp and Paper Thai paper/Thai Union Paper, SCG Paper  
16 Jul. 2012 - Managing Director Thai paper/ Thai Union Paper, SCG Paper  
01 Feb. 2012 - Chief Marketing Officer and Managing Director-SFCC SCG Building Material



**Mr. Takayuki Sasou**

Age 63 years

- **Senior Vice President  
- Technical**

**Nationality** - Japanese  
**Position** - Senior Vice President-Technical : Appointment as of 16 Jul. 2017

**Ratio of Shareholding (%)**\* -None-

**Education / Director Training Courses with IOD**

- Bachelor Degree, Department of Mechanical Engineering, Faculty of Engineering Division, Tokyo City University

**Past experience of 5 years retroactively**

Present - Senior Vice President-Technical Crown Seal Public Company Limited.  
- Advisor (In charge of CSC) Nippon Closures Company Limited.  
- Director Bangkok Can Manufacturing Company Limited.  
2013 - Executive Operating Officer Production Nippon Closures Company Limited.  
2010 - Operating Officer Plant Manager, Komaki Nippon Closures Company Limited.



**Mr. Akihiko Kato**

Age 53 years

- Vice President-Technical

**Nationality** - Japanese

**Position** - Vice President-Technical : Appointment as of 1 Feb. 2018

**Ratio of Shareholding (%)**\* -None-

**Education / Director Training Courses with IOD**

- Bachelor Degree of Mechanical Engineering,  
Chubu University, Japan.

**Past experience of 5 years retroactively**

- |               |   |   |
|---------------|---|---|
| Present       | - | Vice President-Technical<br>Crown Seal Public Company Limited.                        |
|               | - | Manager of Production Promotion Dep.<br>Nippon Closures Company Limited.              |
| Apr.-May 2017 | - | Manager of Corporate Planning Sec, Operational HQ<br>Nippon Closures Company Limited. |
| Sep. 2014     | - | President Riguan Closure (Changshu) Co.,Ltd.  |
| Apr. 2014     | - | Manager of Quality Control Dep. of Okayama factory<br>Nippon Closures Company Limited |
| Apr. 2013     | - | Manager of Engineering Dep. of Okayama factory<br>Nippon Closures Company Limited.    |



**Mr. Ruj Tantsetthi**

Age 54 years

- Vice President-Plant

**Nationality** - Thai

**Position** - Vice President-Plant : Appointment as of 1 Jun. 2012

**Ratio of Shareholding (%)**\* 0.0019

**Education / Director Training Courses with IOD**

- Master of Business Administration  
(Major Organization Management),  
Dhurakij Pundit University

**Past experience of 5 years retroactively**

- |           |   |  |
|-----------|---|--|
| Present   | - | Vice President-Plant<br>Crown Seal Public Company Limited. |
| 2005-2012 | - | Production 1 Manager<br>Crown Seal Public Company Limited. |



**Mr. Preecha  
Suthivechakun**

Age 52 years

- Vice President-  
Quality Assurance

**Nationality** - Thai

**Position** - Vice President-Quality Assurance :  
Appointment as of 1 Jul. 2018

**Ratio of Shareholding (%)**\* -None-

**Education / Director Training Courses with IOD**

- Master of Business Administration (Management)  
Kasetsart University

**Past experience of 5 years retroactively**

Present - Vice President-Quality Assurance  
Crown Seal Public Company Limited.

2016-Sep. 2018- Deputy Vice President- Quality Assurance  
Crown Seal Public Company Limited.

2014-2015 - Plastic Cap Production Manager  
Crown Seal Public Company Limited.



**Mr. Peerasage  
Sopakanit**

Age 38 years

- Deputy Vice President-  
Finance and Accounting

**Nationality** - Thai

**Position** - Deputy Vice President-Finance and Accounting :  
Appointment as of 1 May 2018

**Ratio of Shareholding (%)**\* -None-

**Education / Director Training Courses with IOD**

- Master of Accountancy Degree,  
Chulalongkorn University

**Past experience of 5 years retroactively**

Present - Deputy Vice President-Finance and Accounting  
Crown Seal Public Company Limited.

2016-Mar. 2018- Senior Manager Financial and Accounting  
Mary Anne Dairy Product Company Limited

2015-2016 - Financial and Accounting Manager  
Inter hides Public Company Limited

2010-2015 - Accounting Manager and Board of Audit Committee  
Secretary Saha Thai Steel Pipe Public Company Limited

Remarks 1. All above 6 executives have not family relations.  
2.\* Ratio of shareholding includes shares of spouse and minor children



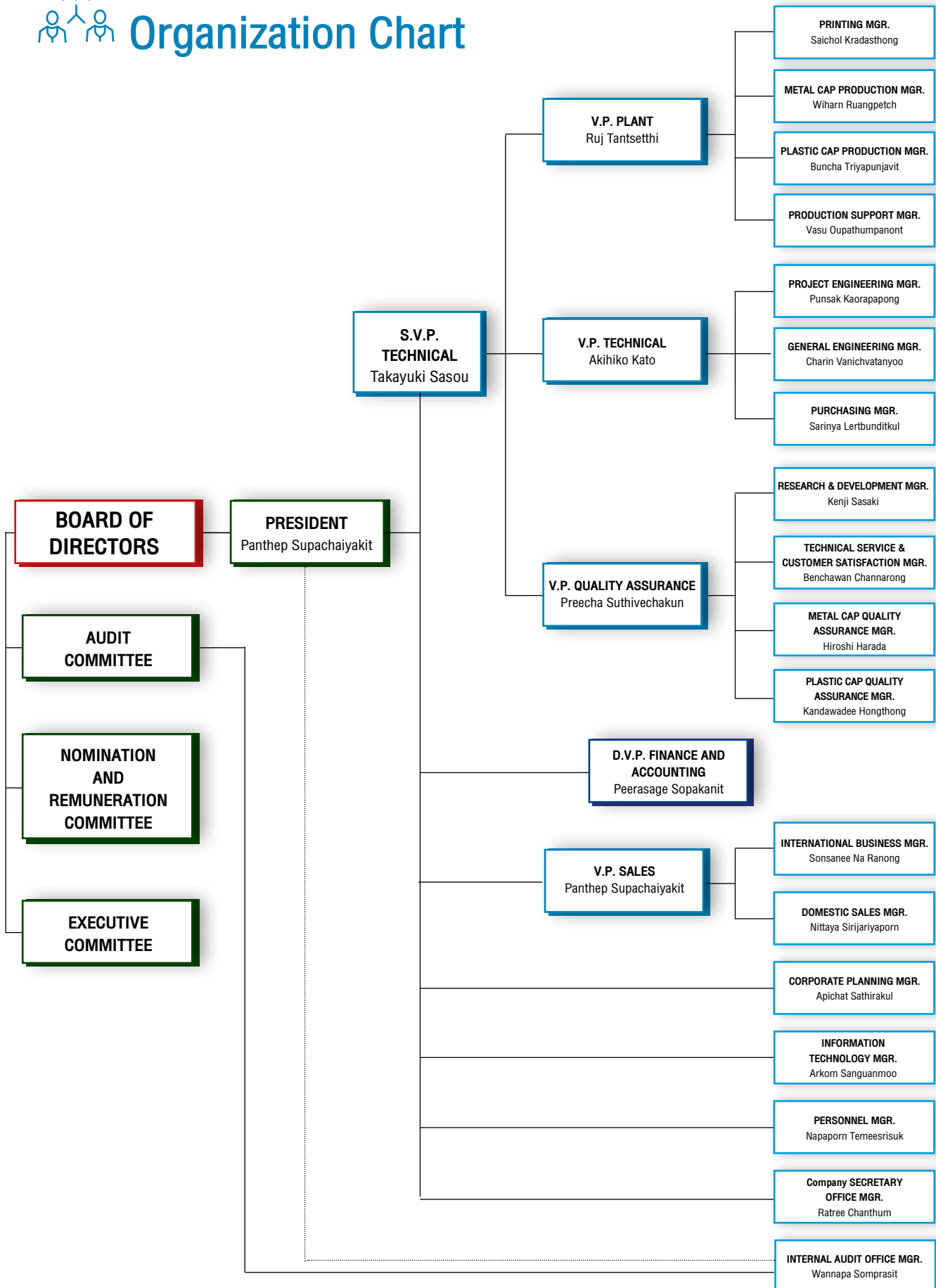
# Report on changes in securities holding by Company directors and management members as of December 31, 2018

Name		No. of shares									Shareholding ratio in year 2018
		As of December 31, 2017			As of December 31, 2018			Increase (Decrease)			
		Direct	Indirect *	Total	Direct	Indirect *	Total	Direct	Indirect *	Total	
1.	Mr. Dhep Vongvanich	-	-	-	-	-	-	-	-	-	-
2.	Mr. Pornwut Sarasin	21,926	-	21,926	21,926	-	21,926	-	-	-	0.0415
3.	Mrs. Pilai Piemphongsarn	-	-	-	-	-	-	-	-	-	-
4.	Mr. Hisashi Nakajima	-	-	-	-	-	-	-	-	-	-
5.	Mr. Ichio Otsuka	-	-	-	-	-	-	-	-	-	-
6.	Mr. Satit Chanjavanakul	-	-	-	-	-	-	-	-	-	-
7.	Mr. Pongpanu Svetarundra	-	-	-	-	-	-	-	-	-	-
8.	Prof.Dr. Suwimon Keeratipibul	-	-	-	-	-	-	-	-	-	-
9.	Mr. Dhitivute Bulsook	6,320	-	6,320	6,320	-	6,320	-	-	-	0.0120
10.	Mr. Yoshiki Miyatani	-	-	-	-	-	-	-	-	-	-
11.	Mr. Takayuki Sasou	-	-	-	-	-	-	-	-	-	-
12.	Mr. Hisatoshi Itsubo	-	-	-	-	-	-	-	-	-	-
13.	Mr. Akihiko Kato	-	-	-	-	-	-	-	-	-	-
14.	Mr. Panthep Supachaiyakit	-	-	-	-	-	-	-	-	-	-
15.	Mr. Ruj Tantsetthi	1,000	-	1,000	1,000	-	1,000	-	-	-	0.0019
16.	Mr. Preecha Suthivechakun	-	-	-	-	-	-	-	-	-	-
17.	Mr. Peerasage Sopakanit	-	-	-	-	-	-	-	-	-	-
18.	Ms. Ratree Chanthum	-	-	-	-	-	-	-	-	-	-
Total		29,246	-	29,246	29,246	-	29,246	-	-	-	0.0554

Remark : \*Shareholding by spouse and minor children including any person holding share in the replacement of director, management or controlling person.



# Organization Chart







## General Information

<b>Name</b>	Crown Seal Public Company Limited (CSC)
<b>Type of Business</b>	Manufacturing and Sale of Crown Caps, Pilfer-Proof Caps, Maxi Series Plastic Caps and Composite Caps
<b>Registration No.</b>	0107537000416 (Bor Mor Jor 288)
<b>Authorized Capital</b>	528,000,000 Baht
<b>Paid-up Capital</b>	528,000,000 Baht
<b>Par Value</b>	10 Baht
<b>By dividing into</b>	Ordinary share 52,000,742 Shares Preferred share 799,258 Shares
<b>Address</b>	5 Soi Rangsit-Nakornnayok 46, Prachatipat, Tanyaburi, Pathumthani 12130
<b>Telephone</b>	(662) 533-0450-9
<b>Fax</b>	(662) 974-1118
<b>Website</b>	www.crownseal.co.th
<b>Company Secretary</b>	Ms. Ratree Chanthum Tel: (662) 533-0450-9 # 638 E-mail: ratree@crownseal.co.th
<b>Company Registrar</b>	Thailand Securities Depository (Thailand) Company Limited. 93 Rachadapisek Rd., Dindaeng, Dindaeng, Bangkok 10400 Tel : (662) 009-9000 Fax : (662) 009-9991
<b>Independent Auditor</b>	Ms. Sirinuch Vimolsathit and/or Ms. Nareewan Chaibantad and/or Ms. Sawitree Ongksirimemongkol KPMG Phoomchai Audit Limited. 50 <sup>th</sup> Floor, Empire Tower 1, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120, Thailand Tel : (662) 677-2000 Fax : (662) 677-2222
<b>Legal Consultant</b>	KNSAT Legal & Tax Co., Ltd. 444, Olympia Thai Tower, 4 <sup>th</sup> Floor, Ratchadapisek Rd., Samsennok, Huay Kwang, Bangkok 10310 Tel : (662) 541-4214-6 Fax : (662) 541-4200
<b>Juristic person where the Company's shareholding at least 10%</b>	
<b>PT. Indonesia Caps and Closures</b>	
<b>Address</b>	: Kawasan Industri MM2100. Jl. Madura I block LI0, Kel. Cikedokan Cikarang Indonesia
<b>Type of Business</b>	: Manufacturing and Sale of Plastic Cap
<b>Telephone</b>	: (62) 021-3860888
<b>Fax</b>	: (62) 021-3520908
<b>Number of Share</b>	: 14,375 Shares (12.08% of registered capital)
<b>Type of Share</b>	: Ordinary share



# Company's Overview

## 1. Company Business Overview

Crown Seal Public Company Limited is a manufacturer and distributor of Crown Caps, Pilfer-Proof Caps, Maxi Caps, Plastic Caps and Composite Cap used as bottling and container seals for products namely carbonated drinks, milk, beer, liquor, soda, drinking water and medical supplies including the hand-held capping machine and Maxi-Cap Sealing machine. Furthermore the Company also earns the revenue from the printed sheets service.

Crown Seal Public Company Limited was established in 1968 by receiving technological supports from Nippon Closers Co., Ltd., a Company in Toyo Seikan Group Holdings Co., Ltd. of Japan. With the high quality products and sufficient production capacity, the Company has distributed the products to leading customers both in country and overseas with the sales revenue of over 2,800 Million Baht per year at the present. Major shareholders are in the packaging industrial and beverage group: such as; Nippon Closers Co., Ltd., Toyo Seikan Co., Ltd., Boon Rawd Brewery Co., Ltd., ThaiNamthip Co., Ltd., Serm Suk Public Co., Ltd. and Green Spot Co., Ltd.

Throughout the operational period of being engaged in the business of caps and closures packaging, the Company has developed and built up long standing relations with the customers by firmly adhering to the productions of quality products and create satisfactions to the customers which, in this respect, leading technology from Toyo Seikan Group Holdings Co., Ltd., is used in the productions. In addition, the Company has still devoted its utmost effort and firmly determined at all out endeavor possible to step forward in becoming the leader in packaging in the future.

## 2. Significant Change and Development

Crown Seal Public Company Limited was registered for incorporation as a juristic person under the category of a limited Company on 26 April 1968 with the initial registered capital of 100,000,000 Baht divided into 10,000,000 ordinary shares with par value of 10 Baht each. The Company was established through a joint venture of a domestic beverage production companies with Berli Jucker Co., Ltd. and Toyo Seikan Kaisha Co., Ltd., where providing academic and technical assistances on the productions of Crown Caps, Pilfer-Proof Caps and Maxi Caps.

The Company was granted to be a listed Company in the Stock Exchange of Thailand on 30 December 1977.

On 2 February 1994, the Company made a registration converting its status to a Public Company Limited in accordance with Public Company Limited Act, B.E.2535, under the Registration No.Bor.Mor.Jor.288 (PLC.288). The Registration Number is currently changed to 0107537000416.

### **The Year 2012:**

- The Company increased the capital in Petpak Co., Ltd., twice, thus, accounting for a total of 180,000 shares at 450 Baht per share, hence totaling amounting to 81 Million Baht which consequently resulting in the Company to have its shares in Petpak Co., Ltd., increased to a total of 260,000 shares or 18.6% of the total number of the shares.

#### **The Year 2013:**

- Toyo Seikan Kaisha Co., Ltd., who is the Group's parent Company, changed its structure and renamed it to Toyo Seikan Group Holdings Co., Ltd., and transferred all 5,280,000 shares of Crown Seal Public Company Limited or 10% of the total number of the shares to Toyo Seikan Co., Ltd., which is a subsidiary Company that its total shares were held by Toyo Seikan Group Holdings Co., Ltd., since 1 April 2013.
- Japan Crown Cork Co., Ltd., the major shareholder of the Company in the totaling number of 19,843,338 shares or 37.58% of the total number of shares changed its name to Nippon Closers Co., Ltd., since 1 April 2013.
- The Company sold its 120,000 shares in Petpak Co., Ltd., at the price of 483.48 Baht per share to Toyo Seikan Group Holdings Co., Ltd., so that the Company's shares in Petpak Co., Ltd., remaining at 140,000 or 10.0% of the registered capital.

#### **The Year 2014:**

- The Company had jointed with Nippon Closures Co., Ltd., and Davlyn Steel Corporation (Hong Kong) Co.,Ltd. to establish a new Company called "PT. Indonesia Caps and Closures" to manufacture and distribute caps and closures in the Republic of Indonesia. It registered capital were 5,750,000 US Dollar, the number of share holding at 14,375 shares or 25.0% of the registered capital.

#### **The Year 2015:**

- There was no significant change.

#### **The Year 2016:**

- The Company has joined the declaration of intent in view of establishing Thailand's Private Sector Collective Action Coalition Against Corruption.
- The Company had written off the investment in Heritage Stoneware Co., Ltd. amounting 10 Million Baht which had been reserved the full allowance for loss on diminution in value since 1998. The Company had gone bankrupt and the Central Bankruptcy Court ordered closing the case in the year 2016.

#### **The Year 2017:**

- The Company sold its 140,000 shares in Petpak Co., Ltd., at the price of 303 Baht per share to Bangkok Glass Plc. The Company is not a shareholder in Petpak Co., Ltd.
- The Company had waived the rights to purchase 15,375 increased capital ordinary shares of PT. Indonesia Caps and Closures or 25% of the increased capital ordinary shares of 9,225 shares to Nippon Closures Co., Ltd. or 15% and to Davlon Steel Corporation (Hong Kong) Co., Ltd. of 6,150 shares or 10% of the number of CSC's waived capital-increasing shares, after capital increased of ICC the Company shareholding in ICC of 14,375 shares or 12.08% of the registered capital of ICC.
- Crown Seal Public Company Limited received a membership certificate of Thailand's Private Sector Collective Action Coalition against Corruption (CAC) from the CAC Council in "Thailand's 8th National Conference on Collective Action Against Corruption", held on November 21, 2017.

#### **The Year 2018:**

- There was no significant change.

### 3. Ownership Structure of the Company in affiliated companies

Company's Name	Type of Business	Type of Share	Registered Capital	% Share Holding
<b>Affiliated Companies</b>				
<b>PT. Indonesia Caps and Closures</b>	Plastic Packaging	Common	11.90 Million USD	12.08
<b>Bangkok Can Manufacturing Co., Ltd.</b>	Easy open end, 2&3 pieces can	Common	1,800 Million Baht	1.6

### 4. Relation between the major shareholders business

The Company receives technology supports from Toyo Seikan Co., Ltd. and Nippon Closures Co., Ltd. of Japan. As a result, the Company paid the royalty fee by percentage of net sales amount of each product along with other expenses if necessary for technician coming from Japan.

## Our Products

**Crown Cap** used to seal glass bottle and made of extruded tinplate coated with sealing materials inside to prevent leakage. When it is tightly sealed, the quality of the drink or product in the bottle will be well preserved. Therefore it is suitable for sealing bottles of soft drink, beer, soda, tea, soy milk and juice.

**Pilfer-proof cap** used to seal glass bottle and made of extruded aluminum sheet in a cylinder form. There is a perforated line between the cap and its rim while the layer under the cap surface is filled with anti-rust proof and lining compound to prevent leakage. It is suitable for the products filled with gas or sterilization with heat. The pilfer-proof cap is convenient for various products such as soft drink, healthy beverage, energy drink, sport drink, alcoholic, drug and soy milk.

**Plastic cap** used to seal glass and plastic bottles. The external thread cap is provided perforated line between the cap and its rim. It is suitable for various products such as soft drink, green tea drink, juice, drinking water, soy milk, health beverage and others.

**Maxi crown cap** used to seal glass bottle and made from extruded tinplate with internal thread and the layer under the surface of the cap is filled with leak resistance lining compound. It is convenient for non-refrigerated products such as alcoholic.

**Maxi Cap** used to seal glass bottle and made of extruded aluminum sheet and thread while the layer under the surface of the cap is filled with leak resistance lining compound. It is suitable to products filled with gas or sterilization with heat. It is suitable for refrigerated products with anti-rust cap such as drinking water, beer, alcoholic and juice.

**Maxi-PG cap** used to seal glass bottle and made of extruded aluminum sheet and threaded while the layer under the surface of the cap is filled with leak resistance lining compound. It is suitable for the products filled with gas or having been through pasteurization process. The plastic pulling ring is convenient for the refrigerated products with anti-rust cap such as drinking water, beer, alcoholic, juice and healthy drink.

**Composite cap** is made from plastic through the blow molding process and is coupled with metal sheet and attached with anti-leak lining compound. The ribbed cap is arranged to prevent slippery and perforated between the cap and its rim. It is suitable for the products like essence of chicken, bird's nest drink, concentrated juice and healthy drink.

**Crimping machine** is specially designed to tightly seal the cap with the glass bottle to prevent leakage of the product inside. The machine is lightweight and conveniently portable.

**Maxi cap sealing machine** is a semi-automatic pneumatic crimping machine with single head which could seal Maxi cap, Maxi crown cap and Maxi PG cap with glass bottle efficiently to keep the quality of the product long lasting.

**Printing Service** is provided for coating, printing on steel plate and aluminum sheets before forming shaped. The service is also cover to design, pattern from the high technology printing system.

## Revenue structure of the Company for the past 3 years

Revenue Type	2018		2017		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Net Income</b>						
1. Manufacture and Sales of caps	2,686.40	84.18	2,486.05	88.29	2,710.90	89.99
2. Printing Service and Sales of Printed Sheets	154.18	4.83	179.87	6.39	173.15	5.75
3. Others Income*	350.71	10.99	149.89	5.32	128.42	4.26
<b>Total Revenues of consolidated financial statements</b>	<b>3,191.29</b>	<b>100.00</b>	<b>2,815.81</b>	<b>100.00</b>	<b>3,012.47</b>	<b>100.00</b>

Remark : \*Indicating in accordance to consolidated financial statements which include other revenues such as income from sales of scrap metal, administration, and others.

## Marketing and competition

### Marketing strategies of the Company in 2018 are as follows:-

#### 1. Product quality

The policy of the Company to conduct its business is clearly arranged under various international quality certification systems through development and maintenance of quality system to manufacture the products of the Company in accordance with the requirements of those quality certification systems consistently to ensure that the quality of the products has satisfied the needs of the customers and is safe and suitable for further employment such as:

- Quality Management System ISO 9001:2015
- Environmental Management System ISO 14001:2015
- Food Safety System Certification FSSC 22000:2013 (Food Safety System)
- Occupational Health And Safety Management System (BS OHSAS 18001:2007, MorOrKor. 18001-2554)
- Good Manufacturing Practice - GMP
- Hazard Analysis and Critical Control Point - HACCP

In addition, the Company has emphasized on Small Group Activity to ensure that the target is in accordance with the Main action plan of the Company, energy conservation and preparation of 6 S's (5 S + Safety) and Kaizen so the employees are aware of food production supervision (Hazard and participation in continuous development of the work to maintain the confidence of the customers to employ the products of the Company before the products are completely delivered to the consumers.

#### 2. Price

The Company has undertaken its business transparently and fairly while the product is reasonably priced with consideration on change in production costs, production volume and volume of transactions of each customer. The selling price is consistently reviewed to satisfy the current market condition and competition. Besides assessment and analysis has been conducted for cost management for the customers which have employed the bidding system and have a tendency to increase, both domestic and oversea customers.

### 3. Services

The Company has put its focus on presentation of the products to the customers, starting from sale offer, inquiry on use of the products in details so the customers will use the correct product suitable to the function used. The selling team and the technical team of the Company will rapidly, correctly and consistently provide the pre-sale service, ongoing sale service and after-sale service to ensure the maximum satisfaction of the customers. The selling team will regularly visit the customers and the technical team is competent and proficient in various products and has experience in inspection of the closure of the containers and is ready to arrange a training team to provide information on the products of the Company to personnel of the customer continuously.

### 4. Product Development

In 2018, the Company has cooperated with the customers to develop the products, both metal caps and plastic caps.

For the metal cap products, the Company has regularly cooperated with its customers for several years to develop the screwed aluminum cap for the products with filling heat at 121-124° Celsius (retort) and sale has been made since the second quarter of 2018. Therefore production output and sale volume of screwed cap have highly increased throughout the year and the production capacity is being enlarged to facilitate the need of the customers swiftly. In addition, the Company has put its emphasis on investment in new production line of crown cap with modern technology, high throughput, better efficiency and flexibility for product development as the existing production line is unable to handle the constraints and the automated management will be employed to replace the workers.

The Company has increased its production line for coating and printing work to facilitate the growth of metal cap and printing sheet service, including search for additional business partners to become a back-up source for coating and printing work and to prevent the risk if the machine is required suspend to work for long maintenance.

The Company arranged a project to develop the plastic cap to seal the drink filled with gas, light weight in nature, so the cap will be light and will reduce the amount of raw materials used. The production and distribution is expected to be made in the second quarter of 2019. Moreover, the plastic cap is also developed for aseptic filling process to satisfy the need of the customers for their particular products. The Company has also invested in plastic mold for drinking water to expand its target customers as the drinking water market has a tendency to grow for both domestic market and oversea market.

In 2018, the business plan of the Company is to develop the products for new markets like food, milk, drug, healthcare product and other consumer product through the short term and the long term plans.

## Sales and Sales Percentage of Major Customers

Details of the past 3 years of sales to top ten major customers and sales percentage when compared to total sales are given as follows:

Unit: Million Baht

Year	Total Sales	Sales to top ten customers	% of total sales
2016	2,884	1,928	66.9
2017	2,666	1,948	73.1
2018	2,841	2,013	70.8



Among the top ten customers, three were shareholders of the Company, namely:

- 1) Group of Boon Rawd Brewery Company Limited
- 2) Green Spot Company Limited
- 3) Serm Suk Public Company Limited

In the past three years, The Company did not sell to any customer in excess of 30% of its total sales.

## Ratio of Domestic and Export Sales

Unit: Million Baht

Year	Domestic Sales	Export Sales	Total Sales
2016	2,150	734	2,884
(%)	74.55	25.45	100
2017	2,196	470	2,666
(%)	82.37	17.63	100
2018	2,335	506	2,841
(%)	82.19	17.81	100

The key overseas markets include Indonesia, Laos, Myanmar, Vietnam, Australia, New Zealand, Taiwan, Philippines, Malaysia and Cambodia. Growth of each market is different even though the competition is high but the Company is able to keep the customer base except some customers in Myanmar and Laos as the Company has to compete with Chinese competitors. For plastic cap in 2018, customers from Indonesia have consistently placed a purchase order even though ICC has already manufactured and delivered some orders. For Taiwanese customers, the Company has enhanced its sale to the beer market as there is an opportunity to increase the sale order consistently

## Industrial Overview and Competition

### 1. Market Size and Growth

In 2018, the overall industry of metal cap for glass bottle has shrunk about 2 percent compared with that of the preceding year for beer, soda, alcoholic and soy milk; however, growth is seen in soft drink, energy drink and sport drink. The Company is able to maintain its lead in metal cap in 2018 with strategies of quality and variety of sealing caps to satisfy the needs of all beverage industry. Therefore the Company is able to keep its market share of major customers and to enhance its market share with new customers consistently.

The plastic sealing cap market in 2018 has grown up about 5 percent compared with that of the preceding year due to the positive factors like growth in export of non-alcoholic beverages to CLMV countries (Cambodia, Laos, Myanmar and Vietnam) which are the major trading partners of Thailand for energy drink, sport drink, ready to drink coffee/tea and continuous growth of the tourism sector, sale promotion activities continuously undertaken by beverage manufacturers throughout the year and growth in healthy drink such as drinking water in PET bottles, herbal drink, organic drink and functional drink, the substitute product of green tea beverage of which sale is declining.

## 2. Domestic Business Trend

The overall beverage market in 2018 has slightly shrunk from that in 2017 as the purchasing power of the consumers has been delayed when the economy has not fully recovered and the household debt is still high. Thus the consumers have carefully made a decision on spending. Besides, selling price of some beverages have increased after the excise tax has been adjusted with reference to the quantity of sugar in the drink since 16 September 2017. As a result, growth of the beverage market has declined, particularly ready-to-drink green tea beverage, juice. Some beverage manufacturers have adjusted the product size and price to satisfy the market and the consumer group, including launch of new products to attract the consumers who are concerned with their health such as herbal drink, functional drink and organic drink.

During the end of the year, the beverage manufacturers have increased their production to prepare their stock for sale during the new year festival and to facilitate celebrating events. The beverage market has a tendency to grow better and is expected to continue in 2019 due to the election to be arranged in march 2019. It is anticipated that the consumers and the business sectors have more confidence in spending and the economic conditions is expected to recover for a short period.

## 3. Barriers to Entry of New Competitors

The ASEAN Economic Community is expected to grow continuously compared with the other regions of the world. Manufacturers in Europe, America, Asia such as Korea, Japan, India have been interested in investments to become a manufacturing base and to export to the other regions. In Thailand, several foreign packaging manufacturers have made a offer to sell their products to domestic beverage manufacturers with a slight success due to the delivery constraints, warehouse stock and after-sale service.

Major manufacturers with parent Company overseas tend to employ a bidding system based on the price computed from the overall domestic demand and the contract term on sale is clearly indicated. The future business practice is emphasized on potential business partners to build a strong supply chain based on proper mutual cooperation. Thus the customer relations, fair pricing and rapid response to the need will become a barriers for new entrants of this industry.

The Company is continuously provided with technical supports from Nippon Closures Co., Ltd. (an affiliated Company of Toyo Seikan Group Holdings Co., Ltd., the leading Company in packaging production in Japan). Specialists have been sent to study and provide recommendations on improvements to strengthen the production team, the quality assurance division and the technical team to keep up with modern production technology and innovation in the future.

## Right and Restrictive on Business practice

The Company entered into technical licenses agreement with Nippon Closures Co., Ltd., whereby the Company receives technical support services for the manufacture of caps. Currently, compensation is payable at a percentage of net sales of Maxi cap series, Plastic caps and Composite caps only.

## Production and Capacity and Quantity

Product	Year 2018		Year 2017		Year 2016	
	Total Quantity (Million pcs.)	Capacity Utilization Rate (%)	Total Quantity (Million pcs.)	Capacity Utilization Rate (%)	Total Quantity (Million pcs.)	Capacity Utilization Rate (%)
Caps	18,200	57	17,550	58	17,000	59

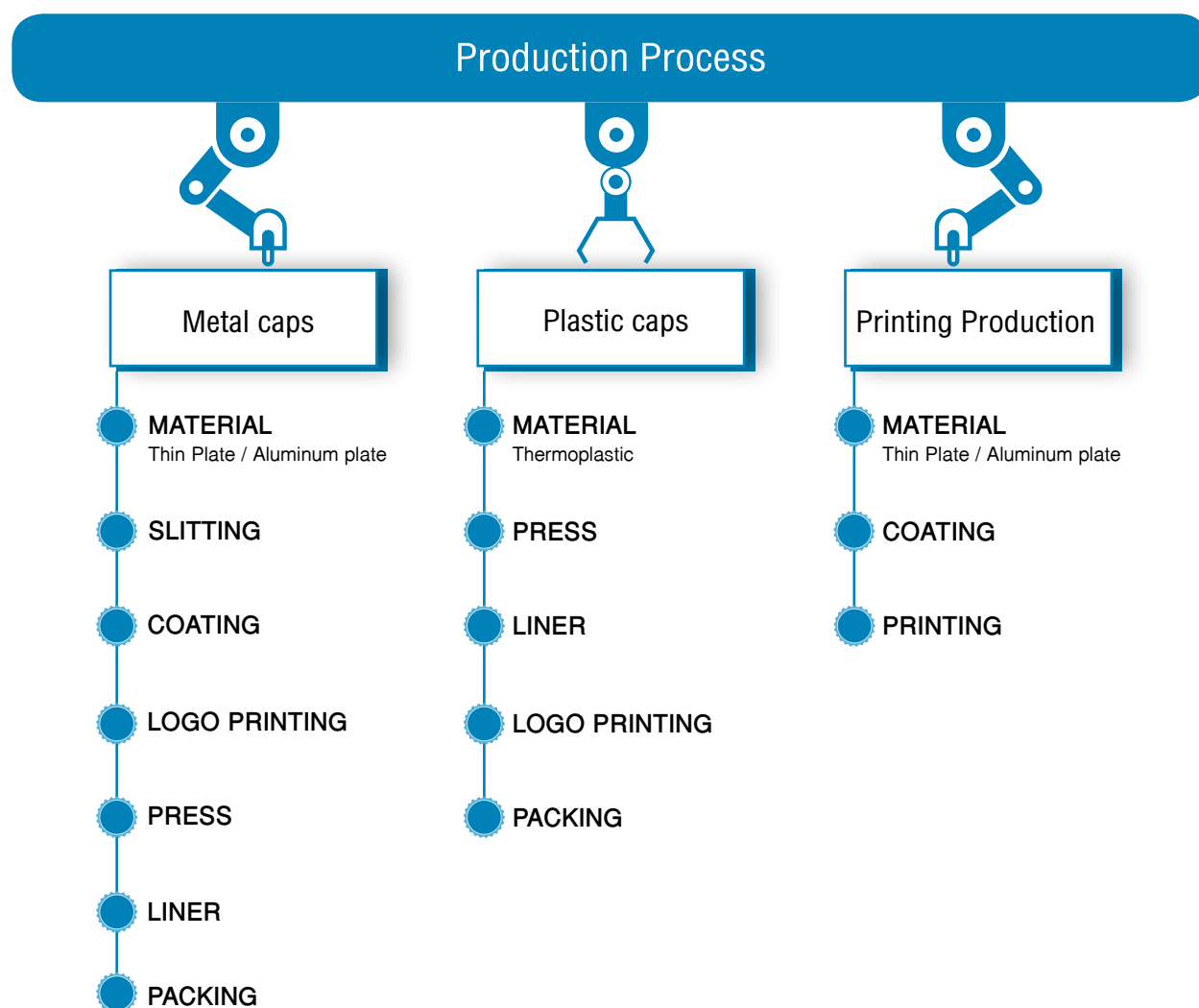
## Raw materials and raw materials suppliers

The policy of the Company is to promote and support domestic industries so if the raw materials have the suitable quality, standard and cost not more than that of the imports, the Company will make a purchase domestically. The purchasing policy is to procure raw materials from more than one supplier to ensure quality of the products in accordance with the standard at the suitable price and timely delivery.

To select the raw material suppliers, the priority is given to quality of the raw materials employed in the production first with clear inspection criteria and consistent examination on the raw material suppliers of the Company to ensure that the raw materials employed would not affect the quality of the products. New raw material suppliers will be searched systematically each year through separation of raw material suppliers by type of raw materials, test of raw materials by the quality assurance division in accordance with the international assessment standards such as ISO, GMP, HACCP, OHSAS and FSSC 22000 to prevent shortage of raw materials for the production of the Company.

Product	Major Raw Materials	% to domestic procure
Metal caps	Thin plate / Aluminum plate	Thin plate 90 / Aluminum plate 75
Plastic caps	Polypropylene	95

The Company did not have any supplier held more than 30% of the total raw material purchase amount.





In the business operation of the Company, there may be uncertain events occurring, affecting in negative aspect towards achieving of the Company's goals. Uncertain events may have chance to occur from both internal and external factors, which the Company cannot control such events. Therefore, the Company shall prepare for the event that may occur in order to reduce the risk of damage and affect the Company's goals. Therefore, it is very necessary for the operation of the Company. The Company appoints the Risk Management Committee that consists of executives and assistant directors or higher, to be the Risk Management Committee. The President is the Committee Chairman. The Policy Planning Section Manager is a committee member and secretary to perform the duty of supervision and support the risk management, including determining meetings in order to consider the reports of operation to reduce risks of several departments and following up the status and progress of risk management, including holding meetings of the Risk Management Committee at least once per a quarter to summarize the risks of the Company, including trends or events that may occur and cause obstruction to business operations that affect the Company to submit the report to the Audit Committee one time per quarter with the Internal Audit Office will join in the meeting as reviewer for assessing the efficiency of risk management. In the year 2018, the Company has revised the new risk categories by categorizing them clearly in order to be convenient to understand the assessment and bring analysis of risk types to use. The risk is divided into 8 categories as follows: (1) Risk from the business environment; (2) Financial risk (3) Operational risk (4) Risk from compliance with rules, regulations and requirements; (5) Risk in safety, health, hygiene and environment (6) Risk from severe events; (7) Risk from reputation and intellectual property; (8) Production cost risk. The Company has communicated with chiefs of staff and employees to know about risk management of the Company, through the meeting of the chiefs of the department and staff periodically, in order to reduce risk in the same direction. For the year 2018, the Company has details of risks and measures in the management of the Company as follows:

## 1. Risk from the business environment

At present, the business competition is more severe from both domestic competitors and foreign competitors, of the countries in which the Company sells products. There are manufacturers of beverage products sold in many countries using auction methods from the parent Company and delivering products to production factories in several places which the amount of sales is so high that the price competition is even higher. In some cases, competitors offer different types of lid packaging. The Company is still unable to develop and compete the type of lids, therefore, it is a huge risk.

While in Thailand, the energy cost and fuel cost have increased according to the amount of use and cost of the main raw materials of the Company, in the price of steel, aluminum and plastic, which have higher prices than the past year, causing the Company to try to manage costs to be able to compete. Furthermore, the Company still has to compete with foreign competitors who deliver new packaging products to offer to customers, while consumers in the country are more careful in spending, due to the effect of limited purchasing power and high household debt, the Company has used several measures to reduce such risks, by making a plan for serving customers closely and finding additional new customers both in the country and abroad. The Company makes projects to study new products, including finding partners to buy and sell new products in cases that the demand

is not high, before deciding to invest in production by the Company itself. The Company follows and monitors the news of the movement of beverage manufacturers both in the country and abroad, including expanding the export base to be wider. The Company has to improve product quality and closely control the production process. The Company has to increase production efficiency and reduce cost. It has to deliver products on time and ready to cooperate with customers who have invested in establishing or buying beverage production factories in ASEAN countries. It has to accelerate testing of the Company's products with customers' products to comply with the plan, in order to start selling. From the Company's operation under such plan, the Company's sales have increased more than last year, although the sales are less than the target.

For the risk of changing the product use of customers, the Company has set a team to study in the product development project to respond to customers. The Company coordinated with customers, making customers to be able to change the use of products from one type of lids to another type of lids well. Customers began to change the use in this year. The Company has many projects that will be developed mutually with customers. This method will be beneficial to the sales of the Company's products in the future.

## 2. Financial risks

The Company imports raw materials, machinery and equipment from abroad and the Company exports products to abroad with a credit term for 30-90 days, therefore, the fluctuation of exchange rates may affect the operation results. The Company has income and purchases of raw materials by using foreign currencies which the Company can reduce risk, by matching expenses with the same currency as income and the Company makes purchase contracts for buying/selling foreign currencies in advance, in order to help reduce such impact in the appropriate time. The Company will closely monitor the currency exchange rate. Therefore, the Company can reduce risk from exchange rate fluctuation well.

Credit risk is the risk that customers or contract party pay debts to the Company not being compliance with the agreed conditions when it is due. The Company analyzes the age of debtor for credit management. The Company has a monthly meeting to report about outstanding credit which is unpaid, including the immediate follow-up of the debt when it is found that there may be chance that the repayment may not meet the conditions. This will help reduce the risk of credit well.

Regarding risk from using of several budgets which are not right to the time schedule, the Company follows the report of spending of budget regularly in every month and the Company develops the system to control and follow the spending of budget better. Therefore, the risk in such case reduces and in next year, it will be better when the monitoring system is complete.

## 3. Operational risk

This is the risk occurring in operational process of the factories. The risk is in normal cases occurring from suspending of machines because there is maintenance according to the work plan. However, the Company improves and follows the result of machine maintenance to have more effectiveness. The Company also holds training to impart knowledge and skills to maintenance employees and manage spare parts, to be ready for maintenance work. However, in this year, the followings are the operation that the Company is interested and the Company has the plan to improve the operation methods to reduce risk continuously:

### Product quality control

Production of products of the Company, the Company has quality control in every step. The Company will inspect materials from the step of receiving of raw material, production process, goods packaging and goods delivering. However, there is finding that the Company has risk from complaints on quality from customers, resulting from unclear understanding about the provisions of acceptable quality level, between the Company and customers and using of product inspection and sorting system by using visual inspection. Therefore, the Company prepares measures to reduce risk, by preparing acceptable quality level provisions between the Company and each customer, installation of equipment and improvement of lid quality inspection system by using high quality camera, in the production line for more precision; the Company arranges training of using to employees in production line, training of imparting knowledge in production of products and concept to improve the quality. Such measures help reduce a lot of risk. Furthermore, in testing of products of the Company with the production line of customers, there is determining of testing size mutually to be more clear, so that summarized result from testing will confirm this, in the same way as when goods of the Company are brought to use in actual production process. The Company still has action plan continuously, to reduce this risk, having target to stop complaints on product quality from customers.

### Production plan control

The making of production plan of the Company will affect the preparation of raw materials and expenses that may arise from production, such as overtime work expenses, quantity of raw materials and quantity of finished products in the warehouse, including determining of the delivery of products to meet the needs of customers, in order to reduce the risk for the production plan to be consistent with the product delivery time schedule; therefore, the Company develops software: "Production to plan" which can help the production plan to be more efficient which is good for controlling overtime expenses. The Production Department can prepare supports in advance. The Company still monitors the efficiency of using of this software continuously.

### Having large inventory

Production of products of the Company consists of production of products to have the inventory level as specified, in order to ensure that there are enough products to be delivered to customers immediately when customers order. The determination of the said product level has considered the frequency of the customer's order and the production capability of the Company. Another form of production of products is the production according to the order quantity only. However, it is found that the Company still has inventory for over one year, so the Company may have risk that the Company has more products exceeding the needs of customers, including obsolete product in which customers change the brand pattern. Therefore, in order to prevent and reduce the risk of such loss, the Company determines that there shall be a committee to be set up consisting of persons from related working units, joining together to consider the ways to reduce the quantity of inventory of the Company. There is a meeting to prepare an action plan and follow up the operation to achieve the goals. Several measures which are determined include increasing accuracy in estimating the product demand from customers, improving the reporting system to be able to monitor the detail of inventory, controlling of production volume, managing of products waiting for inspection, etc. In the year 2018, the Company could reduce the inventory amount to be lower than the year 2017 by 15 million Baht. After this time, the Company will control the inventory level so that the inventory will be in the controlled value level to reduce this risk.

### Customers' satisfaction cannot be achieved to the goal

The Company has surveyed and measured customers' satisfaction towards the Company regarding product quality, supplying and service providing. The Company surveyed customers' satisfaction which the Company has surveyed every year, by sending questionnaires for each customer to give opinion. In the year 2018, it was found that in the overall survey, percentage of satisfaction did not reach the target determined by the Company in the year 2018, regarding quality, supplying and providing service. Therefore, the Company has specified a plan for improvement in the year 2019 and the Company will have periodic monitoring and measuring of the result of such plan. In the supplying process, the Company has a plan for supplying products in advance and coordinate in providing reserved trucks, in order to carry out the delivery of products immediately. Regarding product quality, there is control and use of quality inspection systems using high-speed inspection cameras to screen non-quality products from the production line and there is checking of product quality every time in the time period, so the supplied products are correct to meet the requirements. Regarding service, the Company considered service as very important part. Timely response to customers helps increase customers' satisfaction. The Company will follow and enter to help solve problems and hold training to educate customers on packaging products which will create impression and satisfaction to customers to use the products of the Company continuously.

## 4. Risk from compliance with rules, regulations and requirements

The Company has assessed the risk of compliance with rules, regulations and requirement which the Company has business code of conduct as the principle of the operation. The Company has clear regulations to know what conduct should not be performed. The Company respects the right of traders and customers of the Company, helping to reduce the risk in this matter. However, in the year 2018, it was found that there were events in which some employees committed wrongdoing to the business code of conduct of the Company. Therefore, the Company used strict enforcement of measures for employees to comply with the business code of conduct strictly.

## 5. Risks from health, hygiene and environment

To manufacture the finished products, the Company has employed machines and equipment in the production process and loading and unloading of raw materials and merchandises at all times; therefore, work safety is critical to both employees and the Company. An accident incurred during the working process may result in physical loss of the employees and loss of properties of the Company. To prevent and reduce such loss, the Company has appointed the occupational health and environmental safety committee and has introduced the Occupational Health and Safety Management System (OHSAS18000) to manage the work with identification of hazard and risk assessment in the production process, working procedure and risk area as well as to determine preventive measures against possible hazard and to arrange a campaign to keep the employees aware of safety and to assist reduction or removal of the origin of hazard through inspection of machines, tools, equipment and environment surrounding the working area for improvement and corrective measures. To prevent fire casualty, the Company has arranged a plan to prevent fire casualty with determination of risk area, including established the control and inspection measures strictly in accordance with the plan, arrangement of fire drill and evacuation annually to ensure that the employees have understood and undertaken the correct measures. In addition, the Company has made the all-risk insurance against its properties and business interruption insurance as well. Where in the year 2018 the number of accident reduced from the year 2017.



## 6. Risk from severe events

The Company has assessed risks from natural disaster, such as flood situation. The Company has plans to support such events. In the year 2018, the Company did not have risk from natural disaster events.

## 7. Risk from reputation and intellectual property

The Company focuses the importance of the Company and customer information safety very much. The Company has a system to prevent leakage of important information to outside, including the prevention of access to the Company information system from outside, including the provision of backup of important information storage. The Company can proceed continuously if the main data source is damaged and the Company is in the process of creating an information policy to control the usage. In the year 2018, the Company did not have risk from reputation and intellectual property risks.

## 8. Risk from production cost

Major raw materials of the Company are steel sheets, aluminum sheets and plastic pellets of which the price has changed due to global price fluctuation in accordance with the market demand at the time. Such factor is not controllable by the Company. To reduce the price fluctuation risk and shortage of raw materials in the future, the Company has closely monitored movement of the price of raw materials in oversea and domestic market to look for supporting measures of the purchasing plan in congruence with demands from customers of the Company, including coordination with manufacturers of raw materials for timely production and delivery of raw materials including the making of precise advance Sale Forecast in order to plan purchasing of raw material in time.

The Company also manages and maintains its inventory to the suitable level without risk of shortage of raw materials and to maintain a good relationship with suppliers of steel, aluminum and plastic pellets, including procurement of additional suppliers of raw materials and substitutes at the lower price.

Moreover, if the cap selling price is determined with reference to the price of raw materials at the time, it will reduce the risk from fluctuation of global price of raw materials. The quality of raw materials is another major concern. The raw materials delivered by the suppliers to the Company are required to be examined on quality in accordance with the standard before they are employed in the production process every time to reduce risk of production loss due to poor raw material quality, these made the Company can reduce the risk from shortage of raw material efficiently.



# Securities and Shareholders

## 1. The Company's Securities

- **Registered Capital and Paid - up Capital**

As of 31 December 2018, the Company accounted for the registered capital of 528,000,000 Baht which had been paid up in the amount of 528,000,000 Baht, divided into 52,000,742 ordinary shares and 799,258 preferred shares with par value of 10 Baht each.

The Company sold 800,000 preferred shares to the existing shareholders with a par value of Baht 10 each. The selling price was Baht 76 per share, according to the resolution of the 2007 Annual General Meeting of Shareholders held on April 23, 2007. Then they had converted into 12 ordinary shares in 2009 and 730 ordinary shares in 2018. The preferred shares have the same rights and benefits as the ordinary shares. The preferential rights of the preferred shares are as follows:

1. Each preferred share is entitled to dividends at the same rate as each ordinary share is, plus Baht 1.50 for each preferred share. Dividends on the preferred shares are non-cumulative.
2. Each preferred share has one vote.
3. Each preferred share is convertible into an ordinary share at the ratio of 1:1. A holder may exercise the right to convert the preferred shares to ordinary shares on the last business day of each month. If that day is a non-business day, the exercise must be postponed to the next business day.

## 2. Shareholders

Details of top ten shareholders as listed in the share registered as of December 31, 2018 are as follows:

Name of Shareholders **	Nationality	Share Amount				Type of business
		Ordinary share	Preferred share	Total	% to Total	
1. Nippon Closures Co., Ltd. <sup>1</sup>	Japanese	19,071,292	772,046	19,843,338	37.582	Packaging
2. Toyo Seikan Co., Ltd. <sup>2</sup>	Japanese	5,280,000	-	5,280,000	10.000	Packaging
3. Boon Rawd Brewery Co., Ltd. <sup>3</sup>	Thai	3,934,488	-	3,934,488	7.452	Beverages
4. ThaiNamthip Co., Ltd. <sup>4</sup>	Thai	3,768,316	-	3,768,316	7.137	Beverages
5. Sermasuk Plc. <sup>5</sup>	Thai	1,057,742	-	1,057,742	2.003	Beverages
6. Green Spot Co., Ltd. <sup>6</sup>	Thai	1,000,000	11,230	1,011,230	1.915	Beverages
7. Mr. Supachai Suthipongchai	Thai	890,000	-	890,000	1.686	-
8. Bangkok Insurance Plc. <sup>7</sup>	Thai	882,828	-	882,828	1.672	Insurance
9. C.S. Capital Co., Ltd. <sup>8</sup>	Thai	735,000	-	735,000	1.392	Investment in another Company
10. Mr. Somkiat Chintammit	Thai	587,900	-	587,900	1.113	-

Remarks :

1. The major shareholder of Nippon Closures Co., Ltd. is Toyo Seikan Group Holdings Co., Ltd. (100%)
  2. The major shareholder of Toyo Seikan Co., Ltd. is Toyo Seikan Group Holdings Co., Ltd. (100%)
  3. The major shareholders of Boon Rawd Brewery Co., Ltd. are Mr.Piya Bhirombhakdi (13.15%), Mr.Naiyanop Bhirombhakdi (12.63%) and Mr.Santi Bhirombhakdi (12.27%)
  4. The major shareholders of ThaiNamthip Co., Ltd. are Coco-Cola Export Corporation Co., Ltd. (40.8%) and Jootee Tin Dredging Co., Ltd. (10.2%)
  5. The major shareholders of Sermasuk Plc. are So Water Co., Ltd. (64.66%) and SS National Logistics Co., Ltd. (21.13%)
  6. The major shareholder of Green Spot Co., Ltd. is Wattana Sophonpanich Co., Ltd. (56.58%)
  7. The major shareholder of Bangkok Insurance Plc. is Bangkok Bank Plc. (9.97%)
  8. The major shareholder of C.S.Capital Co.,Ltd. is Smart Investment Holdings Co., Ltd. (48.96%) and Watana Chote Co.,Ltd. (31.17%)
- \*\* Excluding shareholders in Thai NVDR Co., Ltd. a subsidiary of the Stock Exchange of Thailand with the objective of promoting investor investment, particularly international investors, in order to invest in common stock of listed companies without being restricted by foreign shareholding limit which does not have the right to vote at meetings of listed companies.

### 3. Shareholders' Agreement between major shareholders with possible impact on the issuance and offering of securities or on the management of the Company, co-signed by the Company

- None -

### 4. Other securities

- None -



## Dividend Payout Policy

The dividend policy of the Company is to pay not more than 50 percent of annual net profit after deducting all types of reserves as required by law and the Company. Each preferred share is entitled to dividend at the same rate as each ordinary share is, plus Baht 1.50 for each preferred share. However, the dividend payment will be subject to net profit, cash flow and the Company investment responsibility including the legal obligation and other necessities. The past dividend payments of the Company are as follows:

	Operation results				
	2014	2015	2016	2017	2018*
Net Profit (Million Baht)	326.40	325.86	381.01	240.47	330.19
Dividend for ordinary share (Baht)	1.75	1.75	2.50	1.50	1.50
Dividend for preferred share (Baht)	3.25	3.25	4.00	3.00	3.00
<b>Percent of net profit (%)</b>	<b>28.68</b>	<b>28.72</b>	<b>34.96</b>	<b>33.44</b>	<b>24.35</b>

Remark : \*Dividend rate for operation results of 2018 will be considered approving by the shareholders at the Annual General Meeting of 2019.



# Management Structure

## The Company's structure of management comprises of

1. The Board of Directors comprises independent directors, non-executive directors and executive directors. There are sub committees as follows:
  - 1.1. The Audit Committee
  - 1.2. The Nomination and Remuneration Committee
  - 1.3. The Executive Committee
  - 1.4. The Risk Management Committee
2. The Management

## 1. The Board of Directors

### The Structure of Board of Directors

The Board of Directors stated in the Company's Articles of Association consists of at least 7 directors and not more than 15 directors. Not less than half of the total number of directors must have residence in the Kingdom. The Directors must hold qualifications in accordance with the regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) and not have any characteristics prohibited by the SEC and Public Company Act.

As of December 31, 2018, the Board of Directors comprised of 14 members and Ms. Ratree Chanthum, the Company Secretary Manager, was the secretary to the Board, detail as follows:

1. Mr. Hirofumi	Miki	Honorary Chairman
2. Mr. Pong	Sarasin	Honorary Chairman
3. Mr. Dhep	Vongvanich	Independent Director, Chairman of the Board of Directors and Chairman of the Executive Committee
4. Mr. Pornwut	Sarasin	Vice-Chairman
5. Mrs. Pilai	Piemphongsarn	Independent Director and Chairman of the Audit Committee
6. Mr. Hisashi	Nakajima	Director
7. Mr. Ichio	Otsuka	Director
8. Mr. Satit	Chanjavanakul	Independent Director, Member of the Audit Committee and Chairman of the Nomination and Remuneration Committee
9. Mr. Pongpanu	Svetarundra	Independent Director, Member of the Audit Committee and Member of the Nomination and Remuneration Committee
10. Prof.Dr.Suwimon	Keeratipibul	Independent Director, Member of the Executive Committee and Member of the Nomination and Remuneration Committee
11. Mr. Dhitivute	Bulsook	Director
12. Mr. Yoshiki	Miyatani	Director
13. Mr. Takayuki	Sasou	Director and Member of the Executive Committee
14. Mr. Hisatoshi	Itsubo	Director and Member of the Nomination and Remuneration Committee
15. Mr. Akihiko	Kato	Director and Member of the Executive Committee
16. Mr. Panthep	Supachaiyakit	Director, Member of the Executive Committee and President

### Directors with Signatory Rights on behalf of the Company

Directors with signatory rights on behalf of the Company are Mr. Pornwut Sarasin, Mr. Takayuki Sasou, Mr. Hisashi Nakajima, Mr. Akihiko Kato and Mr. Panthep Supachaiyakit. The any two of these five authorized directors must sign jointly with the Company's seal affixed.

### Scope of Authority and Duties of the Board of Directors

1. Supervises and manages Company operations in accordance with the Company objectives, Articles of Association, and the resolutions of Shareholders' Meeting.
2. Establishes or considers and approves vision, missions, strategies, goals and business policies of the Company. The Board is also responsible for monitoring implementation by management in accordance with the approved policies, plans and budgets with efficiency and effectiveness.
3. May appoint other persons to operate the Company's business under the supervision of the Board. The Board may also appoint such persons with the authority and timeframe as deemed appropriate by the Board. The Board of Directors reserves the right to cancel, revoke, change or amend such authority.
4. Considers and approves the responsibilities of any Committee and any significant changes made to its operations as deemed appropriate for the benefit of the Company.
5. Thoroughly considers any conflict of interests. The consideration of the transactions with conflict of interest are conducted for the best interest of the Company and shareholders. The person who has interest in the transaction are not be able to participate in decision making process and/or approval of any transactions.
6. Establishes or approves a written corporate governance policy for the Company.
7. Establishes the policy and to supervise the system to efficiently support the anti-corruption work.
8. Ensures that the Company has effective internal control and internal audit systems.
9. Considers remuneration for the Board within the limit approved by shareholders.

### The Sub-Committees

Directors			The Audit Committee	The Nomination Committee and Remuneration Committee	The Executive Committee
1.*	Mr. Dhep	Vongvanich	-	-	Chairman
2.	Mr. Pornwut	Sarasin	-	-	-
3.	Mrs. Pilai	Piemphongsarn	Chairman	-	-
4.	Mr. Satit	Chanjavanakul	Member	Chairman	-
5.	Mr. Pongpanu	Svetarundra	Member	Member	-
6.	Prof.Dr. Suwimon	Keeratipibul	-	Member	Member
7.	Mr. Dhitivute	Bulsook	-	-	-
8.	Mr. Hisashi	Nakajima	-	-	-
9.	Mr. Ichio	Otsuka	-	-	-
10.	Mr. Yoshiki	Miyatani	-	-	-
11.	Mr. Hisatoshi	Itsubo	-	Member	-
12.	Mr. Takayuki	Sasou	-	-	Member
13.	Mr. Akihiko	Kato	-	-	Member
14.**	Mr. Panthep	Supachaiyakit	-	-	Member

Remarks: \* Chairman of the Board of Directors

\*\* President

○ Independent Directors

The Board of Directors Meeting no.1/2018 held on February 19, 2018 had resolved to appoint The Nomination and Remuneration Committee and The Executive Committee.

## The Attendance of Director for the year 2018

(1 January 2018 - 31 December 2018)

Name - Surname			The Board of Directors (14 members) Total 6 times/ year****	The Audit Committee (3 members) Total 4 times/ year****	The Nomination and Remuneration Committee (4 members) Total 6 times/ year****	The Executive Committee (5 members) Total 8 times/ year****	The 2018 Annual General Meeting of shareholders (14 members) Total 1 time/ year****
1.	Mr. Dhep	Vongvanich	6/6	-	-	7/8	1/1
2.	Mr. Pornwut	Sarasin	6/6	-	-	-	1/1
3.	Mrs. Pilai	Piemphongsarn***	5/6	4/4	-	-	1/1
4.	Mr. Hisashi	Nakajima	2/6	-	-	-	1/1
5.	Mr. Ichio	Otsuka	1/6	-	-	-	1/1
6.	Mr. Satit	Chanjavankul***	6/6	4/4	6/6	-	1/1
7.	Mr. Pongpanu	Svetarundra***	6/6	1/4	3/6	-	0/1
8.	Prof.Dr.Suwimon	Keeratipibul	6/6	-	6/6	8/8	1/1
9.	Mr. Dhitivute	Bulsook	6/6	-	-	-	1/1
10.	Mr. Yoshiki	Miyatani	5/6	-	-	-	1/1
11.	Mr. Takayuki	Sasou	6/6	-	-	7/8	1/1
12.	Mr. Hisatoshi	Itsubo	6/6	-	6/6	-	1/1
13.	Mr. Akihiko	Kato*	6/6	-	-	7/8	1/1
14.	Mr. Junichi	Motono*	0/1	-	-	-	-
15.	Mr. Panthep	Supachaiyakit**	4/4	-	-	8/8	1/1

Remarks : \* The Board of Directors Meeting no.1/2018 held on February 19, 2018 had resolved to appoint Mr. Akihiko Kato as the Company's director in replacement of Mr. Junichi Motono who resigned.

\*\* The Annual General Meeting of Shareholders no. 25/2018 held on April 25, 2018 had resolved to appoint Mr. Panthep Supachaiyakit as an addition director.

\*\*\* The Audit Committee has their term for three years, started from November 8, 2017-2020.

\*\*\*\* The Board meeting attendance / the total meetings was presented either in amount of times each member attended the meetings in 2018 or since the members have been in the position of the Board during the year as the case maybe comparing to the total of meetings that was held in 2018.

The current number and position of the Company's Directors reflects the suitability and equity of each shareholder groups' investment stake. The majority of the Directors are not executives, in order to preserve a balance of power and encourage management credibility.

### Directors Representing from Major Shareholders Listed as Follows:

#### Nippon Closures Company Limited

1. Mr. Hisashi Nakajima
2. Mr. Takayuki Sasou
3. Mr. Hisatoshi Itsubo
4. Mr. Akihiko Kato

#### Toyo Seikan Company Limited

1. Mr. Ichio Otsuka
2. Mr. Yoshiki Miyatani

## 1.1 The Audit Committee

As of December 31, 2018, the Company's Audit Committee comprised of 3 independent directors, namely, Ms. Pilai Piemphongsarn Mr. Satit Chanjavanakul Mr. Pongpanu Svetarundra and the Internal Audit Office Manager as the secretary. In 2018, a total of 4 Audit Committee's meetings were convened.

### Scope of Authority and Duties of the Audit Committee

The Board of Directors has approved and scoped the authority and duties of the Audit Committee as follows:

1. To review the Company's financial reporting process to ensure that it is accurate and adequate by coordinating with auditor, the internal audit office and the relevant management.
2. To review the Company's internal control system and internal audit system to be suitable and efficient, to determine the internal audit unit's independence, as well as to approve the appointment, transfer, dismissal, develop and performance appraisal of internal audit manager.
3. To review the Company's compliance with the laws and regulations of Securities and Exchange Commission concerning, the Stock Exchange of Thailand and the Public Company Act.
4. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable, accurate, complete, transparent and for the highest benefit of the Company.
5. To consider, select and nominate an independent person to be the Company's auditor, and to propose the remuneration of Company's auditor to the Board of Directors, to attend a non-management meeting with an auditor at least once a year.
6. To review and follow the appropriateness and effectiveness of the Company's risk management.
7. To approve the Audit Committee's regulation before proposing the approved regulation to the Board of Directors for approval.
8. To review the undertaking of the internal audit office as follows:
  - 8.1 Independence
  - 8.2 Appropriateness of its duties and responsibilities
  - 8.3 Approve the audit plan, budget and manpower
  - 8.4 Report the audit result
  - 8.5 Problem or limit in audit process
9. To prepare a report of Audit Committee's Corporate Governance, and to report in the Company's annual report.
10. To report the performance of the Audit Committee to the Board of Directors of the Company by a quarterly basis.
11. To perform any other duties assigned by the Board of Directors of the Company with approval from the Audit Committee thereto.

### The report of Suspicious Circumstance and Significance

Apart from the mentioned Authority and Duties, the Audit Committee also reports the suspicious circumstance which has significance as follows:

1. Inspect the matter informed by the Company's auditor in case of the auditor found the suspicious circumstance that director, management or any person responsible for the Company's operation commits an offence under the rules of Securities and Exchange B.E.2535 and report the result of preliminary inspection to Securities and Exchange Commission Office and the auditor within thirty days after received by the auditor.



2. During undertaking the duties, if the Audit Committee find the suspicious act or transaction which has significant effect on the Company's financial position and operation result, the Audit Committee shall report to the Company's Board of Directors to remedy the matter under the period of time accepted by the Audit Committee as follows:
  1. A conflict of interest transaction.
  2. A corruption or an important unusual matter or a fault in the internal audit system.
  3. An infringement of laws and regulations of Securities and Exchange Commission concerning, the Stock Exchange of Thailand and the Public Company Act.

In case that the Board of Directors or the management fails to remedy aforesaid matters, any audit committee member shall report to the Securities and Exchange Commission Thailand or the Stock Exchange of Thailand.

### **The responsibility of the Audit Committee**

The Audit Committee is responsible to the Board of Directors in carrying duties and responsibilities assigned by the Board of Directors while the whole Board of Directors is responsible to all of activities participating outsiders.

## **1.2 The Nomination and Remuneration Committee**

As of December 31, 2018, the Company's Nomination and Remuneration Committee comprised of 4 members, namely, Mr. Satit Chanjavanakul Mr. Pongpanu Svetarundra Prof.Dr.Suwimon Keeratipibul Mr. Hisatoshi Itsubo and the Personnel Manager as the secretary. In 2018, a total of 6 Nomination and Remuneration Committee's meetings were convened.

### **Scope of Authority and Duties of the Nomination and Remuneration Committee**

The Board of Directors has approved and scoped the authority and duties of the Nomination and Remuneration Committee as follows:

1. To formulate policies for submission to the Board of Directors as follows.
  - 1.1 Policy, criteria and method for nomination of the Directors and President.
  - 1.2 Policy, criteria and method for payment of remunerations and other benefits to the Board of Directors, sub-committee and president.
2. To select and nominate the persons with suitable qualifications to the Board of Directors
  - 2.1 Directors
  - 2.2 Sub-Committee members of various sub-committees assigned with authority, duty and responsibility directly from the Board of Directors of the Company.
  - 2.3 President
3. To supervise the Board of Directors of the Company to ensure that its size and components are suitable to the organization, including adjustment in response to the changing environment
4. To consider and propose the remuneration and benefits of Directors and President to align with the assigned duties and responsibilities.
5. To set the performance evaluation guidelines of President and evaluate the performance to be propose adjusting the compensation and annual bonus to the Board of Directors.
6. To follow up the succession planning of the President and propose to the Board of Directors to consider at least once a year.
7. Report on the performance of the NRC to the Board of Directors of the at least once a year.
8. To perform any acts designated by the Board of Directors.

To work in the scope of authority, the Nomination and Remuneration Committee has the power to call for the management, section head or the staff of the Company concerned to provide opinion, attend the meeting or send the required documents. In addition to the performance of duties under the authority of this Regulation the Nomination and Remuneration Committee may seek advice from independent external consultants or other professionals if deemed necessary and appropriate. The Company will be responsible for all expenses.

### 1.3 The Executive Committee

As of December 31, 2018, the Company's Executive Committee comprised of 5 members, namely, Mr. Dhep Vongvanich Prof.Dr. Suwimon Keeratipibul Mr. Takayuki Sasou Mr. Akihiko Kato Mr. Panthep Supachaiyakit and the Company Secretary as the secretary. In 2018, a total of 8 Executive Committee's meetings were convened.

#### Scope of Authority and Duties of the Executive Committee

The Executive has approved and scoped the authority and duties of the Executive Committee as follows:

1. Screening.
  - 1.1 Policy, direction, strategies, management structure and business operation.
  - 1.2 Business plan and annual budget.
  - 1.3 Investment
2. Approval authority.
  - 2.1 The recruitment / selection of a new executive in the Vice President level according to the rules designed by the Nomination and Remuneration Committee.
  - 2.2 To set the performance evaluation guidelines of executive level down from the President (Vice President) and evaluate the performance to adjusting the compensation and annual bonus.
  - 2.3 Investment project in the capital not exceed 30 MB/project totaling not exceed 90 MB/ year.
  - 2.4 Increase budget for the project (before execution) approved by the BOD more than 5 MB but not exceed 30 MB or 10% of previous budget whichever is higher.
  - 2.5 Increase budget for the project (on progress) when spending over approved budget not exceed 10 MB or 20% of previous budget was approved.
  - 2.6 New minor asset (urgent) is not included in budget not exceed 5 MB/time totaling not exceed 20 MB/year.
3. Follow and supervisory the operations.
  - 3.1 Strategy, plan and project including in annual business plan which have to approved by the Board of Directors.
  - 3.2 Financial performance of the Company.
4. Report to Board of Directors.
  - 4.1 The investment project and Vice President level appointed by the Executive Committee.
5. To perform any acts designated by the Board of Directors.

Regarding the scopes of authority, the Executive Committee is authorized to call for and order management, heads of offices, or employees concerned to present opinions, attend meetings or submit necessary documents. In addition to the performance of duties under the authority of this Regulation the Executive Committee may seek advice from independent external consultants or other professionals if deemed necessary and appropriate. The Company will be responsible for all expenses.

## 1.4 Risk Management Committee

The Company has established the Risk Management Committee comprised of Deputy Vice-president Level up as a member and the President served as the Chairman and the Corporate Planning Manager as a member and secretary, in order to ensure that the Company has managed efficiently and shall achieves the objectives as well as to prepare for the incident which may occur in the future and affect to the Company's operation.

### Scope of Duties of the Risk Management Committee

1. To determine and review the risk management policy, objectives, and framework of risk management operation, covering important risk, to propose to the Board of Directors.
2. To supervise and support the organization risk management operation to be in line with the strategies and business target, as well as circumstance which has been changed.
3. To determine the meetings for screening the reports of operation, according to the risk management measures, following of risk status and progress of risk management.
4. To give recommendation in the operation of improvement, revision, following and evaluation of the sufficiency of risk management measures and efficiency in risk management.
5. To consider the reports of organization risk management result and opinion regarding risk that may occur, as well as guidelines to determine Mitigation Plan/Action Plan and development of risk management system to have continuous efficiency.
6. To report about organization risk management result, to summarize risk status to propose to the Board of Directors, for acknowledgement at least one time per quarter. In case there is important event, affecting the organization significantly, report to the Board of Directors for acknowledgement quickly.

## 2. The Management

The Executive of the Company as of December 31, 2018 comprises of 6 members presented as follows:

Name - Surname		Position
1. Mr. Panthep	Supachaiyakit	President
2. Mr. Takayuki	Sasou	Senior Vice President - Technical
3. Mr. Ruj	Tantsetthi	Vice President - Plant
4. Mr. Akihiko	Kato	Vice President - Technical
5. Mr. Preecha	Suthivechakun	Vice President - Quality Assurance
6. Mr. Peerasage	Sopakarnit	Deputy Vice President - Finance and Accounting

### The Duties of the Management

1. Manages the operations according to the vision, mission, strategies, policies, plans and goals approved by the Board of Directors, the Articles of Association of the Company, and resolutions passed by the Board of Directors' Meeting and Shareholders' Meeting.
2. Manages the operations according to the Corporate Governance Policy approved by the Board of Directors.
3. Prepares annual plan and budget for approval from the Board of Directors and strictly controls the operations and budget expenditure according to the approved plans and report progresses and operating results of the Company to the Board of Directors' Meeting regularly.

The Board of Directors and the management has no illegal records in the past 10 years before submitting Form 56-1 concerning information disclosure.

### 3. The Company Secretary and The Secretary to the Board of Directors

The Company has established the Company Secretary Office comprising of qualified staff with appropriate experience to give information, legal suggestions and related regulations to the Board of Directors to perform its duty, and also coordinate all departments to conform with the resolution passed by the Board in order to comply with Good Corporate Governance principle. The Board of Directors Meeting No.2/2018 as of April 25, 2018 passed the resolution to appoint Ms. Ratree Chanthum, the Company Secretary Office Manager as the Company Secretary, Secretary to the Board of Directors and Secretary to Executive Committee on effective since May 1<sup>st</sup>, 2018 onwards.

#### **The Duties of the Company Secretary and the Secretary to the Board of the Directors are as follows:**

1. To coordinate the schedule for the Board of Directors' meeting all year round and the date for Annual General Meeting of shareholders as well as inform the Board in advance.
2. To prepare the Meeting agenda, documents and deliver to the Board of Directors together with the meeting notice.
3. To prepare the Shareholders' meeting, agenda, documents and to deliver to the shareholders together with the meeting notice. In addition, manage the meeting smoothly and to comply with laws.
4. To attend the meeting and prepare minutes of the Board of Directors' and the shareholders' meeting, taking important matter, questions and useful suggestions during the meeting.
5. To follow up the operation to conform with the resolutions of the Board of Directors' and the Shareholders' meeting and report to the Board periodically.
6. To give information or suggestions to the Board of the Directors and the management to perform their duties in compliance with the laws and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand including the best practice of the Listed Company concerning the good governance.
7. To prepare Form 56-1 concerning the information disclosure and the annual report with the correct and complete information complying with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand as well as to deliver to all related organizations and shareholders (The annual report only).
8. To prepare the Directors' profile and registration which have been corrected and updated.
9. To submit a copy of the report concerning the interest related the Board of the Directors, the Executives, and other related persons to the Chairman and the Chairman of the Audit Committee within 7 days since the report has been received.
10. To keep the documents as follow in complete, systematic, and simple- to-examine manner
  - Meeting notices and minutes of the Board of Directors' meeting and the Shareholders' meeting including all meeting documents
  - Annual report
  - Director registration
  - Report of Information concerning the interest related to the Board of Directors, the Executives, and other related person.
11. To give the Company's information to shareholders, investors, and analysts. To coordinate or set up the meeting for all related parties periodically.
12. To perform any other acts as specified in the notification of the Capital Market Supervisory Board.

## 4. Directors and Management Remuneration

### Monetary Remuneration

In 2018, the Annual General Meeting of Shareholders held on April 25, 2018 has approved the remuneration of the total 14 directors in amount of Baht 4,200,000 for the retainer fee and meeting attendance fee of the Board, meeting attendance fee the Audit Committee, meeting attendance fee the Nomination and Remuneration Committee and retainer fee of the Executive Committee described as follows:

Item	Position	Retainer fee	Attendance fee (Baht/ Person/ Time)
The Board of Directors	Chairman	30,000	30,000
	Director	20,000	20,000
The Audit Committee	Chairman	-	25,000
	Director	-	20,000
The Nomination and Remuneration Committee	Chairman	-	25,000
	Director	-	20,000
The Executive Committee	Chairman	25,000	-
	Director	20,000	-

Remarks : - The meeting allowance for Directors will be paid to Thai's Director who are not the Company's executives.  
- The monthly remuneration for Directors will be paid to Thai's Directors.

### Remuneration of the Board of Directors and Sub-Committees for the year 2018 per person

For the fiscal year ended December 31, 2018, the annual remuneration paid to the Board of Directors as of follows. Retainer fee of the Board of Directors of 1,980,000 Baht, Attendance fee of the Board of Director of 880,000 Baht, Retainer fee of the Executive Committee of 450,000 Baht along with the sub-committees' remuneration of 530,000 Baht, making the total remuneration of 3,840,000 Baht.

Unit: Baht

Directors		The Board of Directors		The Audit Committee	The Nomination and Remuneration Committee	The Executive Committee	Total per person
		Retainer Fee*	Attendance fee*	Attendance fee	Attendance fee	Retainer fee *	Total
1.	Mr. Dhep Vongvanich	360,000	180,000	-	-	250,000	790,000
2.	Mr. Pornwut Sarasin	240,000	120,000	-	-	-	360,000
3.	Mrs. Pilai Piemphongsarn	240,000	100,000	100,000	-	-	440,000
4.	Mr. Hisashi Nakajima	Not received	Not received	-	-	-	-
5.	Mr. Ichio Otsuka	Not received	Not received	-	-	-	-
6.	Mr. Satit Chanjavankul	240,000	120,000	80,000	150,000	-	590,000
7.	Mr. Pongpanu Svetarundra	240,000	120,000	20,000	60,000	-	440,000
8.	Prof.Dr.Suwimon Keeratipibul	240,000	120,000	-	120,000	200,000	680,000
9.	Mr. Dhitivute Bulsook	240,000	120,000	-	-	-	360,000
10.	Mr. Yoshiki Miyatani	Not received	Not received	-	-	-	-
11.	Mr. Takayuki Sasou	-	-	-	-	-	-
12.	Mr. Hisatoshi Itsubo	Not received	Not received	-	Not received	-	-
13.	Mr. Akihiko Kato	-	-	-	-	-	-
14.	Mr. Panthep Supachaiyakit	180,000	-	-	-	-	180,000

Remark: \* The Directors who also reserve the Company's management are not allowed to receive the attendance fee of the Board and retainer fee of the Executive Committee.

### The Management's Remuneration

In 2018, the Management's remuneration which included 4 executives relatively under the President and any persons equally assigned to the same rank of those executives, for a total of 6 executives amounted of Baht 18,465,390 the details as follows:

Remuneration	Year 2018		Year 2017		Year 2016	
	Number of Executives (Person)	Amount (Baht)	Number of Executives (Person)	Amount (Baht)	Number of Executives (Person)	Amount (Baht)
Salary, Annual Bonus, and Retirement Compensation	6	17,920,450	7	17,794,970	6	16,410,524
Provident Fund	3	544,940	3	489,149	2	511,922
<b>Total</b>		<b>18,465,390</b>		<b>18,284,119</b>		<b>16,922,446</b>

However, the Company considered the executives as permanent employees and are obliged to be responsible in their own function and line.

#### 4. Other Remuneration

- None

#### 5. Employees

As of 31 December 2018, the Company had 910 employees.

In 2018, the Company paid the compensation to employees totaling 419,387,409.57 Baht in the form of salary, bonus, attendance reward, overtime, and other welfares. The Company had contributed to the Provident Fund for the year 2018 in the amount of 19,761,093.62 Baht.

#### Provident Fund of the Company

The Company had founded the provident fund comply with ministerial regulations no.162 B.E.2526 aim to promote employee's long term savings. This fund will help the employee to gather their own savings for use when retire or resign from the Company, subsequently the Company had registered the fund to be under Provident Fund Act. B.E.2530. For the employee's cumulative gathering which will deduct from employee's salary, employee has a right to choose from ratio percentage to salary depends on year of service. In addition, employee can choose themselves the proper investment plan while the Company shall contribute to the fund by these details: -

Year of service	Contribution ratio (percentage to salary)
Less than 7 years	5
7 years to less than 10 years	7.5
10 years over	10

In case that the employee registers to the fund before 1 January 2003, the Company shall contribute when complete 7 and 10 years of services.

As of December 31, 2018, the Company's Provident Fund has a total contribution equal to 376,731,064.30 Baht which comprised of:

1. Crown Seal Public Company Limited registered fund, having 366 members included management, totaling 159,658,060.89 Baht.
2. The registered K-Master Pooled fund, Crown Seal Public Company Limited only, having 38 members included management, totaling 8,971,011.25 Baht.
3. The registered K-Master Pooled fund – share mixed not over 25%, Crown Seal Public Company Limited only, having 422 members included management, totaling 208,101,992.16 Baht.

#### Employee Dispute in the Past 3 Years

- None

#### Personnel Development Policy

Human resources are deemed to be the key factors in carrying on the Company's operations. The Company realizes that human resources development is the worthiest and most sustainable investment compared with other categories of the investments. This is because of the reason that the organizational success relies on the personnel potentials as the significant matter. Any organization having human resources of high caliber of competency, righteousness and ethics would certainly be able to create the advantage on the competitiveness and lead the organization to success in accordance with the required and sustainable goal. The Company has by far set a wish and given importance on human resources development in order to make the Company's personnel both good and smart men and women at all times.

The Company has a policy on the development of all levels of employees in order to enable them to gain knowledge and skills in systematic and continuous performances by implementing the Annual Training Plan consisting of the basic training, skills on the executions of a specific work and general knowledge necessary for use in performing duties: In the year 2018 the Company provided 132 training courses, total employees participated in the training of 2,205 persons using the budget of 1,534,643.97 Baht categorized into

In-house Training	54	courses,	2,063	employees participated.
Public Training	78	courses,	142	employees participated.

#### The course outlines for the training conducted in 2018 are:

1. **Managerial Skills, Supervisory Skill and Human Resources Management** Total 9 courses, 359 employees participated, Coaching On the Job Training, Creative and Effective Communication for Successful Work and Life, Discipline and Disciplinary Actions, Labor Low Relation to Labour Relation Management Professional, HR for non HR, Human Resource Development of NCC Member, SWOT, Internal Control and Risk Management, Effective Time Management Skill. These courses provided teaching skills for supervisors, major roles and duties of supervisor knowledge, overseeing subordinates for performance achievement which enable the employees to get learning and effectively perform abide by the Company's policy.
2. **Essential Knowledge and Skills** Total 6 courses, 403 employees participated, such as System Problem Solving and Why Why Analysis, 7 Wastes, HORENSO, Knowledge of Company's Product and Quality Awareness, One Point Lesson & KAIZEN Suggestion, The Company's Code of Conduct and Anti-Corruption Action, Strengthen Disciplines by Adventure Activities etc. These courses provided the proper understanding of the Company products, good communication skill and teamwork, the Company regulation to employees which enable them to perform correctly and abide by the Company's policy.

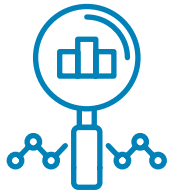
3. **Technical Knowledge and Professional Knowledge** Total 17 courses, 390 employees participated, such as Machinery Working System like Visual Inspection Device (VID) Program, Multi Skill Knowledges of Metal Cap Machine Operation, Program PLC, Pneumatic System, Transmission System, Hydraulic System, Bolt & Nut Connection, Electrical System, Lubrication System, Basic Machine Knowledge of Measuring Tools , Autodesk Inventor Advanced Assembly Modeling, CHS Training, Alfresco Collaboration Software , MS Word : Advanced, MS Excel : Advanced, MS Power Point : Advanced, The use and maintenance of forklift batteries etc. These courses provided technical knowledge and international standardization tools and equipment usage which the employees can apply for working effectively.
4. **Productivity Improvement & Quality Management System** Total 7 courses, 325 employees participated, such as Statistical Process Control (SPC), Basic Knowledge of Defect, Hold and CCF, FSSC22000 Version 4.1, 5 S, 5S Audit Techniques, Program Personal Mobile System, Internet Overtime recording in the Internet system etc. which showed that the Company gives precedence to the clean and tidy working environment for ease of operation, and provided systematic working improvement and effectiveness knowledge which can enhance employees' knowledge for their self-potential improvement.
5. **Energy Environment and Safety in Workplace** Total 15 courses, 586 employees participated, such as The Energy Conservation Promotion Act B.E. 2535, Energy Saving Awareness, First Aid, Reporting, resuscitation and Using Ambulance, Ergonomic in the Workplace, Safety in the Use of Machinery, Safety in the Use of Crane, Safety in the Use of Chemical, Safety in the Use of Electrical, Initial Fire Fighting Training, Fire Fighting Evacuation Practice, Review Crane Operation, Safety in the Use of Driving Forklift, Safety officer at the supervisor level, Office Syndrome, Knowledge of social security fund benefits which showed that the Company gives precedence mainly to the employees' health and safety.

The Company also sends some employees to attend the overseas training programs, to coordinate the experience exchanged with the leading Industrial organizations, and also to attend public seminars and conferences in order to gather the useful information for the Company regularly.

In addition, the Company has established channel for direct communications with the employees by holding the Management-Meets-Employees meeting, at least, 2 times a year in order to give the employees the explanations on the operation results including the ways on the Company's management as well as the opportunity in exchanging ideas and opinions between the Management and employees in order to lead to the improvements, developments and creations of good relations between the Management and all employees within the Organization.

In 2018, the Company organized the trainings to give explanations on the Company's Code of Conduct continuously in order to enable the employees to have correct understanding on and properly observe such Code of Conduct and Anti-Corruption in the same direction, in this respect, which emphasis was placed on the observations in compliance with the Company's Code of Ethics in 8 points including the channel in lodging complaints and actions in responding to the complaints when received in the case where a performance in violation of the Code of Conduct of the Company has been discovered.





# Good Corporate Governance

## Corporate Governance Policy

The Board of Directors is committed to operate the business in accordance with the principles of good corporate governance and guidelines of the Stock Exchange of Thailand. The Board of Directors believes that corporate governance is an important factor that will bring not only success to its business, in terms of effectiveness, disclosure and transparency, but also maximum benefit to its shareholders and fairness to all stakeholders operations, and to nurture a sustainable growth to the firm. The Board of Directors has established the corporate governance policy being the guideline of business operation for directors, executives and employees of the Company. It has been disclosed on the Company's website [www.crowseal.co.th](http://www.crowseal.co.th), at Investor Relation section.

In 2012, The Corporate Governance of Listed Companies Survey Committee has developed the criteria of the survey to comply with ASEAN CG Scorecard and best practice of international standards. Thus, the Company is committed to the revised principles of good corporate governance by The Stock Exchange of Thailand, to attain the highest international standards of good corporate governance.

In 2017, the Office of the Securities and Exchange Commission (SEC) issued the Corporate Governance Code (CG Code) as the practice of the Board of Directors for applying to their business for good performance and profits in long-term that will be reliable for shareholders and surrounding people as well as for building sustainable value for business. The major content of this code is based on the Principles on Corporate Governance for the listed Companies 2012 of the Stock Exchange of Thailand (SET) but its order of presentations is adjusted to meet with the context of the director's duties. The Board of Directors had already reviewed and considered to apply this CG Code based on the business context of the Company to be consistent with the Principle on 2017 Corporate Governance of SEC. The practicing guidelines according to the Corporate Governance principle as follow:

## 1. Rights of Shareholders

The Board of Directors recognizes shareholder's rights by encouraging them to exercise their rights and avoid violating those rights.; basic rights of shareholders, right to obtain relevant and adequate information on the Company in a timely manner and on a regular basis, right to participate and vote in the shareholder meetings on any transactions that affect the Company. The Board of Directors shall operate not only in accordance with the principles of corporate governance for listed companies of the Stock Exchange of Thailand, but also realize to other rights of shareholders, which are more than specified in laws, listed in the Company's website [www.crowseal.co.th](http://www.crowseal.co.th) in the Investor Relations section.

### 1.1 Basic Rights of Shareholder

The Board of Directors recognizes the basic rights of shareholders. We believe that our best effort to exercise all policies and practices of the rights of shareholders mentioned herein are strictly complied with fairness to all stakeholders, and also relevant rules, regulations, shall ensure our shareholders to rely on and be confident to invest with the Company.

The Company shall encourage and facilitates all shareholders to exercise their rights as follows:

- Rights to buy or sell shares
- Rights to receive adequate information in a timely manner and in an appropriate form for making decisions
- Rights to receive share certificates and rights to transfer shares
- Rights to participate and vote in the shareholders meetings, and make decisions on any changes in importance policy of the Company or any issues that needed to be approved by shareholders' meetings such as amendments to the articles of association or memorandum of association of the Company, capital increases or decreases, and the approval of extraordinary transactions, etc.
- Rights to elect or remove members of the Board, appoint the external auditor
- Rights to express their opinions and ask questions related to the Company's operation.
- Rights to vote by proxy
- In case the Company's operation result has profits and carries no accumulated loss, the shareholders have rights to share in profits of the Company.

## 1.2 Shareholders Meeting

In 2018, the Board of Directors has not only operated in accordance with the basic rights of shareholders, but also supported the additional acts for shareholders as follows:

- **Schedule for shareholders' meeting**

The Board of Directors has a duty to call an Annual general meeting once a year within 4 months from the end of fiscal year of the Company and it may call an Extraordinary meeting to discuss any other important matters, which affects on the benefit of the shareholders. In 2018, the Company had called the Annual General Meeting on April 25, 2018 at Vimarnsuriya Room, The Dusit Thani Hotel, 946 Rama IV Road, Silom, Bangkok 10500.

The meeting place is considered on basis of the most convenient for transportation, and the size of meeting room is also suitable for the numbers of shareholders.

- **The Invitation notice to the meeting**

The Board of Directors recognizes the rights of shareholders to receive adequate information in a timely basis and in a form appropriate for making decisions. The invitation notice to the meeting which contains adequate information, such as, agenda which will be clearly defined whether which agenda is for the information or for the consideration purpose. The supporting documents for each agenda will include the opinions of the Board to facilitate the decision making as well. In 2018, an invitation of the meeting was sent at least 14 days prior to the meeting. The invitation notice and supporting documents were posted on the Company's website, announced via the Stock Exchange of Thailand's website to inform the shareholders in advance for 30 days before the meeting, and also announced in the daily newspapers consecutively for 3 days, not less than 3 days prior to the meetings. The Company's telephone number was also provided for any enquiry may need.

- **Proxy to attend and vote in shareholders meeting**

When shareholders could not attend a meeting in person, the Company shall encourage the exercising of attending and voting rights by shareholders, at least by appointing their proxy or the Company's Independent Directors to vote on their behalf. The details of 5 Independent Directors of the Company are entirely attached to the Notice of Annual General Meeting for their considerations. The shareholders can direct their vote guideline by fill in the proxy "form KOR" which has been sent to the shareholders as an attached document with the invitation notice, or the shareholders can download it from the Company's website.

- **Preparation for shareholders meeting and Registration**

The Company provides one hour registration prior to convening the meeting, a computerized registration and vote forms shall be facilitated properly, as well as the revenue stamp shall also be free serviced

- **Attending shareholders meeting by the Board of Directors**

The Board of Directors recognizes the importance of the shareholder meetings, all directors shall attend every shareholder meeting. The shareholders shall be given an opportunity to make comments and inquires by the Chairman. The minutes of shareholder meetings shall be prepared where all enquiry and important comments shall be recorded. In 2018, 12 directors from the total of 13 directors, all executives, legal representatives and external auditors attended the annual general meeting of shareholders in order to receive shareholders' opinion and answer their questions.

### 1.3 An Extraordinary Meeting

Apart from the Annual General Meeting, the Board of Directors may convene an interim meeting called "an extraordinary meeting" to discuss any other matter proposed for approval by the shareholders. In addition, shareholders may request in writing to the Board of Directors to call for an extraordinary meeting by specifying the matters to be considered. The Board of Directors shall call the extraordinary meeting as requested by shareholders within 1 month after receiving the notice of shareholders.

## 2. Equitable Treatment of Shareholders

The Company recognizes the equitable treatment of shareholders in order to encourage the confidence of shareholders to invest in the company.

The Company has encouraged equitable treatment of shareholders as follows:

- 2.1 The right of the votes in the meeting, given by the Company depends on the number of Company's shares - one share one vote.
- 2.2 The Company's website has been used for facilitating shareholders to reach the Company's information thoroughly, adequately and timely. The minor shareholders shall also have an opportunity to propose an agenda for shareholders meeting and nominate any person to be elected as the Director of the Board in advance, the criteria and process of which has been publicized on the Company's website. Telephone service with Company Secretary Officer shall also be provided for shareholders or interested person to call for more information.
- 2.3 The matters discussed at the shareholder meetings shall be in the sequence as given in the invitation notice, any matter which is not noticed prior to shareholders, shall not be discussed in the meeting.

- 2.4 The shareholders have the right to give all of the votes they have to an individual, or a group for an election of the Company's Directors. The votes of each shareholder could not allocate more or less to nominees. The score voted shall be put in order from the highest score down to the latest ones, the individuals who get higher score shall be appointed as directors as per the number of Director(s) to be elected in that time.
- 2.5 The Company encourages voting by use of a polling card for each matter in the agenda. A polling card especially used when shareholders wish to vote 'No', or do not wish to make their votes. This practice also brings more transparency and be inspected for inspection.
- 2.6 The Company has a preventive measure of unfair using insider information by related persons. The Directors and executives include their spouse and minor children who have the change in the Company's shares owner they have to immediately inform to the Company Secretary Officer before the information shall be reported further to The Office of the Securities and Exchange Commission within 3 working days from the date of transaction, sell-purchase or transfer. In addition, the Directors and Executives or insider department, who are closed to the Company's internal data, are supposed not to make advantage for themselves or their relatives and not to disclose any information to outsider or unrelated persons before the important information is publicized.

### 3. Role of Stakeholders

The Company recognizes with due care to the rights of stakeholders as well as other concerned parties including shareholders, customers, trading partners, competitors, creditors, employees and therefore communities and environment where the Company operates and the society at large. The Company shall set a clear policy on fair treatment for each and every stakeholder. The rights of stakeholders that are established by laws or through mutual agreements are to be respected.

- |                         |   |  |
|-------------------------|---|--|
| <b>Shareholders</b>     | : | The Company is committed to present itself as a high professional representative to maximize benefit and satisfaction for our shareholders. Conducting business efficiently with transparency is able to create trust and confidence amongst its shareholders by considering the Company's long term growth and appropriate levels of sustained returns. |
| <b>Customers</b>        | : | The Company is committed to maximize satisfaction to our customers with right to-order, high quality products at reasonable price and on-time delivery service. The Company shall be a proactive agent who is willing to give consultation, solve problems and complaint, keep strictly our customer's confidential and business contract.               |
| <b>Trading Partners</b> | : | The Company shall treat our trading partners equally and honestly in accordance with the frame of rules and regulations as well as trade law. The commitment to disclose all necessary information, be transparency and fair, in all aspects of business transactions including purchasing procedure.  |

<b>Competitors</b>	: The Company has commitment to play fair game of business competition in accordance with the frame of rules and regulations as well as trade law. The Company encourages fair and free-trading policies, not monopoly. The Company will not use the illegal information and defame competitors.
<b>Creditors</b>	: The Company has commitment to follow the financial contracts we have with our creditors.
<b>Employees</b>	: The Company realizes the importance of the Company's employees. All employees shall be treated equally and fairly without discrimination on race, religious or gender, in accordance with Labor Law, rules and regulations, receive appropriated compensation as well as the safety work place and sanitary. In addition, Human Resources Development plan has been invested for them continuously along with the Company's business development.
<b>Community &amp; Environment</b>	: The Company realizes the importance of natural resources and environment, thus the policies on environmental control management, has been strictly conducted to ensure reasonable usage of all resources and comply with relevant laws, rules and regulations. Pollution prevention is also the important issue which the Company concerned in every step of works, in order to prevent the effect on all staff and communities. Also, in order to support the mentioned policy, the Company has preceded the Corporate Social Responsibility activity, CSR DAY, to promote the employee of the organization about CSR.
<b>Contract Channels for Stakeholders</b>	: The Company has also provided channels which employees and external stakeholders can contact, offer opinions, lodge complaints, and report violation cases, e-mail, letter or opinion box and the Whistleblower system on the Company's website <a href="http://www.crownseal.co.th">www.crownseal.co.th</a> .
<b>Anti-Corruption Action</b>	: In 2017, the Company received a membership certificate of Thailand's Private Sector Collective Action Coalition against Corruption (CAC) from the CAC Council in "Thailand's 8 <sup>th</sup> National Conference on Collective Action Against Corruption", held on November 21, 2017.

## 4. Disclosure and Transparency

The Board of Directors ensures that all important information relevant to the Company, both financial and non-financial: corporate governance policy and environmental policy are normally publicized via The Stock Exchange of Thailand and company's website, annual statements (form 56-1) and annual reports. Furthermore, The Company has designated various media and activities, the shareholders, analyst and investors can asked for the Company's visit or having a meeting with Executives/Senior Executive Officers timely, to disseminate corporate information to outsiders such as shareholders and investors. In addition, shareholders are able to reach to information needed through calling to shareholder-administrated unit concerned in order to help them understand the Company and its business.

The Company recognizes that all information, is disclosed accurately, completely, transparently on a timely basis that are trustworthy and adequately for shareholders to make decision, so the Company has appointed the Company Secretary Office Manager, Company Secretary Office, to be responsible for and perform 'Investor relations function' with care to communicate with outsiders such as shareholders, investors, analysts.

The Company's news and information has been communicated via the following channels:

- The Stock Exchange of Thailand's website is [www.set.or.th](http://www.set.or.th)
- Office of the Securities and Exchange Commission's website is [www.sec.or.th](http://www.sec.or.th)
- The Crown Seal Plc.'s website is [www.crownseal.co.th](http://www.crownseal.co.th)
- Company and Executives Visit Activity.
- Contact directly via e-mail and telephone.

The shareholders and persons who need more information can contact directly to:

The Contact Person : Company Secretary Office Manager

Address : Crown Seal Public Company Limited  
5 Soi Rangsit-Nakornnayok 46, Tumbol Prachatipat  
Umphur Tanyaburi, Pathumthani, 12130

Tel. : +66(0) 2533-0450 ext. 638

Fax. : +66(0) 2974-1118

E-mail : [ratree@crownseal.co.th](mailto:ratree@crownseal.co.th)

### Inside Information Control

The Company shall determinate for executives and staff especially staff who are data users, not to disclose or publicize internal information or data for the sake of one's own benefit, buy or sell shares, transfer data for buying or selling shares. Internal data control has to be strictly managed to maximize disclosure and transparency, including fairness of corporate.

### Internal Control

The Board of Directors shall ensure an effective and sufficient internal control system that covers every aspect of its operation; financial operations, corporate performance. The Internal Audit Office is established to ensure that all operation units of the Company are in compliance with operating procedures, in addition, Internal Audit also assess the effectiveness and adequateness of the internal control system, since its works independently, it can provide adequate control, transparent and can be the balanced mechanisms against improper acts that could give negative impact to the shareholders investments in the Company and its assets. The Internal Audit directly report to the Audit Committee.

## 5. Responsibilities of The Board of Directors

### Sub-Committees

#### 1. The Structure of The Board of Directors

##### 1.1 The Board of Directors

The Board of Directors consists of at last 7 director and not more than 15 Directors with excellent qualification and experience relevant to the Company's business. The qualifications of the Board of Directors must comply with the Act of Public Company Limited, the Regulation of the Security Exchange Commission and Stock Exchange of Thailand. The Board of Directors of the Company consists of at least 5 Independent Directors as of December 31, 2018, the Board of Directors of the Company consists of 14 Directors:

- (1) 3 Executive Directors
- (2) 11 Non-Executive Directors

The Chairman of The Board of Directors is not the President.

The name list of The Board of Directors and its responsibilities are referred in Management Structure section.

##### 1.2 Sub - Committees

##### The sub - committees consists of

###### 1.2.1 Audit Committee

The Audit Committee shall consist of 3 Independent Committee members with at least one member who is knowledgeable in finance and accounting, an Internal Audit Office manager being a secretary. The qualifications of the Audit Committee shall reflect The Capital Market Supervisory Board's requirement on qualifications of independence announcement. As of December 31, 2018, the Audit Committee consists of 3 Independent Directors who possess high professional and ethical standards with experience and expertise in internal audit. They are able to be responsible for monitoring and assessing the adequacy of the internal control, then expressing their opinions with regard to the benefits of the Company to the Board of Directors. The names of the Audit Committee and its responsibility are listed and referred in the issue of Management Structure section.

###### 1.2.2 The Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises four of the Company's directors, all of whom are non-executive director. In addition, three members of the Committee are independent members, one of whom is the Chairman of the Nomination and Remuneration Committee, Personal manager being a secretary. The Nomination and Remuneration Committee in charge of the nomination of persons qualified to become directors and top executives. The committee is also responsible for considering the remuneration of the Board of Directors and the Sub-Committees to be further proposed to the Board's approval. The Nomination and Remuneration Committee will arrange a meeting at least 2 times a year. The names of the Nomination and Remuneration Committee and its responsibility are listed and referred in the issue of Management Structure section.

###### 1.2.3 The Executive Committee

The Executive Committee must be appointed by the Board of Directors. The Executive Committee Comprises five of the Company's directors and executives, Company Secretary being a secretary. The Executive Committee performs duties as assigned by the Board of Directors to be effectiveness and maximum benefits to the Company. The names of the Executive Committee and its responsibility are listed and referred in the issue of Management Structure section.

#### 1.2.4 Risk Management Committee

The Risk Management Committee is a sub-committee of the Management comprised of Deputy Vice-President Level up as a member and the President served as the Chairman and the Corporate Planning Manager as a member and secretary. The roles and responsibilities of the Risk Management Committee are listed and referred in the issue of Management Structure section.

### 2. Meeting of the Board of Directors

The meeting of the Board of Directors must be held at least 6 times a year and be scheduled through the year in advance to ensure that all directors shall manage their time to attend the meetings. In case of needed, a meeting shall be convened. The agenda and attached documents for Board Meetings must be prepared and determined clearly whether for information or consideration, and shall be submitted to the Board of Directors not less than 7 days before the meetings to ensure smooth meeting procedure with clear decisions and resolutions. In addition, related Executives should attend the board meeting to present information and express opinions which benefit to the meeting.

All directors shall be allocated appropriate time for free discussion and to express their opinions, with regard to the benefit and fairness of the Company's shareholders and related persons. In case there are any benefits or significances related in such agenda for interested directors or executives, they shall not participate in such agenda unless the meeting goes on to next agenda. The Secretary of the Board of Directors shall take the minutes and must prepare a draft meeting report within 14 days after a meeting, then presents to the Board of Directors for consideration before submitting to the Board of Directors in the next Board Meeting for its approval and acknowledgement. The Chairman of the Board or the Chairman of a meeting and the Secretary of the Board of Directors must sign for acknowledgement on the minute, then keep filing for further review and inspection when needed.

In 2018, The Board Meetings was convened 6 times. The meeting-attendance report of the Board of Directors is shown in the issue of Management Structure section.

### 3. Performance Assessment

#### Performance Assessment on the Board of Directors

The Board of Directors has arranged the performance assessment on the Board of Directors once a year to allow each director to jointly make an assessment on overall performance of the Board of Directors and make a self assessment on individual performance to review the performance, problems and difficulties during the year for more efficiency.

In 2018, the Secretary of the Board of Directors sent the overall and individual performance assessment on the Board of Directors forms to every director and each director is independent to complete such assessment forms. When the assessment forms are completed, they will be returned to the secretary of the Board for collection and conclusion and preparation of report to the Board of Directors for acknowledgement in the meeting of the Board of Directors.

#### Performance assessment on the Board of Directors as a whole

Performance assessment on the Board of Directors as a whole is made on the criterion divided into 6 following aspects:

1. Structure and Qualification of the Board of Directors
2. Roles, duties and responsibilities of the Board of Directors
3. Meeting of the Board of Directors



4. Duties performed by the Board of Directors
5. Relationship with the management
6. Self-improvement of the Directors and development of the executives

#### **Performance assessment on individual Director**

Performance assessment on individual Director is made on the criterion divided into 4 following aspects:

1. Roles, duties and responsibilities undertaken as the Director
2. Duties performed as the Director
3. Relationship with the management
4. Self-improvement as the Director

#### **Performance Evaluation of the President**

The Board of Directors has evaluated the performance of the President every year ended by the criterion divided into 2 sections :

Section I : Status of Achievements

Section II : Performance Measures divided into 10 following aspects:

1. Leadership
2. Strategic planning
3. Actions in accordance with the strategy
4. Financial planning and performance
5. Relationship with the Board of Directors
6. Relationship with third party
7. Personnel management and relationship
8. Succession plan
9. Product and service understanding
10. Personal qualification

#### **4. Remuneration**

The Nomination and Remuneration Committee is responsible for determining the remuneration of the Board of Directors and the Sub-committees to be further proposed to the Board's consider. By considering the responsibilities and the operating results of the Company as well as comparable to those of listed companies in The Stock Exchange of Thailand which have the similar size of business and being in the same industrial sector. The Company had joined the Compensation of Listed Company Survey with the Institute of Thai Directors every 2 years so as that the directors can use the information for determining directors' remuneration appropriately which will be proposed for approval by an Annual Shareholders Meeting every year. Also consider the duties and responsibilities of the directors concerned and the Company's performance.

The executives' remunerations shall be considered and approved with regard of the policies set by the Board of Directors. The levels of executives' remunerations shall be comparable to those of companies in the same industry taking into consideration of the duties and responsibilities, individual performance, the Company's performance, with fairness, to motivate the high professional and standard ones to work with us longer.

The remunerations for directors and executives in 2018 are referred in the issue of Management Structure section.

## Directors and Top Management Nomination and Appointment

### (1) Independent directors

As required by the regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), the Company has defined the Board of Directors' independence as follows:

1. Holding shares not more than 1 percent of the total shares with voting rights of the Company, major shareholder, or controlling person including related persons.
2. Not being or having previously been a director who takes part in the management, an employee, a staff or an advisor of the Company unless the termination of being in such position had occurred at least 2 years before an appointment.
3. Not being a person related by blood or registration under laws such as parents, spouse sibling and child of its executives, its major shareholder, its controlling persons, or such other person who will be nominated to take up the position of executives or controlling persons of the Company or its subsidiary.
4. Not holding business relationship with the Company, major shareholders, or persons holding controlling power of the Company, which may hinder the exertion of his/her independent discretion, and not being or having ever been a shareowner with significant implication, or person holding controlling power of the person holding business relationship with the Company, major shareholder, or person holding controlling power of the Company unless having vacated from said tenure for not less than two years before appointment which value  $\leq 50$  MB /  $\leq 3\%$  of the Net Tangible Asset (NTA) up to the greater number.
5. Not being or having previously been an auditor of the Company or the major shareholders, or the controlling persons and not being a shareowner with significant implication, or the controlling persons, or a managing partner of the audit office which being the auditor of the Company unless the termination of being in such position had occurred at least 2 years before an appointment.
6. Not being or having previously been any professional service provider including legal advisor and financial advisor who receives more than Baht 2 million annually from the Company, major shareholders, or controlling person and also being a shareowner with significant implication, or the controlling persons, or a managing partner of such professional service provider unless the termination of being in such position had occurred at least 2 years before an appointment.
7. Not being a director appointed as a representative of the Company's directors, a major shareholder or a shareholder who is related to the Company's major shareholders.
8. Not undertaking a business with similar nature or significant competition with the Company, or not being a major partner of a partnership, or a director who take part in management, an employee, a staff, an advisor with regular payroll, or owning shares more than 1 percent of all shares with voting right of other companies with similar business or significant competition with the Company.
9. Not having any other characteristics that prevent the exertion of independent opinion and not having prohibited characteristics as required by the Securities and Exchange Commission's regulations.

## **(2) Directors and Top Management Nomination**

### **The Selection of Directors**

A part of the Board of Directors consists of representatives from major shareholders; Nippon Closures Company Limited and Toyo Seikan Company Limited who nominate Japanese directors to be appointed at the Annual General Meeting of Shareholders which passed the resolution of the Nomination and Remuneration Committee and the Board of Directors. Another part includes the qualified persons nominated by the group of beverage industry who have regular business with the Company and qualified persons in other fields. All of the Directors are qualified, knowledgeable, and experienced in various fields which have been useful to the Company.

In the nomination and appointment of the Directors, each person must qualify the Public Company Act, the Securities Exchange Commission and the Stock Exchange of Thailand including the Company's policies and the principles of the Good Corporate Governance.

1. Having the knowledge, abilities and experience to be beneficial on the Company's businesses
2. Having a honesty, an ethic and responsibilities, decision making on principle and reasonably
3. Having leadership, vision and independence in making decision.
4. Able to devote sufficient time to monitor the Company's operation
5. Having the correct qualifications and having no forbidden characteristics according to the law, Limited Public Company Act, Securities and Exchange Act, and the Principle of Good Corporate Governance of the Company such as;
  - (1) be sui juries;
  - (2) Not a bankrupt, incapable or incompetent person
  - (3) Not having been imprisoned by the judgment of a court which is final for an offence related to property committed with dishonest intent;
  - (4) Have never been dismissed or removed from government service or a government organization or a government agency in punishment for dishonesty in performing their duties
  - (5) There shall be no restrictions to prevent a person to become a director regarding the rules and regulations of The Stock Exchange of Thailand.

In event of a vacancy of the Director other than the retirement by rotation, the Board of Directors will select a qualified person with no forbidden characteristics as per stated in the announcement of the Securities Exchange Commission, the Stock Exchange of Thailand, and the legal specification of the Public Company to fill the position of the Directors for the next Board of Directors' meeting. The Director appointed to fill a vacant position will only serve the remaining term of that vacant position.

### **The Minor Shareholders' Right in the Appointment of Directors**

In order to provide the opportunity to the minor shareholders to propose the Shareholders meeting agendas and nominate a person to be the Director in advance. Therefore, the Company had announced the criteria and process of which through via the Company's website and informed to The Stock Exchange of Thailand to ensure that the shareholders have been informed. However, the Company gives an opportunity to the shareholders in inquiry and suggestion prior to the date of the meeting by calling or sending questions to the Company Secretary Officer at all time.

In 2018, the Company had provided the opportunity to shareholders for proposing the shareholders meeting agendas and nominated persons to be elected as the Company's directors during October 1, 2018 to December 28, 2018 but no any proposal.

**Appointment, Removal, or termination of Directorial positions is summarized as follows:**

1. In nomination of Directors to replace Directors who complete their terms, the Board of Directors is responsible to, recruit a qualified candidate who possesses no prohibited characteristics as stated in the Announcement of the Securities and Exchange Commission concerning, the Stock Exchange of Thailand, as well as the Law of Public Company, and propose to the Shareholders' Meeting. The Company gives right and opportunity to all shareholders to nominate and appoint any person to be a director at the meeting via through the Company's website, this right has not been exercised.
2. The Shareholders' Meeting elects Directors by way of a majority vote, according to the following rules:
  - (1) Each shareholder has one vote for each share held
  - (2) Each shareholder has a total number of votes equivalent to the total number of shares held, wherein one share carries one vote
  - (3) Each shareholder is required to exercise all his votes in voting for one or several persons as Directors
  - (4) Candidates receiving the most votes in successively descending order will be appointed as Directors according to, but not exceeding, the number of Directors to be appointed on that particular occasion
  - (5) In the event that two candidates secure an equal number of votes for the final position of Director, the Chairman of the Meeting will cast the deciding vote
3. Directors may also leave their posts due to fatality; resign prior to the completion of term (Effective as of the date the Company has received the Director's resignation letters); the Court or the Shareholders' Meeting passes a resolution to remove a Director according to Section 76 of the Public Company Act B.E. 2535; or a Director lacks the qualifications as specified in the Section 68 of the Public Company Act B.E. 2535.
4. In case the Director was vacated other than vacating their office by rotation, the remaining Directors will select a qualified candidate who does not possess any prohibited characteristics as a replacement at the following Board of Directors' Meeting with a vote of not less than three quarters of the remaining Directors except the said Directorial position has a period of less than 2 months to completion of term. The replaced Director may serve only the period of time remaining to completion of such term.

**The Development of Directors and Management**

The Company promotes and facilitates training and the continuing education for related persons with the Corporate Governance system such as, Directors, Management and Corporate Secretary, This enables continuous improvement to work performance. In addition, in case there is the new director(s), the Company will arrange the orientation and plant visit to educate them on the Company business regarding the Company's operation overview, the development of business and organization, the good corporate governance policy and code of conduct.

Furthermore, the related laws and regulations including the other useful information are prepared as the manual handbook for the new director to well perform the duty.

In addition, so as to ensure that the capabilities and experience of the Board of Directors can be contributed maximum benefit for the Company, there is no limitation to the number of times a Director may be re-elected, nor any limitations in terms of a retirement age.

### Director's Attendance at Training Session Conducted by the Thai Institute of Directors Association (IOD)

Training Courses Directors of the Company			Director Accreditation Program (DAP)	Director Certification Program (DCP)	Role of the Chairman Program (RCP)	Financial Statements for Directors (FSD)	Board Nomination & Compensation Program (BNCP)
1.	Mr. Dhep	Vongvanich	-	-	-	-	-
2.	Mr. Pornwut	Sarasin	DAP 45	-	-	-	-
3.	Mrs. Pilai	Piemphongsarn	-	DCP 9/2001	-	-	-
4.	Mr. Hisashi	Nakajima	-	-	-	-	-
5.	Mr. Ichio	Otsuka	-	-	-	-	-
6.	Mr. Satit	Chanjavankul	-	DCP 83/2007	-	-	BNCP 5/2018
7.	Mr. Pongpanu	Svetarundra	-	-	RCP 2/2008	FSD 2/2008	-
8.	Prof.Dr.Suwimon	Keeratipibul	DAP 97/2012	-	-	-	-
9.	Mr. Dhitivute	Bulsook	-	DCP 78/2006	-	-	-
10.	Mr. Yoshiki	Miyatani	-	-	-	-	-
11.	Mr. Takayuki	Sasou	-	-	-	-	-
12.	Mr. Hisatoshi	Itsubo	-	-	-	-	-
13.	Mr. Akihiko	Kato	-	-	-	-	-
14.	Mr. Panthep	Supachaiyakit	DAP 102/2013	DCP 69/2016	-	-	-

Remark: In 2018, Mr. Satit Chanjavankul took part in the Board Nomination & Compensation Program (BNCP) 5/2018 organized by IOD. The Company arranged the President to participate in the seminar on "Food Innovation and New Business Opportunity", organized by The Stock Exchange of Thailand.

### Governance of associated companies

At present, the Company has not subsidiaries or affiliates.

### Internal information Control

The Board of Directors has a preventive measure of unfair using inside information by related persons. The Directors, management and also employees who are closed to the Company's internal data, are supposed not to make advantage for themselves or their relatives and not to disclose any information to outsider or unrelated persons before the important information is publicized.

Moreover, the Directors and management include their spouses and minor children who have changed in the Company's shares owner have to inform the Securities and Exchange Commission within three working days from the date of buying, purchasing, transferring and receiving the Company's shares and inform the Company soonest. In the case whereby there's any transaction with the Company during the year, the Directors and management have to inform to the Company whether such transaction may lead to conflict of interests or not. These measures are to ensure the transparency and fairness of the Company. Additionally, the Directors and management also realize the seriousness of penalty for insider trading.

## Shareholding by the directors and the management

The Company annually disclosed shareholding and changes in the Company shares of the Directors and the management both directly and indirectly in the annual report. Details are under the heading “Personal information of the Company directors and management members” on report on changes in securities holding by the Company directors and management members at December 31, 2018.

## The policy to report possible conflict of interests by the Directors

The Board of Directors set up the policy requiring the Company directors and management, which abide by the notification of the Capital Market Supervisory Board no. TorJor.2/2552 in order to provide the information for the Company to follow the connected transaction regulations which have possible conflict of interests and lead to the Company’s benefit transfers, and benefit for overseeing the Directors and management to do fiduciary duty. The Directors and management have to proceed as follows:

1. Directors, management, and related persons shall fill with the Company a report on interest according to the form set by the Company’s Board of Directors and submit to the Company Secretary.
2. The new appointed directors and management shall report on his interest and submit to the Company Secretary within 30 days after an appointment.
3. Directors and management shall fill with the Company a report on his interest and related persons’ interest at the end December every year sending to the Company Secretary until the Company’s directors and management resignation.

During 2018, the Company director and management members strictly followed the said policy, by not taking part in such meeting agenda having possible conflict of interests. Moreover, the Company facilitated information disclosure pertaining to any conflict of interests by the Company director or management members, via the letter informing the meeting’s resolution to the news system of The Stock Exchange of Thailand.

## Auditor Remuneration

### 1.) Audit fee

Audit fee payable to Office of auditor shown as details below:

Fiscal year 2016	equal to	890,000	Baht
Fiscal year 2017	equal to	890,000	Baht
Fiscal year 2018	equal to	1,050,000	Baht

### 2.) Non audit fee

Service fee for observe and certify the destruction of registered products which under quality standard payable to Office of auditor shown as details below:

Fiscal year 2016	equal to	20,000	Baht
Fiscal year 2017	equal to	60,000	Baht
Fiscal year 2018	equal to	60,000	Baht



# Social Responsibility

The Board of Directors complies with the principles of engaging in business according to ethical framework and the good corporate governance policy of the Company, having focus on fair treatment, honesty, transparency and realizing about stakeholders in every party, to achieve the goal of being an organization which operates business with social responsibility and develops the Company to sustainability further. The Company has operated work in accordance with sustainability report covering 8 clauses of principles as follows:

## 1. Engaging in business with fairness

The Company treats towards business partners in fair and honest trade competition framework, by complying with the contract and commercial conditions, including giving equality and justice to all business partners. The Company respects the intellectual property of other people.

- **Fair competition** : The Company has equal and fair treatment, according to the trade terms and conditions with customers and sellers strictly, as well as has fair trade competition, realizing trade ethics. The Company will not distort the information, will not deceive or use any other methods which are incorrect.
- **Respect of property right** : The Company encourages employees to follow property right and respect intellectual property, patents and copyright strictly.
- **Promote social responsibility in partners** : The Company promotes and cooperates in the operation of social responsibility of customers, sellers, as well as inspects action of contractors in compliance with the labor laws for contractors who are business partners of the Company.

The Company has never been prosecuted for violating the law and any regulations throughout the past operating period.

## 2. Anti-corruption

The Board of Directors realizes the importance and focus on the business operation of the Company to act correctly, straightforwardly. The Company must not call for or receive property and any benefits from persons related with business and the Company will not support bribery strictly.

On 3 March 2016, the Company participated in the announcement of intent to be alliance of the Thai Private Sector in anti-corruption (Collective Action Coalition: CAC) and in order that the operation to participate in the Thai Private Sector Collective Action Coalition in anti-corruption will be done effectively and the Company can achieve the goals according to the action plan, the Company appointed the CAC Project Committee, the Sub-Committee on Procedure Screening and Anti-Corruption Measures and the Sub-committee to formulate the procedures and measures of anti-corruption and determine the anti-corruption policy; the detail can be downloaded at [www.crownseal.co.th](http://www.crownseal.co.th) in the page of Investor Relations; topic: Good corporate governance; by allowing every working unit to express opinions including determining the guidelines and measures of anti-corruption to be used as guidelines in practice within the Company.





On 10 November 2017, the Company received a certificate of membership in the Private Sector Collective Action Coalition of Anti-orrupction (CAC) from the Thai Private Sector Collective Action Coalition of Anti-corruption, certifying that the Company passed through the self-assessment process that there were policies and guidelines including measures to prevent corruption within the organization completely in accordance with the criteria determined by CAC by Mr. Panthep Suphachaikit, the President, as the representative of the Company to receive the task in Thailand's 8<sup>th</sup> National Conference on Collective Action Against Corruption on 21 November 2017.

The Company determined to have channels to file complaints or report clues of illegal actions, actions against ethics, anti-corruption policy, behavior that may indicate fraud or corruption of individuals in the organization, including employees, executives and stakeholders, through the system for receiving complaints and whistleblower in addition to written notification via e-mail, letter or opinion box to listen to comments. If there is finding of violating of the rules, or regulations prescribed by law, committing of offence against good governance, corruption, or action against ethics and the Company policy of anti-corruption.

For this, the Company would like to create confidence to employees and stakeholders who report or provide information, or provide clues that will not cause the complainant or informant to have trouble or damage, the Company therefore determines mechanism for protection and relief of trouble or damage to those who report or provide information about unfair action. The Company focuses importance of keeping information and complaints as confidential information, to create confidence for the complainant and determine clear operation procedures when the Company receives complaints, from the step of collection of facts by making as confidential information, setting of the Fact Investigation Working Group, setting up of Investigation Committee, considering and approval of sanctions, including reporting about result of complaints.





Throughout the year 2018, the Company has communicated, disseminated, educated and made understanding with all employees throughout the organization. There are trainings to clarify the Anti-corruption continuously, so that employees understand and act correctly and in the same way. The Company can regularly review the appropriateness of the systems and measures to be consistent with changes in business, rules, regulations and provisions of law consistently. Employees who commit corruption or commit offenses against anti-corruption policy, including unethical practices, will be considered to receive disciplinary action, according to the regulations determined by the Company and punished according to the law if the action is unlawful.

In addition, the Internal Audit Office will evaluate, follow good governance, compliance with ethics and anti-corruption policy and report to the Audit Committee.

### 3. Respect for human right

The Company respects human rights and individuals, by recognizing the right of being human beings and equality, not discriminating against any person. In addition, personal freedom shall be protected from being harassed by use or disclosure to unrelated persons. The Company determines that for all employees to be informed about the Company continuously and constantly, the Company regularly holds meetings for employees to meet executives at least 2 times a year. In addition to the fact that employees know operational results, executives also know comments and needs of employees to improve and develop the Company for better result.

In 2018, the Company did not receive complaints regarding incorrect or unfair practices.

### 4. Fair treatment of labor

The Company focuses importance of employees of the Company at all levels, without discrimination of race, religion and sex. All employees will be treated equally and fairly. The Company complies with laws, rules and regulations strictly. There is arrangement of safe and hygienic workplace. There are continuous training plans and personnel development along with business development, as well as providing appropriate compensation to employees. The Company realizes that the success of the organization depends on the potential of the personnel as the important thing. In any organization, if there are human resources that are highly capable, moral and ethical, such organization can create a competitive advantage and lead the organization to success according to the required goals sustainably.

In addition, the Company has an understanding of the rights and freedoms of employees in grouping and establishing as labor unions, having objectives to help taking care about the conditions of employment, welfare for work and benefits by providing opportunities for trade unions which are the representative of the employees filing a claim to request the Company to consider changing benefit arrangements and working environment as both parties have mutual agreement.

## 5. Responsibility to consumers

The Company is committed to create satisfaction for customers by improving quality of products and services, to meet the needs of customers continuously, as well as produce products that are safe and responsible for customers and consumers.

The Company realizes the importance and considers health and safety of consumers, therefore the Company used the Safety of Food Packaging System (FSSC22000) to be used in the production process since 2014 and has been continuously practiced. In the year 2018, the results of the inspecting of such standard system of the Company is consistent with the provisions, showing the overall social responsibility, not only employees, but also to consumers in general.

## 6. Environmental care

The Company is well aware that environmental protection is an important work for common interest. Therefore, the Company will try to put environmental policy together with the Company policy in every aspect and has commitment to create a safe, hygienic and always active workplace. Employees and related persons have duty to follow the guidelines in several matters as specified.

### Operation in the year 2018

To show responsibility for the production process of the Company which may affect the environment and surrounding communities as follows:

- 1) Control quality of wastewater to comply with the law; the Company has wastewater treatment system. Before the Company releases wastewater to outside, in order not to affect the community. There are regular water quality checks every 2 months by private operational laboratories that are certified by the Department of Industrial Works.
- 2) All types of waste of the Company are divided and delivered, disposed or treated by the Company That has been approved by the Department of Industrial Works. The operations are authorized by the Department of Industrial Works. There is regular control and inspecting the practice in compliance with authorization by both internal and external agencies.
- 3) Arrange noise reduction equipment for employees to wear sound protection equipment while working and preventing and reducing of effect of noise original source by producing a cover to reduce noise from the machine to outside.
- 4) Measure noise, light, heat, dust, chemicals and vapors in the work area and storage location according to the notice of the Ministry of Labor and the Ministry of Industry, Re: work safety regarding the environment, helping employees to be in a safe and pollution-free working environment while at the same time providing an annual health check-up program, to confirm the appropriateness of measures of taking care and prevent the effect of work.
- 5) Participate in arranging activities to promote environmental protection with government agencies and Rangsit City Municipality every year.

## 7. Community and social development

The Company will engage in business with responsibility and aware of the potential impact on the community and society as a whole. As well as providing support for public activities that help strengthen communities and society, the Company regularly participates in activities with the community surrounding the Company.

### Operation in the year 2018

- Together with the HRH Princess Sirindhorn Medical Center in receiving blood donation.
- Together with the Association of the Blind in Thailand for the blind band to enter into the Company to receive donations and selling lottery tickets.
- Voluntary activities “We do good by heart”.
- “Build Forest and Water Conservation” Activity.
- Together with cooperatives in bringing consumer goods to sell in the Company to employees.
- Together with Rangsit City Municipality in organizing the World Environment Day event.
- “Volunteer’s Development for Brothers and Sisters” Activity.



## 8. Research and development from socially responsible activities

The Company is determined to develop to be a leading packaging product manufacturer in Southeast Asia, producing products that are safe, high quality and variety. Products can meet all the needs of customers, emphasizing invention, development of products of the Company always, to comply with need of market, using less raw materials or energy, so that using of resources is cost-effective, having suitable cost and the products can be competitive continuously, and taking care of environment, so that there is no pollution in every production process and every operation.

The Company disclosed the information in the website of Crown Seal Public Co., Ltd. in [www.crownseal.co.th](http://www.crownseal.co.th), in page of environment and society, in the topic: Social Responsibility.



# Internal control, Internal Audit and Risk management

## 1. Internal control

The Board of Directors has put its emphasis on the internal control system continuously and has assigned the Audit Committee consisting of independent director to review whether the Company has the suitable and effective internal control system while the internal audit office which is independent from the management is required to directly report to the Audit Committee, to assess the sufficiency of the internal control system of

- The Company to ensure that the Company has the accuracy and credible information system and financial report.
- Compliance with rules, regulations, policies, procedures and laws related to the business operation.
- Safeguarding of the Company's assets.
- The operation of the Company is undertaken efficiently with resources utilized economically.
- Conducted in accordance with the plan aligning with the objectives and targets of the Company.

The Internal Audit Office is assigned to evaluate sufficiency of the internal control system of the Company in accordance with the Assessment For of the Office of the Securities Exchange Commission (SEC) within the internal control framework of COSO 2013 (The Committee of Sponsoring Organizations of the Treadway Commission) consisting of 5 major components and 17 minor principles and to submit the report to the Audit Committee for approval.

All audit committee and independent committee and the chief executive officers had attended the meeting of the board of directors No. 1/2562 on 21 February 2019 and the board of directors examined every topic of the assessment with inquiries for additional information from the executives and the audit committee and approved that the internal control system of the Company is appropriate, sufficient and effective as follows.

### 1) Control Environment

- The Company specify the term of the visions, mission, strategy, and plans. In order to reach the success of Company's goal.
- The Company clearly set up the organization chart according to the proper responsibility. This include job description, scope of works and qualification in each position.
- The Board of Directors adopt the policy in accordance with the principles of Good Corporate Governance and corporate ethic.
- The Company consistency provide the opportunity to develop knowledge and skill for all employees.

### 2) Risk Management

- The Company established the risk management committee by having the President as the Chairman and the management as the committee, which have clearly role in operation.
- Having the manual in risk management to clearly set the guidance on practice and the criterion for risk assessment in each level are established properly through the consideration of the opportunity to incur (Likelihood) and the impact of the loss in both financial and no financial.
- All the Company's management and employees are responsible for identifying and assessing the risks in their business areas, and formulating appropriate mitigation plan and revise plans to cope with the change of risk factors both internal and external that occurred.

### 3) Control Activities

- The Company has guidelines policy for operation in all departments. There are the action plan, key performance indicators, and the annual budget to ensure the effectiveness of operation in reaching the goals.
- The Company is given written procedure and authority manual of each management levels and regularly review them to be in line with the changing situation. These include authorization, approval verification, reconciliation and segregation of duties which assure that the operation is transparent, appropriate and adequacy internal control.
- In case if a connected transaction with the Company's related person whom may lead to conflict of interests. That connected transaction must comply with law and related regulation through the Company's policies and procedures as same as any outside parties' transaction.

### 4) Information and Communication

- The Company set up various channels for communications both internal and external. All concerning parties can access to accurate, updated and adequate information for their operation and decision-making.
- The Board of Director's meetings and the management meetings are regularly meet in order to deploy the policy, working guidelines and share necessary information to involved officers.
- The Company has introduced SAP system to record data and analyze the operating result. Also prepare for a financial report which facilitates more accurate work for the officers. To support the faster and more efficient decision-making for the management.
- The Company set up security system of internet usage securely and sufficiently. Having contingency plan to reduce the effect of system shut down that may cause damage to the whole system. We also go over and practice the contingency plan yearly.
- The employees can access data for information via internet, while outsider can receive information from the Company's website [www.crownseal.co.th](http://www.crownseal.co.th) which has been proved by the responsible department manager or assigned officers.

### 5) Monitoring Activities

- The management team meets monthly in order to monitor the performance of employees in all levels by their key performance indicator. To ensure the operation is following the plan and reaching the goal, by regularly reporting to the Board of Directors. When the results appear differently from the goal, the committee will have some questions, suggestions and assign the management to resolve the problem. Then report for the up- coming meeting.
- Established the internal audit office to support the Audit Committee performing duty on supervision of the internal control

## 2. Internal audit

The Auditing Committee oversights the performance of the Internal Auditing Office in independent integrity and expertise according to the international Standard for the Professional Practice of Internal Auditing, having the internal auditing charter determining task, operational scope, power, duties and responsibilities, as well as guidelines for auditing operation clearly. In order that the Internal Auditing Office has performed independence checking and balancing, the Office has reported about auditing performance directly to the Auditing Committee and reported regarding management to the President. The Office has duty to consulting service, auditing, evaluation of the efficiency of internal control system and risk management, as well as recommendation improvement, coordinating with other business functions to improve efficiencies of the work system and achieve the objectives targets.



In making annual auditing plan, the Company considers risk based approach. The approach emphasized the importance of internal control, important risk management, performance under the relevant laws and regulations, in order to use the information for consideration and to give recommendation. The Auditing Committee considers and approves the annual auditing plan and follows the auditing result and work operation result of Internal Auditing Office on quarter basis.

The Company developed professionalism and business intelligence of auditors in line with International Standard for the Professional Practice Framework, by supporting continuous development and training of knowledge continuously inside and outside relating with skills and necessary auditing method in work operation auditing, financial auditing, auditing regarding complying with law, auditing about information system, so that there will be knowledge and ability, expertise in internal auditing profession and increase other necessary skills to the Company to work in the duty effectively.

The Auditing Committee of the Company has considered and approved for appointment of Miss Wannapa Somprasith to be the Manager of Internal Audit Office since 2007 as well as increase experience, skill, professional expertise in internal auditing by the way give consultancy, exchange of opinion, participating in training appropriately and sufficiently for effective work and duty. The detail of education qualifications, professional qualifications, relevant training and work experience.

### 3. Risk management

The Board of Directors has put priority on risk management through formation of the risk management committee to determine the policy, objective, risk management framework, to assess possible risk incurred from internal and external factors and to determine measure to manage the risk to be at acceptable level while the management of each department is responsible for risk assessment and management to ensure that the operation of the Company is undertaken and achieved as the target.

The risk management committee is assigned to monitor the performance in accordance with the risk management plan periodically and monitor the assessment result of residual risk level management and then make a report to the Audit Committee for comments before submission of a report to the Board of Directors for consideration and acknowledgement.

## Related Party Transactions

1. As of 31 December 2018, the Company's transactions with related companies are as follows:

Item	Parties Involved	Relationship of Contract	Term	Value(Million Baht)		Basis of Consideration Value Determination
				2018	2017	
1. Normal business transaction						
1.1 Sales of Crown Caps, Pilfer-Proof Caps, Maxi-Series and Plastic Caps	Group of Boon Rawd Brewery Co., Ltd. <sup>1</sup> ThaiNamthip Ltd. <sup>2</sup> Serm Suk Plc. <sup>3</sup> Toyo Seikan (Thailand) Co., Ltd. <sup>4</sup> Nippon Closures Co., Ltd. (NCC) <sup>5</sup>	Shareholder Shareholder and the same partial group of directors The same major shareholder and partial group of directors Major shareholder and the same partial group of directors	-	686.42	637.20	Monthly payment / with reference to market price which are the same rate as others
1.2 Sales of equipments and spare parts	Group of Boon Rawd Brewery Co., Ltd. Serm Suk Plc. Nippon Closures Co., Ltd. (NCC)	Shareholder Shareholder and the same partial group of directors Major shareholder and the same partial group of directors	-	1.20	1.18	Monthly payment / with reference to market price which are the same rate as others
2. Supporting normal business transaction						
2.1 Printing and related - Printing and coating metal sheet services - Printing artworks - Printing of sample printed sheet	Bangkok Can Manufacturing Co., Ltd. <sup>6</sup> Next Can Innovation Co., Ltd. <sup>7</sup>	The same major shareholder and partial group of directors	-	151.31	176.88	Monthly payment / with reference to market price which are the same rate as others
2.2 License agreement	Nippon Closures Co., Ltd. (NCC)	Major shareholder and the same partial group of directors	5 years	15.02	17.91	Half - yearly payment / royalty fee is set as a percentage rate of sales volume of caps. And rate charged by NCC is not higher than others.

Item	Parties Involved	Relationship of Contract	Term	Value (Million Baht)		Basis of Consideration Value Determination
				2018	2017	
2.3 Purchase of spare parts, and raw materials	Nippon Closures Co., Ltd. (NCC) Kanagata (Thailand) Co., Ltd. <sup>8</sup>	Major shareholder and the same partial group of directors The same major shareholder and partial group of directors	-	38.59	30.74	Monthly payment / with reference to market price which are the same rate as others.
<b>3. Property rental or lease which no more than 3 years transaction</b>						
3.1 Land lease (3,626 Sqm.) (The Excise office and Car park)	Bangkok Can Manufacturing Co., Ltd.	The same major shareholder and partial group of directors	1 year (1 Sep. 17 - 31 Aug. 18)	0.41	0.41	Yearly payment and lease rate is set by Fair Value appraised by independent appraiser.
3.2 Office rental (360 Sqm.)	Toyo Seikan (Thailand) Co., Ltd.	The same major shareholder and partial group of directors	6 months (1 Jan. 17 - 30 Jun. 17)	-	0.43	Yearly payment and rental rate is set by Fair Value appraised by independent appraiser.
<b>4. Asset and service transaction</b>						
4.1 Administrative Service for Computer Software and Hardware, SAP and Personnel systems	Bangkok Can Manufacturing Co., Ltd.	The same major shareholder and partial group of directors	1 year (1 Jan. 18 - 31 Dec. 18)	2.99	2.83	Monthly payment / service fee is set by proportion of workload plus margin 4%
	Toyo Seikan (Thailand) Co., Ltd.	The same major shareholder and partial group of directors	1 year (1 Jan. 18 - 31 Dec. 18)	3.97	3.75	Monthly payment / service fee is set by proportion of workload plus margin 4%
	Toyo Filling International Co., Ltd. <sup>9</sup>	The same major shareholder	1 year (1 Jan. 18 - 31 Dec. 18)	1.12	1.02	Monthly payment / service fee is set by proportion of workload plus margin 4%
	Next Can Innovation Co., Ltd.	The same major shareholder and partial group of directors	1 year (1 Jan. 18 - 31 Dec. 18)	1.28	1.21	Monthly payment / service fee is set by proportion of workload plus margin 4%
	Bangkok Can Manufacturing Co., Ltd.	The same major shareholder and partial group of directors	1 year (1 Jan. 18 - 31 Dec. 18)	0.97	0.96	Paying on due date / with reference to market price as service provider charged.
4.2 IT infrastructure Services	Next Can Innovation Co., Ltd.	The same major shareholder and partial group of directors	1 year (1 Jan. 18 - 31 Dec. 18)	0.52	0.52	Paying on due date / with reference to market price as service provider charged.



Item	Parties Involved	Relationship of Contract	Term	Value(Million Baht)		Basis of Consideration Value Determination
				2018	2017	
4.3 Server Rental	Bangkok Can Manufacturing Co., Ltd	The same major shareholder and partial group of directors	4 years (15 May 16 - 14 May 20)	0.27	0.28	Yearly payment / rental service fee is set by proportion of number of users plus margin 4%
	Toyo Seikan (Thailand) Co., Ltd.	The same major shareholder and partial group of directors	4 years (15 May 16 - 14 May 20)	0.36	0.36	Yearly payment / rental service fee is set by proportion of number of users plus margin 4%
	Toyo Filling International Co., Ltd.	The same major shareholder	4 years (15 May 16 - 14 May 20)	0.10	0.10	Yearly payment / rental service fee is set by proportion of number of users plus margin 4%
	Next Can Innovation Co., Ltd.	The same major shareholder and partial group of directors	4 years (15 May 16 - 14 May 20)	0.12	0.12	Yearly payment / rental service fee is set by proportion of number of users plus margin 4%
4.4 Central Utility Service	Toyo Seikan (Thailand) Co., Ltd.	The same major shareholder and partial group of directors	6 months (1 Jan. 18 - 31 Jun. 18)	-	0.16	Monthly payment / service fee is set by proportion of area and number of staff plus margin 4%
4.5 Land lease 20-1-87 rai (Office and 2-piece can plant)	Bangkok Can Manufacturing Co., Ltd.	The same major shareholder and partial group of directors	30 Years (2 Jul. 01 - 1 Jul. 31)	0.50	0.50	Onetime payment totally THB 15 million on contract date. Price of land is equal to base price that Company bought from BCM. Rental rate is 1.5% per year of land price at present value and discount by 8%.

Item	Parties Involved	Relationship of Contract	Term	Value(Million Baht)		Basis of Consideration Value Determination
				2018	2017	
4.6 Land lease 8-3-80 rai (Building no. 3/4 scrap baler and loading area)	Bangkok Can Manufacturing Co., Ltd	The same major shareholder and partial group of directors	30 Years (2 Jul. 01 - 1 Jul. 31)	0.49	0.49	Onetime payment totally THB 14.78 million on contract date/ Fair Value of land is appraised by independent appraiser. Rental rate is 1.5 % per year of land price at present value and discount by 8%

**Remark :**

1. Group of Boon Rawd Brewery Co., Ltd; Manufacturer and distributor of beverages.
2. ThaiNamthip Co., Ltd.; Manufacturer and distributor of beverages.
3. Serm Suk Plc.; Manufacturer and distributor of beverages.
4. Toyo Seikan (Thailand) Co., Ltd. ; Manufacturer and distributor of plastic bottles.
5. Nippon Closures Co., Ltd. ; Manufacturer and distributor of packaging.
6. Bangkok Can Manufacturing Co., Ltd.; Manufacturer and distributor of Easy Open end, 2-Piece Cans, 3-Piece Cans.
7. Next Can Innovation Co., Ltd ; Manufacture and distributor 2-Piece Cans
8. Kanagata (Thailand) Co., Ltd.; Manufacturer of Injection Moldings and Plastic Moldings.
9. Toyo Filling International Co., Ltd; Containing and distributor of aerosol cans for body and hair products.

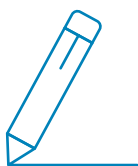
## 2. Necessities and Reasons for Entering into the Transactions

In 2018, the Company had transactions with related persons which can be categorized to 4 types (as disclosed in article 1) as follows:

1. A normal business transaction
2. A supporting normal business transaction
3. A property rent or lease with no more than 3 years transaction
4. An asset or service transaction

The entering into above transactions, the Company had considered its reasons and necessities, conditions and the fair price to gain the highest benefit for the Company. In case that ordinary business and supporting ordinary business transactions, the Company proceeded with normal commercial terms of the ordinary and usual course of business which is the same criteria as an external person. For the property rent and lease transactions with no more than 3 years and the transaction related to the assets or services, the Company determined the rent and service fee according to the fair value from the independent appraiser and using sharing cost basis according to the proportion of workload plus the profit comparing with the market price.

The agreement in any transactions/contracts with any other persons who have conflicts of interest with the Company, the necessities and reasons will be considered including all criteria and fair value to prevent the conflicts of interest and gain the highest benefit for the Company.



## Report on the Board of Directors' Responsibility for the Company's Financial Statements

The Board of Directors is responsible for the Company's financial statements which have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E.2543. The Board considered the accounting policies pursued to be appropriate, and they have been applied consistently with adequate disclosure of important information in the notes to the financial statements. KPMG Phoomchai Audit Limited, the Company's external auditor, has audited the financial statements and expressed an unqualified opinion in the auditor's report.

The Board establishes and maintains the risk management and internal control system to obtain reasonable assurance that accounting records are accurate, completely and enough to maintain the Company's assets and be aware of weak point in order to prevent fraud or significant operational irregularities. The Board has appointed the Audit Committee consisting of 3 independent directors to provide appropriate and effective oversight of the financial statements, internal control system and internal audit. The opinion of the Audit Committee has already been disclosed in its report in the Company's annual report.

The Board is of opinion that the Company's internal control system and internal audit that was sufficient to obtain reasonable assurance in the Company's financial statements as of December 31, 2018, which present fairly, in all material respects, in accordance with Thai Financial Reporting Standards.

(Mr.Dhep Vongvanich)  
Chairman

(Mr.Panthep Supachaiyakit)  
Director and President



# Report of the Audit Committee for the year 2018

## Dear Shareholders

The Audit Committee of Crown Seal Co., Ltd. (Public) consisting of three independent committee who are the appropriate and qualified persons with experience in economics, business administration, accounting and auditing in accordance with the criteria of the Office of Securities and Exchange Commission is chaired by Mrs. Pilai Piempongsarn, the chair person, and Mr. Satit Chanjavanakul and Mr. Pongpanu Svetarundra, the Audit Committee members, with term in office of 3 years and Miss Wannapa Somprasit, Manager of the Internal Audit Office, the secretary of the Audit Committee.

In 2018, the Audit Committee has performed its duties independently as assigned by the Board of Directors of the Company and accordance with its charter by utilizing experience and expertise while interchange opinion to provide creative comments and advice to support the Company's good corporate governance. The Audit Committee has jointly attended the meeting with the auditor, the chief executive and the internal auditor for 4 times. The performance report and recommendations have been submitted to the Board of Directors regularly every quarter and could be summarized as follows:

1. Review of the quarterly and annual financial reports through inquiries to the auditor on accuracy, completeness and reliability of the financial reports, significant issues during the audit and sufficiency of disclosure. The Audit Committee has viewed that the financial reports of the Company are fairly accurate and complete and reliable and are prepared in accordance with the financial reporting standards, including sufficient disclosure beneficial to the financial statement users. The external auditors audited financial statement and provided unqualified opinions.  
  
The Audit Committee has a private meeting with the external auditor without the managements and is informed of the independence in performance with proper cooperation.
2. Review of effectiveness on the internal control system of the Company through the report of internal audit office and the internal control system sufficiency assessment form of the Office of Securities and Exchange Commission in accordance with COSO internal control framework as evaluated by the management and internal auditor, it is viewed that the internal control system of the Company is sufficient and suitable with management system handled in accordance with good governance principle.
3. Review of risk management report, including measures arranged for management of significant risk incurred to the business undertaken by the Company. Acknowledged reports on material operational loss events and assessed the causes of such events and the appropriateness of pre-emptive measures to prevent future recurrences. The Audit Committee was satisfied and suggested the management to follow up the actions in accordance with the risk management plan, including assessment of risk level after that.
4. Review of compliance with laws on securities and stock exchange, requirements of the Stock Exchange of Thailand and other related laws, it is viewed that the Company has complied with related laws, regulations and requirements consistently.

5. Review of reasonableness on the connected transactions or the transactions with possible conflict of interest to ensure correctness and maximum benefit of the Company and compliance with the requirements of the Stock Exchange of Thailand based on the reasons and necessity, the Audit Committee viewed that such report is justified and fair with complete and adequate disclosure of information.
6. For appointment of the auditor for the year 2019, in selecting the external auditor, the Audit Committee considered independency, performance, experience, appropriateness of audit fees and compliance with the Office of Securities and Exchange Commission's announcements. It is proposed the external auditor to the Board of Director for further recommendation to Shareholders in the general meeting for the year 2019 for approval and appointment of Mr. Chayapol Suppasdtanon C.P.A. Registration No. 3972 or Ms. Orawan Techawatanasirikul C.P.A. Registration No. 4807 or Ms. Sumana Punpongsanon C.P.A. Registration No. 5872, of EY Office Limited as the Company's auditor.
7. Approval on the internal audit plan for the year 2019 which is in compliance with the nature of the business undertaken by the Company with focus on effectiveness of performance, internal control system, risk management together with recommendations for improvements of the system and working methods.
8. The policy of the Company is to undertake the business transparently, faithfully, correctly and fairly with code of conducts as a guidance of the work. The Company has arranged anti-corruption manuals, measures and procedures for supervision and compliance with the same standard to ensure suitability with the environment. Therefore, the Company has been provided with certificate of membership of the Private Sector Collective Action Coalition Against Corruption Council in 2017 and such measures will be monitored continuously.



On behalf of the Audit Committee  
(Mrs. Pilai Piemphongsarn)  
Chairperson of the Audit Committee  
February 22, 2019



# The Explanation and Analysis of operating results for the year 2018 compared to 2017

## Operating result for one year ended on December 31, 2018

**Separate financial statements**, the Company had net profit for the amount of 330 million Baht or equivalent to the earnings per share of 6.3 Baht. The net profit ratio was 10.4% and the return on equity was 10.2%. The Company had comprehensive income for the amount of 365 million Baht for the year 2018

In year 2018, the Company had the total revenues of 3,191 million Baht of which came from sales and service income for the amount of 2,841 million Baht or equivalent to 89.01%. Gain on fair value adjustment of investment properties for the amount of 193 million Baht or equivalent to 6.05%. Other incomes were income from sales of scrap metal, administrative income, rental income, and interest income as for the total of 157 million Baht or equivalent to 4.94% of total revenues.

For the cost of sales and services, the Company had total cost of sales and services for the amount 2,461 million Baht or equivalent to 86.6% of sales. The Company had gross profit for the amount of 380 million Baht or equivalent to 13.4% of sales.

The Company had the expenses of selling and administrative for the amount of 288 million Baht or equivalent to 9.0% of total revenues. It was consisted of selling expenses for the amount of 75 million Baht or equivalent to 2.4% of total revenues and the administrative expenses for the amount of 213 million Baht or equivalent to 6.7% of total revenues.

The Company had Impairment loss on other long-term investment for the amount of 30 million Baht or equivalent to 0.9% of total revenues.

The Company had the corporate income tax for the amount of 82 million Baht, consisting of current income tax for the amount 50 million Baht and deferred tax expenses for the amount 32 million Baht.

In addition, the Company had revaluated of lands for operation and had gain on revaluation net deferred tax expenses for the amount 35 million Baht.

## The details of significant changes are as follow:

- **Revenues**

The Company had the total revenues increased from the previous year for the amount of 375 million Baht or equivalent to 13.3%. It came from the increase of sales and service income for the amount of 175 million Baht or equivalent to 6.6% and the increase of other income for the amount of 8 million Baht or equivalent to 5.2%. It was due to the increase of sale of scraps in relation to the market price of metal including the income from compensation of raw material from supplier. In addition, the Company had gain on fair value adjustment of investment properties for the amount of 193 million Baht.

Unit: Million Baht

	Year 2018		Year 2017		Different	
	Amount	%	Amount	%	Amount	%
<b>Revenues</b>						
Sales	2,686	84.2	2,486	88.3	200	8.1
Service income	154	4.8	180	6.4	(26)	(14.3)
Total sales and service income	2,841	89.0	2,666	94.7	175	6.6
Gain on fair value adjustment of investment properties	193	6.0	0	0	193	100.0
Other income	158	4.9	150	5.3	8	5.2
<b>Total revenues</b>	<b>3,191</b>	<b>100.0</b>	<b>2,816</b>	<b>100.0</b>	<b>375</b>	<b>13.3</b>

- Sales, Cost of Sales and Gross Profit**

In 2018 the Company had sales and printing services incomes for the amount of 2,841 million Baht, which was higher than previous year for the amount of 175 million Baht or equivalent to 6.6%. The cost of sales and services were 2,461 million Baht or equivalent to 86.6% of sales. The Company had gross profit for the amount of 380 million Baht or equivalent to 13.4% of sales, which had decreased from the year 2017 for the amount of 15 million Baht or equivalent to 3.8%. Mainly, it was due to the decrease in proportion of sale quantity and high proportion of high profit products. In addition, the Company had increased the cost of sale from the higher raw material price, which had been adjusted according to global situation. Moreover, the manufacturing overhead expenses had increased from previous year as well as the labor cost, energy cost and cost of the preventive maintenance.

Unit : Million Baht

	Year 2018		Year 2017		Different	
	Amount	%	Amount	%	Amount	%
Sales and Service income	2,841	100.0	2,666	100.0	175	6.6
Cost of sales and Service	2,461	86.6	2,271	85.2	190	8.4
<b>Gross profit</b>	<b>380</b>	<b>13.4</b>	<b>395</b>	<b>14.8</b>	<b>(15)</b>	<b>(3.8)</b>

- Selling & Administrative Expenses**

In 2018, the Company had the expenses of total revenue from selling and administrative for the amount of 288 million Baht or equivalent to 9.0%. The selling expenses were 75 million Baht or equivalent to 2.4% and the administrative expenses was 213 million Baht or equivalent to 6.7% of total revenue.

The Company had increased the selling expenses for the amount of 18 million Baht or equivalent to 31.6%. It came from the increase of transportation expenses as for the increase of sales volume.

The Company had increased the administrative expenses for the amount of 36 million Baht or equivalent to 20.3%. The main reasons were the decrease of personnel expenses for the amount of 3 million Baht or equivalent to 2.7% and the idle capacity expenses for the amount of 4 million Baht or equivalent to 104% and the write-off of inventories for the amount of 42 million Baht or equivalent to 100%. It was came from effected by the accidental damage in the factory. However, production at the plant was not stopped and still operates as usual. The Company will be received compensations these losses are covered by insurance for inventories damage which are on process claim negotiations with the insurers.



Unit : Million Baht

	Year 2018		Year 2017		Different	
	Amount	% of total revenues	Amount	% of total revenues	Amount	%
<b>Selling &amp; administrative expenses</b>						
Selling expenses	75	2.4	57	2.0	18	31.6
Administrative expenses	213	6.7	177	6.3	36	20.3
<b>Total expenses</b>	<b>288</b>	<b>9.0</b>	<b>234</b>	<b>8.3</b>	<b>54</b>	<b>23.0</b>

- Impairment loss on other long-term investment**

The Company had Impairment loss on other long-term investment for the amount of 30 million Baht. It was due to the Company (PT Indonesia Caps and Closure) that had investment experienced operating loss which not in accordance with the plan since the operation started. The Company believed these are indicators of impairment of the investment. The Company prepared discounted cash flow projections to determine the value in use of the investment. For the year ended 31 December 2018, the Company recognized their loss in the statement of income.

- Corporate Income Tax**

The corporate income tax for 2018 had the amount of 50 million Baht had decreased to 9 million Baht or equivalent to 15.3%. It was due to the Company had the earning before tax decreased for the amount of 48 million Baht or equivalent to 16.12% and the Company had benefited from the exempt of corporate income tax for the amount of 7 million Baht from the investment of machinery and equipment under Royal Decree (604) and (642) regarding the corporate income tax exemption.

The Company had the deferred tax expenses for the amount of 32 million Baht increasing for 30 million Baht, coming from gain on fair value adjustment of investment properties and increase of destroying the inventory from previous year.

Unit : Million Baht

	Year 2018	Year 2017	Different	
			Amount	%
Income Tax				
Current income tax	50	59	(9)	(15.3)
Deferred tax expenses	32	2	30	1,500
<b>Total</b>	<b>82</b>	<b>61</b>	<b>21</b>	<b>34.4</b>

- Capital Expenditures**

In the year 2018, the Company had the capital expenditures for the amount of 240 million Baht had increased from 2017 for the amount of 2 million Baht or equivalent to 0.84%. The main portion of the investment was the machinery for new product and increasing the efficiency. Moreover, the Company had increased the efficiency of production according to the demand of markets.

## Financial Status

### Assets

The total assets of the Company at the year-end of 2018 were 4,159 million Baht, which had increased from 2017 for the amount of 475 million Baht or equivalent to 12.9%. It consisted of the current assets, long-term investment, investment properties, property plants & equipment and other non-current assets in the ratio of 49.8%, 0.4%, 16.0%, 33.5% and 0.3% respectively. Assets categories were as follows:

Unit : Million Baht

	31 December 2018		31 December 2017		Different	
	Amount	%	Amount	%	Amount	%
Current assets	2,073	49.8	1,895	51.4	178	9.4
Non-Current assets :						
Long-term investment	18	0.4	48	1.3	(30)	(62.5)
Investment properties	666	16.0	473	12.8	193	40.8
Property Plants and Equipments	1,395	33.5	1,260	34.2	135	10.7
Other non-current assets	8	0.3	9	0.2	(1)	(11.1)
<b>Total Assets</b>	<b>4,159</b>	<b>100.0</b>	<b>3,684</b>	<b>100.0</b>	<b>475</b>	<b>12.9</b>

Total current asset was 2,073 million Baht had increased from 2017 for the amount of 178 million Baht or equivalent to 9.4%. It consisted of

- Cash and cash equivalent for the amount of 295 million Baht, which had decreased for the amount of 326 million Baht or equivalent to 52.5 times. It came from the Company had allotted cash for Current investments in Short-term deposits at financial institutions which low risk and special interest rate, which is higher than the market rate.
- Trade and other receivable for the amount of 480 million Baht, average collection period was 53 days and account receivable turnover was 6.8 times. Trade and other receivable had been increased for the amount of 88 million Baht or equivalent to 22.4%. It was the payment due date fell to the public holiday and the main customers had paid the amount for the next working day which beyond December 31, end of the year. The outstanding amount had increased at the end of the year. Moreover, The Company had the sales and service income increased from the previous year.
- Inventory for the amount of 580 million Baht, holding period was 22 days and inventory turnover was 16.5 times. Inventory had been increased for the amount of 142 million Baht or equivalent to 32.4%. It was due to the Company had managed the quantity of raw materials in the inventory as appropriate to the increase of the products in accordance to the recover economic than previous year.

Long-term Investment had the amount of 18 million Baht, which had decreased from previous year for the amount of 30 million Baht or equivalent to 62.5%. It was due to the Company (PT. Indonesia Caps and Closures) that had investment experienced operating loss which not in accordance with the plan since the operation started. The Company believed these are indicators of impairment of the investment. The Company prepared discounted cash flow projections to determine the value in use of the investment. For the year ended 31 December 2018, the Company recognized their loss in the statement of income.

Investment properties for the amount of 666 million Baht, had been increased from the previous year for the amount of 193 million Baht or equivalent to 40.8%. It was due to the Company had adjusted fair value of investment properties which was determined by external, independent property valuers which provided the fair value by the market comparison approach and the main reason increasing of fair value is the subject's neighborhood is developed predominantly with residential.

Property, plant and equipments amounted of 1,395 million Baht, return on fixed asset was 37.4%, which had increased from 2017 for the amount of 135 million Baht or equivalent to 10.7%. The main reason was the Company had increased the investment in new machinery including capacity expansion and new product for the amount of 290 million Baht. The calculation of the depreciation of total assets was 168 million Baht and written off the asset for the amount of 10 million Baht.

- Liabilities**

The total liabilities of the Company at the year-end of 2018 were 787 million Baht, which had increased from year 2017 for the amount of 191 million Baht or equivalent to 32.1%. It consisted of current liabilities, deferred tax liabilities, and non-current liabilities, for the ratio of 67.5%, 8.6% and 23.9% respectively. Liabilities categories were as follows:

Unit : Million Baht

	31 December 2016		31 December 2015		Different	
	Amount	%	Amount	%	Amount	%
Current Liabilities	531	67.5	381	63.9	150	39.4
Deferred Tax Liabilities	68	8.6	26	4.4	41	157.3
Non-Current Liabilities	188	23.9	189	31.7	(1)	(0.5)
<b>Total Liabilities</b>	<b>787</b>	<b>100.0</b>	<b>596</b>	<b>100.0</b>	<b>191</b>	<b>32.1</b>

Current liabilities amounted of 531 million Baht, which had increased for the amount of 150 million Baht or equivalent to 39.4%. It consisted of

- Trade and other payable for amount of 507 million Baht, payment period was 63 days and Payable turnover was 5.72 times. Trade and other payable had been increased for the amount of 152 million Baht or equivalent to 42.9% from previous year. It was due to the increase of purchase amount in according to increase of sale quantity.

Deferred Tax Liabilities for amount of 68 million Baht, had been increased for the amount of 41 million Baht or equivalent to 157.3% from previous year. It was due to gain on fair value adjustment of investment properties and lands for amount of 237 million Baht.

- Shareholders' Equity**

As of 31<sup>st</sup> December 2018, the shareholders' equity amounted of 3,373 million Baht, which had increased from the previous year for the amount of 285 million Baht or equivalent to 9.2%. It was due to the Company had the retained earnings as of 31<sup>st</sup> December 2018 amounted of 2,344 million Baht, which had increased from previous year for the amount of 250 million Baht or equivalent to 11.9%. Other components of shareholders' equity had the amount of 61 million Baht. In addition during the year 2018, the Company had paid the dividends for 2017 for the amount of 80 million Baht.

- **Liquidity and Source of funds & Used of funds**

- Liquidity in 2018, the Company had cash and cash equivalent for the amount of 295 million Baht, which had decreased from the year 2017 for the amount of 326 million Baht. Mainly, the Company had allotted cash for current investments in short-term deposits at financial institutions which low risk and special interest rate, which is higher than the market rate.

As of 31<sup>st</sup> December 2018, the Company current ratio was 3.91 times which had decreased from the previous year, of which the current ratio was 5.07 times. The debt to equity ratio was 0.23 times had higher than the previous year, which was 0.19 times.

- Source of funds & Used of funds for 2017 consisted of
  1. Cash flows from operating activities amounted 261 million Baht, which was the income from operating activities before changes in operating assets and liabilities amounted 441 million Baht. The change of operating assets had increased for the amount of 242 million Baht, coming from account receivable. The change of operating liabilities had increased for the amount of 112 million Baht, coming from trade and other payable. In addition, the Company had paid the corporate income tax for the amount of 50 million Baht.
  2. Cash used in investing activities had the amount of 507 million Baht. It was mainly from the investment for the purchase of new machinery for the amount of 240 million Baht, current investment in fixed deposit had increased for the amount of 280 million Baht. Mainly, the Company had allotted cash for current investments in short-term deposits at financial institutions which low risk and special interest rate, which is higher than the market rate. In addition the Company had received interest income for the amount of 12 million Baht.
  3. Cash flows from financial activities had the amount of 80 million Baht. It was mainly from the Company paid dividend to common shares and preferred shares.



# Independent Auditor's Report

## To the Shareholders of Crown Seal Public Company Limited

### *Opinion*

I have audited the financial statements of Crown Seal Public Company Limited (the “Company”), which comprise the statement of financial position as at 31 December 2018, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### *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 Financial Statements* section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the 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 financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

<b>Valuation of investment in other long-term investment</b>	
Refer to Notes 3(f) and 6 to the financial statements	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>The continuous loss in operation of PT Indonesia Caps and Closures indicated that the long-term investment in aforesaid entity might be impaired.</p> <p>Since the consideration of impairment of loss on investment depends on the management's judgments and assumptions in respect to the forecast of operating results, discount rate and key assumptions used to estimate the recoverable amount of aforementioned business; therefore, this is focus area in my audit.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> <li>• understanding the management's process of identifying impairment indicator and impairment testing and estimate recoverable amount;</li> <li>• evaluating the reasonableness of the key assumptions used by management in the forecast of future profit and cash flows projection of PT Indonesia Caps and Closures by considering with the internal and external sources of information;</li> <li>• analyzed historical information to support the precision in the Company's forecasting process.</li> <li>• evaluating the sensitivity of key assumptions used in future cash flows projection which affect to the recoverable amount of cash-generating unit; and</li> <li>• evaluating the adequacy of the disclosure in accordance with Thai Financial Reporting Standards.</li> </ul>

<b>Valuation of inventories</b>	
Refer to Notes 3(e) and 8 to the financial statements	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>The Company had a significant inventory balance of which aluminium was a main raw material of metal cap. Aluminium price was then a significant factor of the cost of inventories. In the case of the fluctuation of raw material prices according to the market condition, especially when the prices were adjusted to be higher while the metal cap prices had not changed, this may result that the net realisable value of inventories is lower than their cost. This matter involves management's judgment and, thus, this is a focus area in my audit.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> <li>• understanding of the Company's pricing policy, inventory management process and policy to estimate net realisable value of inventories;</li> <li>• tested the calculation of net realisable value by comparing, on a sampled basis, the cost of inventories against net realisable value (i.e. selling price in the subsequent documents after the year ended or price list less estimated cost to complete and to make the sale), and also sampling checked with relevant documents; and</li> <li>• evaluating the adequacy of the disclosure in accordance with Thai Financial Reporting Standards.</li> </ul>

### *Other Matter*

The financial statement of the Company for the year ended 31 December 2017 were audited by another auditor who expressed an unqualified opinion on those statements on 19 February 2018.

### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the 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 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 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 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 those charged with governance and request that the correction be made.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

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

In preparing the financial statements, management is responsible for assessing 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

My objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance 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 those charged with governance 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 those charged with governance, I determine those matters that were of most significance in the audit of the 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.



(Sirinuch Vimolsathit)  
 Certified Public Accountant  
 Registration No. 8413

KPMG Phoomchai Audit Ltd.  
 Bangkok  
 21 February 2019





Crown Seal Public Company Limited

# Statement of financial position

Assets	Note	31 December	
		2018	2017
		(in Baht)	
<b>Current assets</b>			
Cash and cash equivalents	5	294,507,223	620,650,522
Current investments	6	710,640,733	430,241,140
Trade and other accounts receivable	4, 7	479,821,709	392,410,661
Inventories	8	579,912,571	437,960,123
Other current assets		7,883,234	13,248,140
<b>Total current assets</b>		<b>2,072,765,470</b>	<b>1,894,510,586</b>
<b>Non-current assets</b>			
Other long-term investments	6	18,045,872	47,677,325
Investment properties	9	666,300,000	473,300,000
Property, plant and equipment	10	1,394,575,208	1,259,552,282
Intangible assets		3,639,529	4,280,920
Other non-current assets		4,049,874	4,808,499
<b>Total non-current assets</b>		<b>2,086,610,483</b>	<b>1,789,619,026</b>
<b>Total assets</b>		<b>4,159,375,953</b>	<b>3,684,129,612</b>

The accompanying notes are an integral part of the financial statements.



Crown Seal Public Company Limited

## Statement of financial position

Liabilities and shareholders' equity	Note	31 December	
		2018	2017
		<i>(in Baht)</i>	
<b>Current liabilities</b>			
Trade and other accounts payable	4, 12	507,091,132	354,662,050
Current portion of deferred rental income	4	992,608	992,608
Income tax payable		12,242,589	12,283,578
Other current liabilities		10,350,809	12,795,692
<b>Total current liabilities</b>		<b>530,677,138</b>	<b>380,733,928</b>
<b>Non-current liabilities</b>			
Deferred rental income	4	11,414,992	12,407,600
Deferred tax liabilities	11	67,642,688	26,291,346
Non-current provisions for employee benefits	13	176,963,407	176,852,716
<b>Total non-current liabilities</b>		<b>256,021,087</b>	<b>215,551,662</b>
<b>Total liabilities</b>		<b>786,698,225</b>	<b>596,285,590</b>

The accompanying notes are an integral part of the financial statements.



Crown Seal Public Company Limited

# Statement of financial position

Liabilities and shareholders' equity	Note	31 December	
		2,018	2017
		(in Baht)	
<b>Shareholders' equity</b>			
Share capital	14		
Authorized share capital			
Preferred shares		7,992,580	7,999,880
Ordinary shares		520,007,420	520,000,120
		<u>528,000,000</u>	<u>528,000,000</u>
Issued and paid-up share capital			
Preferred shares		7,992,580	7,999,880
Ordinary shares		520,007,420	520,000,120
Share premium			
Share premium on preference shares		49,164,799	49,209,704
Share premium on ordinary shares		337,643,244	337,598,339
Retained earnings			
Appropriated			
Legal reserve	15	52,800,000	52,800,000
Unappropriated		2,343,795,422	2,094,001,716
Other components of equity		61,274,263	26,234,263
<b>Total shareholders' equity</b>		<u><b>3,372,677,728</b></u>	<u><b>3,087,844,022</b></u>
<b>Total liabilities and shareholders' equity</b>		<u><b>4,159,375,953</b></u>	<u><b>3,684,129,612</b></u>

The accompanying notes are an integral part of the financial statements.



# Statement of comprehensive income

	<i>Note</i>	<b>Financial statements in which the equity method is applied</b>		<b>Separate financial statements</b>
		Year ended 31 December		Year ended 31 December
		2017	2018	2017
			<i>(in Baht)</i>	
<b>Revenue</b>				
Revenue from sale of goods	16	2,486,050,644	2,686,400,444	2,486,050,644
Revenue from rendering of services	16	179,873,539	154,184,663	179,873,539
Gain on fair value adjustment	6	6,503,470	-	-
Gain on fair value adjustment of investment properties	9	-	193,000,000	-
Other income	17	149,889,550	157,705,606	149,889,550
<b>Total revenue</b>		<b>2,822,317,203</b>	<b>3,191,290,713</b>	<b>2,815,813,733</b>
<b>Expenses</b>				
Costs of sales of goods	8	2,130,996,438	2,339,268,179	2,130,996,438
Costs of rendering of services		140,180,274	121,636,723	140,180,274
Distribution costs	18	56,800,113	75,053,530	56,800,113
Administrative expenses	19	177,470,753	213,255,294	177,470,753
Impairment loss on other long-term investment	6	-	29,631,453	-
Impairment loss on investment in associate company	6	-	-	8,961,238
<b>Total expenses</b>		<b>2,505,447,578</b>	<b>2,778,845,179</b>	<b>2,514,408,816</b>
Share of loss of investment in associate		(6,166,106)	-	-
<b>Profit before income tax expense</b>		<b>310,703,519</b>	<b>412,445,534</b>	<b>301,404,917</b>
Tax expense	22	(60,939,860)	(82,251,846)	(60,939,860)
<b>Profit for the year</b>		<b>249,763,659</b>	<b>330,193,688</b>	<b>240,465,057</b>

The accompanying notes are an integral part of the financial statements.



Crown Seal Public Company Limited

# Statement of comprehensive income

		Financial statements in which the equity method is applied	Separate financial statements	
		Year ended 31 December	Year ended 31 December	
	<i>Note</i>	2017	2018	2017
			<i>(in Baht)</i>	
<b>Other comprehensive income</b>				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Exchange differences on translating foreign operations		(2,939,265)	-	-
Adjustment of foreign currency differences on loss of significant influence	6	4,598,632	-	-
<b>Total items that will be reclassified subsequently to profit or loss</b>		<b>1,659,367</b>	<b>-</b>	<b>-</b>
<i>Items that will not be reclassified to profit or loss</i>				
Gain on revaluation of assets		-	35,040,000	-
Loss on remeasurements of defined benefit plans		(9,648,590)	-	(9,648,590)
<b>Total items that will not be reclassified to profit or loss</b>	22	<b>(9,648,590)</b>	<b>35,040,000</b>	<b>(9,648,590)</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>(7,989,223)</b>	<b>35,040,000</b>	<b>(9,648,590)</b>
<b>Total comprehensive income for the year</b>		<b>241,774,436</b>	<b>365,233,688</b>	<b>230,816,467</b>
<b>Basic earnings per share</b>	23	<b>4.73</b>	<b>6.25</b>	<b>4.55</b>

The accompanying notes are an integral part of the financial statements.



# Statement of changes in shareholders' equity

## Financial statements in which the equity method is applied

	Note	Issued and paid-up share capital		Share premium		Retained earnings		Other components of equity			Total equity
		Preferred shares	Ordinary shares	Share premium on preferred shares	Share premium on ordinary shares	Legal reserve	Unappropriated reserve <i>(in Baht)</i>	Translating foreign operations	Revaluation surplus	Total other components of equity	
Year ended 31 December 2017											
Balance as at 1 January 2017											
		7,999,880	520,000,120	49,209,704	337,598,339	52,800,000	1,987,085,129	(1,659,367)	26,234,263	24,574,896	2,979,268,068
Transactions with owners, recorded directly in equity											
<i>Distributions to owners of the Company</i>											
	24	-	-	-	-	-	(133,198,482)	-	-	-	(133,198,482)
Total transactions with owners, recorded directly in equity											
Comprehensive income for the year											
		-	-	-	-	-	249,763,659	-	-	-	249,763,659
		-	-	-	-	-	(9,648,590)	1,659,367	-	1,659,367	(7,989,223)
Total comprehensive income for the year											
		-	-	-	-	-	240,115,069	1,659,367	-	1,659,367	241,774,436
Balance as at 31 December 2017											
		7,999,880	520,000,120	49,209,704	337,598,339	52,800,000	2,094,001,716	-	26,234,263	26,234,263	3,087,844,022

The accompanying notes are an integral part of the financial statements.



Crown Seal Public Company Limited

# Statement of changes in shareholders' equity

## Separate financial statements

	Note	Issued and paid-up share capital		Share premium		Retained earnings		Other components of equity	
		Preferred shares	Ordinary shares	Share premium on preferred shares	Share premium on ordinary shares	Legal reserve (in Baht)	Unappropriated	Revaluation surplus	Total equity
Year ended 31 December 2017									
Balance as at 1 January 2017									
		7,999,880	520,000,120	49,209,704	337,598,339	52,800,000	1,996,383,731	26,234,263	2,990,226,037
Transactions with owners, recorded directly in equity									
<i>Distributions to owners of the Company</i>									
Dividends	24	-	-	-	-	-	(133,198,482)	-	(133,198,482)
Total transactions with owners, recorded directly in equity									
		-	-	-	-	-	(133,198,482.00)	-	(133,198,482)
Comprehensive income for the year									
Profit		-	-	-	-	-	240,465,057	-	240,465,057
Other comprehensive income		-	-	-	-	-	(9,648,590)	-	(9,648,590)
Total comprehensive income for the year									
		-	-	-	-	-	230,816,467	-	230,816,467
Balance at 31 December 2017									
		7,999,880	520,000,120	49,209,704	337,598,339	52,800,000	2,094,001,716	26,234,263	3,087,844,022
Year ended 31 December 2018									
Balance at 1 January 2018									
		7,999,880	520,000,120	49,209,704	337,598,339	52,800,000	2,094,001,716	26,234,263	3,087,844,022
Transactions with owners, recorded directly in equity									
<i>Distributions to owners of the Company</i>									
Shares options exercised	14	(7,300)	7,300	(44,905)	44,905	-	-	-	-
Dividends	24	-	-	-	-	-	(80,399,982)	-	(80,399,982)
Total transactions with owners, recorded directly in equity									
		(7,300)	7,300	(44,905)	44,905	-	(80,399,982)	-	(80,399,982)
Comprehensive income for the year									
Profit		-	-	-	-	-	330,193,688	-	330,193,688
Other comprehensive income		-	-	-	-	-	-	35,040,000	35,040,000
Total comprehensive income for the year									
		-	-	-	-	-	330,193,688	35,040,000	365,233,688
Balance at 31 December 2018									
		7,992,580	520,007,420	49,164,799	337,643,244	52,800,000	2,343,795,422	61,274,263	3,372,677,728

The accompanying notes are an integral part of the financial statements.



Crown Seal Public Company Limited

## Statement of cash flows

		Financial statements in which the equity method is applied	Separate financial statements	
		Year ended 31 December	Year ended 31 December	
	Note	2017	2018	2017
			(in Baht)	
<b>Cash flows from operating activities</b>				
Profit for the year		249,763,659	330,193,688	240,465,057
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Tax expense	22	60,939,860	82,251,846	60,939,860
Depreciation and amortisation		161,611,938	167,964,510	161,611,938
Provisions for employee benefits	13	13,957,902	9,051,824	13,957,902
Unrealised loss on foreign exchange		313,766	1,303,472	313,766
Gain on disposal of other long-term investment		(7,420,000)	-	(7,420,000)
Gain on fair value adjustment	6	(6,503,470)	-	-
(Gain) loss on fair value adjustment of investment properties	9	700,000	(193,000,000)	700,000
Share of loss of investment in associate		6,166,106	-	-
Impairment loss on other long-term investment	6	-	29,631,453	-
Impairment loss on investment in associate company	6	-	-	8,961,238
Losses on inventories devaluation	8	37,971,694	18,034,359	37,971,694
Loss on disposal and write-off of assets		6,764,803	8,127,661	6,764,803
Interest income	17	(13,940,900)	(12,498,320)	(13,940,900)
		510,325,358	441,060,493	510,325,358
<b>Changes in operating assets and liabilities</b>				
Trade and other accounts receivable		(21,601,643)	(88,120,488)	(21,601,643)
Inventories		(217,723)	(159,986,807)	(217,723)
Other current assets		(6,535,743)	5,399,493	(6,535,743)
Other non-current assets		(997,863)	514,023	(997,863)
Trade and other accounts payable		(4,883,544)	124,067,605	(4,883,544)
Employee benefits paid		(6,378,821)	(8,941,133)	(6,378,821)
Other current liabilities		(7,758,380)	(2,443,603)	(7,758,380)
Deferred rental income		(992,608)	(992,608)	(992,608)
Net cash generated from operating		460,959,033	310,556,975	460,959,033
Taxes paid		(80,472,355)	(49,701,493)	(80,472,355)
<b>Net cash flows from operating activities</b>		<b>380,486,678</b>	<b>260,855,482</b>	<b>380,486,678</b>

The accompanying notes are an integral part of the financial statements.





Crown Seal Public Company Limited

# Statement of cash flows

	<b>Financial statements in which the equity method is applied</b>		<b>Separate financial statements</b>	
	Year ended 31 December		Year ended 31 December	
	Note	2017	2018	2017
			<i>(in Baht)</i>	
<b><i>Cash flows from investing activities</i></b>				
Decrease (increase) in current investments		279,758,860	(280,399,593)	279,758,860
Acquisition of equipment		(237,908,059)	(238,851,978)	(237,908,059)
Proceeds from sale of equipment		3,280,147	2,297,946	3,280,147
Proceeds from sale of long-term investment		42,420,000	-	42,420,000
Acquisition of intangible assets		(3,697,007)	(1,432,938)	(3,697,007)
Interest received		14,883,519	11,801,455	14,883,519
<b>Net cash flows from (used in) investing activities</b>		<b>98,737,460</b>	<b>(506,585,108)</b>	<b>98,737,460</b>
<b><i>Cash flows from financing activity</i></b>				
Dividends paid to owners of the Company	24	(133,198,482)	(80,399,982)	(133,198,482)
<b>Total cash flows used in financing activity</b>		<b>(133,198,482)</b>	<b>(80,399,982)</b>	<b>(133,198,482)</b>
Net increase (decrease) in cash and cash equivalents, before effect of exchange rates		346,025,656	(326,129,608)	346,025,656
Effect of exchange rate changes on cash and cash equivalents		(218,398)	(13,691)	(218,398)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>345,807,258</b>	<b>(326,143,299)</b>	<b>345,807,258</b>
Cash and cash equivalents at 1 January		274,843,264	620,650,522	274,843,264
<b>Cash and cash equivalents at 31 December</b>	5	<b>620,650,522</b>	<b>294,507,223</b>	<b>620,650,522</b>
<b><i>Non-cash transactions</i></b>				
Acquisition of equipment of which cash not yet paid		20,905,874	49,348,008	20,905,874
Loss on remeasurement of defined benefit plans		12,060,738	-	12,060,738
Gain on revaluation of assets		-	43,800,000	-

The accompanying notes are an integral part of the financial statements.



Crown Seal Public Company Limited

# Notes to financial statements

For the year ended 31 December 2018

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Crown Seal Public Company Limited

# Notes to financial statements

For the year ended 31 December 2018

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the Board of Directors on 21 February 2019.

## 1 General information

Crown Seal Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 5 Soi Rangsit - Nakhon Nayok 46, Tambon Prachatipat, Amphur Thanyaburi, Pathum Thani.

The Company was listed on the Stock Exchange of Thailand in December 1977.

The Company’s major shareholders during the financial year were Nippon Closures Co., Ltd. (36.68% shareholding) and Toyo Seikan Co., Ltd. (10.15% shareholding). Both were incorporated in Japan.

The principal activities of the Company are engaged in the manufacturing and sales of caps for bottles and the hire of printing sheets for can.

## 2 Basis of preparation of the financial statements

### (a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2018. The initial application of these new and revised TFRS has resulted in changes in certain of the Company’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of new and revised TFRS which are not yet effective for current periods. The Company has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Company’s operations are disclosed in note 28.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items.

#### **Items**

Available-for-sale investment  
Investment property  
Property, plant and equipment  
Defined benefit liability

#### **Measurement bases**

Fair value  
Fair value  
Revaluation to fair value  
Present value of the defined benefit obligation  
as explained in Note 3 (m)



# Notes to financial statements

For the year ended 31 December 2018

(c) *Functional and presentation currency*

The financial statements are prepared and presented in Thai Baht, which is the Company's functional currency.

(d) *Use of judgements and estimates*

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

*Assumptions and estimation uncertainties*

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities within the year ending 31 December 2019 is included in the following notes:

- |         |  |
|---------|--|
| Note 6  | Impairment test: key assumptions underlying recoverable amounts; and |
| Note 13 | Measurement of defined benefit obligations: key actuarial assumption |

*Measurement of fair values*

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.



# Notes to financial statements

For the year ended 31 December 2018

Further information about the assumptions made in measuring fair value is included in the following notes:

- Note 9 – investment properties;
- Note 10 – property plant and equipment; and
- Note 25 – financial instruments

## 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### (a) *Foreign currencies*

#### *Foreign currency transactions*

Transactions in foreign currencies are translated to the functional currencies of at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognized in profit or loss.

### (b) *Derivatives*

Derivatives are used to manage exposure to foreign exchange arising from operational activities. Derivatives are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

The Company has a policy to mitigate the foreign exchange risk by entering into forward exchange contracts covering foreign currency monetary transactions. In this regard, all monetary transactions are translated to the functional currency at the rates prevailing at the reporting date, adjusted by net receivables/payables arising from the related forward exchange contracts and the remaining deferred forward premium/discount. The related forward premium/discount is recorded as income/expense over the forward exchange contracts term. The amortised forward premium/discount and gains/losses on the forward exchange contracts covering foreign currency monetary transactions are offset against the related exchange losses or gains on foreign currency monetary transactions being hedged.

### (c) *Cash and cash equivalents*

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments.

### (d) *Trade and other accounts receivable*

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.



# Notes to financial statements

For the year ended 31 December 2018

**(e) Inventories**

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity and is calculated using standard cost adjusted to approximate average cost.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

**(f) Investments**

*Investments in equity securities*

Marketable equity securities, other than those securities held for trading, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency difference on available-for-sale monetary items, are recognised directly in equity. Impairment losses are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as available-for-sale is determined as the quoted bid price at the reporting date.

*Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

**(g) Investment properties**

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost on initial recognition and subsequently at fair value, with any change recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.



# Notes to financial statements

For the year ended 31 December 2018

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Any gains and losses on disposal of investment properties are determined by comparing the proceeds from disposal with the carrying amount of investment property, and are recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, the amounts included in the revaluation reserve (see Note 3(h)) are transferred to retained earnings.

## **(h) Property, plant and equipment**

### *Recognition and measurement*

#### *Owned assets*

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, except for land which are measured at their revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

#### *Revalued assets*

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognised in other comprehensive income and presented in the revaluation surplus in equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. Upon disposal of a revalued asset, any related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.



# Notes to financial statements

For the year ended 31 December 2018

## *Reclassification to investment property*

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Property that is being constructed for future use as investment property is accounted for at fair value. Any gain arising on remeasurement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation surplus in equity. Any loss is recognised in other comprehensive income and presented in the revaluation surplus in equity to the extent that an amount had previously been included in the revaluation surplus relating to the specific property, with any remaining loss recognised immediately in profit or loss.

## *Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

## *Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Building and building improvements	3 - 20 years
Machinery and equipment	3 - 15 years
Furniture, fixtures and office equipment	3 - 5 years
Vehicles	5 years

No depreciation is provided on freehold land or assets under construction and installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

## **(i) Intangible assets**

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

## *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

## *Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.





# Notes to financial statements

For the year ended 31 December 2018

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows: □

Software licences	3 and 5 years
-------------------	---------------

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

## **(j) Impairment**

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

### *Calculation of recoverable amount*

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

### *Reversals of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **(k) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.



Crown Seal Public Company Limited

# Notes to financial statements

For the year ended 31 December 2018

## **(l) Deferred income**

Deferred income is recognised in profit or loss on a straight-line basis over the term of the lease.

## **(m) Employee benefits**

### *Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

### *Defined benefit plans*

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in other comprehensive income. The Company determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### *Other long-term employee benefits*

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

### *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## **(n) Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.



Crown Seal Public Company Limited

# Notes to financial statements

For the year ended 31 December 2018

## **(o) Share capital**

### *Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

### *Preference share capital*

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Company's shareholders.

## **(p) Revenue**

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates.

### *Sale of goods and services rendered*

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Revenue from rendering of services is recognised as services are provided.

### *Rental income*

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

### *Dividend income*

Dividend income is recognised in profit or loss on the date the Company's right to receive payments is established.

### *Interest income*

Interest income is recognised in profit or loss as it accrues.

## **(q) Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

## **(r) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.



# Notes to financial statements

For the year ended 31 December 2018

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual investments in the Company. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## **(s) Earnings per share**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares and preferred shares outstanding during the period, adjusted for own shares held.

## **(t) Segment reporting**

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly interest incomes, certain items of other incomes and administrative expense.



Crown Seal Public Company Limited

# Notes to financial statements

For the year ended 31 December 2018

## 4 Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationship with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Key management personnel	Thai and Japanese	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.
Nippon Closures Co., Ltd.	Japan	Major shareholder and common directors
Toyo Seikan Co., Ltd.	Japan	Major shareholder and common directors
Boonrawd Brewery Group	Thailand	Shareholder and common directors
Serm Suk Public Company Limited	Thailand	Shareholder and common directors
Thai Namthip Co., Ltd.	Thailand	Shareholder and common directors
Bangkok Can Manufacturing Co., Ltd.	Thailand	Common shareholder and directors
PT Indonesia Caps and Closures	Indonesia	Common shareholder and directors
Toyo Seikan (Thailand) Co., Ltd.	Thailand	Common shareholder and directors
Next Can Innovation Co., Ltd.	Thailand	Common shareholder and directors
Toyo Filling International Co., Ltd.	Thailand	Common shareholder
Kanagata (Thailand) Co., Ltd.	Thailand	Common shareholder
Tokan Trading Corporation	Japan	Common shareholder

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Sale of goods	Cost plus margin and market price
Rendering of services	Cost plus margin and contractually agreed price
Rental income	Contractually agreed price
Management income	Contractually agreed price
Sales of raw materials and spare parts	Market price
Dividend income	As declared
Purchase of raw materials and spare parts	Cost plus margin
Purchase of equipment	Cost plus margin
Royalty expense	A percentage of net sales of each product
Claim payment for damaged goods	At cost
Dividend paid	As declared and approved by the shareholders



Crown Seal Public Company Limited

# Notes to financial statements

For the year ended 31 December 2018

Significant transactions for the years ended 31 December with related parties were as follows:

<i>Year ended 31 December</i>	<b>Financial statements in which the equity method is applied</b>	<b>Separate financial statements</b>	
	2017	2018	2017
		<i>(in thousand Baht)</i>	
<b>Key management personnel</b>			
Key management personnel compensation			
Short-term employee benefits	20,845	21,761	20,845
Post-employment benefits	289	279	289
Total key management personnel compensation	<u>21,134</u>	<u>22,040</u>	<u>21,134</u>
<b>Other related parties</b>			
Sales of goods	637,205	686,424	637,205
Rendering of services	176,886	151,314	176,886
Rental income	2,921	2,261	2,921
Management income	10,519	11,084	10,519
Sales of raw materials and spare parts	1,185	203	1,185
Purchase of raw materials and spare parts	11,229	19,614	11,229
Purchase of equipment	19,510	18,971	19,510
Royalty expense	17,911	15,025	17,911
Claim payment for damaged goods	942	7,307	942
Dividend paid	85,868	51,984	85,868

Balances as at 31 December with related parties were as follows:

	2018	2017
	<i>(in thousand Baht)</i>	
<b>Trade accounts receivable - related parties</b>		
Other related parties	<u>121,310</u>	<u>84,480</u>
<b>Other accounts receivable - related parties</b>		
Other related parties	<u>6,630</u>	<u>6,282</u>
<b>Trade accounts payable - related parties</b>		
Other related parties	<u>5,978</u>	<u>5,640</u>
<b>Other accounts payable - related parties</b>		
Other related parties	<u>7,626</u>	<u>8,470</u>
<b>Deferred rental income - related party</b>		
Other related party:		
Bangkok Can Manufacturing Co., Ltd.		
- current	993	993
- non-current	11,415	12,408
<b>Total</b>	<u>12,408</u>	<u>13,401</u>



Crown Seal Public Company Limited

# Notes to financial statements

For the year ended 31 December 2018

## *Significant agreements with related parties*

### *Land lease agreements*

On 29 June 2001, the Company entered into two land lease agreements with a related party, Bangkok Can Manufacturing Co., Ltd. The Company received rental income in advance totalling of Baht 29.8 million which recorded as deferred income in the statement of financial position and recognised as income by a straight-line basis over 30 years according to the term of the agreements. The agreements became effective since 2 July 2001.

### *Service rental agreements*

On 15 May 2016, the Company entered into the service rental agreements with related parties, Bangkok Can Manufacturing Co., Ltd., Next Can Innovation Co., Ltd., Toyo Filling International Co., Ltd. and Toyo Seikan (Thailand) Co., Ltd. whereby the Company provided the rental of server and storage machine including monitoring, managing and backing up services for a period of 4 years ending in May 2020, with service income totalling of Baht 3.4 million.

### *Service agreement*

On 15 December 2017, the Company entered into the service agreements with related parties, Bangkok Can Manufacturing Co., Ltd., Next Can Innovation Co., Ltd., Toyo Filling International Co., Ltd. and Toyo Seikan (Thailand) Co., Ltd. whereby the Company installed and provided administrative services for computer software and hardware and personnel system for a period of 1 year commencing from 1 January 2018, with annual service income of Baht 9.4 million.

### *Sale of assets and service of generating the electricity agreement*

On 28 December 1996, the Company entered into the sale of assets and service of generating the electricity agreement with a related party, Bangkok Can Manufacturing Co., Ltd. whereby the Company provided the asset management, electricity and by-product without term of service was specified in the agreement.

### *Technical license agreement*

On 1 January 2018, the Company entered into the technical license agreement with a major shareholder, Nippon Closures Co., Ltd., whereby the Company received the technical support for the manufacture of caps for a period of 5 years ending in December 2022. Under the term of agreement, the Company is committed to pay royalty fee and others fee at the amount calculated as specified in the agreement.

## **5 Cash and cash equivalents**

	Interest rate (% per annum)		2018 (in thousand Baht)	2017
Cash on hand	-	-	182	232
Cash at banks – current accounts	0.10	0.10	2	2
Cash at banks – savings accounts	0.04 - 1.15	0.04 - 1.00	294,143	308,595
Fixed deposit at financial institutions	0.80 - 1.00	0.80 - 1.25	180	311,822
<b>Total</b>			<b>294,507</b>	<b>620,651</b>

As at 31 December 2018, the Company had unutilised bank overdrafts and credit facilities totalling Baht 175 million (2017: Baht 175 million). Aforesaid credit facilities are unsecured.



Crown Seal Public Company Limited

# Notes to financial statements

For the year ended 31 December 2018

## 6 Other investments

	Interest rate (% per annum)		2018 (in thousand Baht)	2017
<b>Current investment</b>				
Short-term deposits at financial institutions	1.15 - 1.45	1.25 - 1.45	710,641	430,241
<b>Other long-term investments</b>				
Equity securities available for sale			273	273
Other non-marketable equity securities			17,773	47,404
			<b>18,046</b>	<b>47,677</b>
<b>Total</b>			<b>728,687</b>	<b>477,918</b>





Crown Seal Public Company Limited

## Notes to financial statements

For the year ended 31 December 2018

Other non-marketable equity securities as at 31 December 2018 and 2017 and dividend income from those investments for the years then ended were as follows:

Companies	Nature of business	Ownership interest (%)		Paid-up capital		Cost		Impairment		At cost-net		Dividend income	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
(in thousand Baht)													
PT Indonesia Cap and Closures	Produce and distribute packaging caps for beverages	12.08	12.08	IDR 135,148	IDR 135,148	37,381	37,381	(29,631)	-	7,750	37,381	-	-
Bangkok Can Manufacturing Co., Ltd.	Manufacturing and selling of can	1.61	1.61	THB 1,800,000	THB 1,800,000	9,493	9,493	-	-	9,493	9,493	523	-
Muang-Ake Golf Co., Ltd.	Service	0.08	0.08	THB 120,000	THB 120,000	180	180	-	-	180	180	-	-
Muang-Ake Vista Golf Course Co., Ltd.	Service	0.06	0.06	THB 80,000	THB 80,000	350	350	-	-	350	350	-	-
<b>Total</b>						<b>47,404</b>	<b>47,404</b>	<b>(29,631)</b>	<b>-</b>	<b>17,773</b>	<b>47,404</b>	<b>523</b>	<b>-</b>



# Notes to financial statements

For the year ended 31 December 2018

On 26 September 2017, PT Indonesia Caps and Closures registered additional ordinary shares of 61,500 shares, with a par value of IDR 1,135,700 per share, totalling IDR 69,845.6 million. The Company waived its right to purchase these ordinary shares because the operating results did not meet expectations; therefore, the Company's shareholding in such company decreased from 25.00% to 12.08%. In addition, the Company did not involve in or has any influence with regard to set up policy of this entity. Therefore, the status of investment was changed from investment in associate to other investment and the Company recognised the change in fair value of investment of Baht 6.5 million in the statement of income in which equity method is applied for the year ended 31 December 2017 as increase in fair value of investment. The Company has also adjusted the exchange differences on translating foreign operations amounting to Baht 4.6 million in other comprehensive income for the year ended 31 December 2017. As at 31 December 2017, the investment value under cost method decreased by Baht 9 million in separate statement of comprehensive income for the year ended 31 December 2017 and the fair value of retained interest of investment of Baht 37.4 million has been regarded as initial recognition of this long-term investment.

## *Impairment testing for other long-term investment*

PT Indonesia Caps and Closures experienced operating loss for many consecutive years which management believed these are indicators of impairment of the investment. The management prepared discounted cash flow projections ("DCF") to determine the value in use of investment. The key assumptions included budgeted EBITDA and discount rate. Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. The discount rate of 8.87% was estimated based on the industry average weighted-average cost of capital. As the recoverable amount of the investment was less than its carrying amount, during the year ended 31 December 2018, the Company recognised an impairment loss on investment in PT Indonesia Caps and Closures of Baht 29.6 million in the statement of income.

## 7 Trade and other accounts receivable

	Note	2018 (in thousand Baht)	2017
<b>Trade accounts receivable</b>			
Related parties	4	121,310	84,480
Other parties		338,313	294,320
<b>Total</b>		<b>459,623</b>	<b>378,800</b>
<b>Other accounts receivable</b>			
Related parties	4	6,630	6,282
<b>Other parties</b>			
Receivable from claim from supplier		6,540	3,311
Receivable from sales of scrap		3,404	984
Advance to employee		1,951	2,042
Others		1,674	992
		<b>13,569</b>	<b>7,329</b>
<b>Total</b>		<b>20,199</b>	<b>13,611</b>
<b>Total trade and other accounts receivable</b>		<b>479,822</b>	<b>392,411</b>



# Notes to financial statements

For the year ended 31 December 2018

Aging analyses for trade accounts receivable were as follows:

	2018 (in thousand Baht)	2017
<b>Related parties</b>		
Within credit terms	83,172	57,695
Overdue:		
Less than 3 months	38,138	26,785
	<b>121,310</b>	<b>84,480</b>
<b>Other parties</b>		
Within credit terms	264,364	224,413
Overdue:		
Less than 3 months	73,949	69,907
	<b>338,313</b>	<b>294,320</b>
<b>Total</b>	<b>459,623</b>	<b>378,800</b>

The normal credit terms granted by the Company ranges from 15 days to 120 days.

## 8 Inventories

	Cost	2018 Write-down to net realisable value	Net (in thousand Baht)	Cost	2017 Write-down to net realisable value	Net
Finished goods	156,227	(11,846)	144,381	142,901	(21,384)	121,517
Work in progress	193,419	(11,169)	182,250	154,254	(8,529)	145,725
Raw materials	192,701	(3,975)	188,726	138,873	(4,128)	134,745
Spare parts	37,390	(1,570)	35,820	28,348	-	28,348
Goods in transit	28,736	-	28,736	7,625	-	7,625
<b>Total</b>	<b>608,473</b>	<b>(28,560)</b>	<b>579,913</b>	<b>472,001</b>	<b>(34,041)</b>	<b>437,960</b>

	Financial statements in which the equity method is applied 2017	Separate financial statements 2018 (in thousand Baht)	2017
Inventories recognised as an expense in 'cost of sales of goods':			
- Cost	2,093,024	2,321,234	2,093,024
- Write-down to net realisable value	37,972	18,034	37,972
<b>Total</b>	<b>2,130,996</b>	<b>2,339,268</b>	<b>2,130,996</b>



# Notes to financial statements

For the year ended 31 December 2018

During 2018, inventories of Baht 54.3 million have been affected by the accidental damage in the factory. However, production at the plant was not stopped and still operates as usual. The Company has recognised the following items resulting from damage as an expense in administrative expenses.

	<i>(in thousand Baht)</i>
Loss on write-off of inventories	54,268
Other related expenses	538
Other income from sales of scrap	(12,484)
<b>Net</b>	<b>42,322</b>

Management is of the opinion that these losses are covered by insurance for inventories damage. However, claim negotiations with the insurers have not been finalised and, accordingly, insurance compensations in respect of these losses have not been recognised in the 2018 financial statements. During January 2019, the Company received interim payment from insurance claim Baht 10 million. These amounts were considered as contingent assets as at 31 December 2018 but were not recognised in the Company's results for the year ended 31 December 2018. Such final compensation will be recognised when the negotiations with the insurers have been finalised and it is established that the Company have an unconditional contractual right to receive final compensation.

## 9 Investment properties

	Land for rent	Allocated land and construction thereon <i>(in thousand Baht)</i>	Vacant land	Total
At 1 January 2017	172,000	158,400	143,600	474,000
Fair value adjustments	-	(700)	-	(700)
<b>At 31 December 2017 and 1 January 2018</b>	<b>172,000</b>	<b>157,700</b>	<b>143,600</b>	<b>473,300</b>
Fair value adjustments	68,100	42,400	82,500	193,000
<b>At 31 December 2018</b>	<b>240,100</b>	<b>200,100</b>	<b>226,100</b>	<b>666,300</b>

Fair value adjustments are unrealised gains which was recognised as other income in profit or loss.

Investment properties comprise a number of commercial properties that are leased to related party. Each of the leases contains an initial non-cancellable period of 30 years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged. Total rental income in 2018 was Baht 1.4 million (2017: Baht 1.8 million).

### Measurement of fair value

#### *Fair value hierarchy*

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Company's investment property portfolio on an annual basis.

The fair value measurement for investment property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.



Crown Seal Public Company Limited

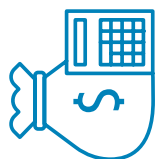
# Notes to financial statements

For the year ended 31 December 2018

## *Valuation technique and significant unobservable inputs*

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between key unobservable inputs and fair value measurement</b>
<i>Market comparison technique;</i> The valuation model considers the characteristic of land, compared to market prices of similar properties. The market value of land was analysed considering the relevant factors including zoning, surrounding environment, transportation facilities, size, shape and land features, and current use of land.	<ul style="list-style-type: none"><li>• Land price of neighbourhood areas</li></ul>	<ul style="list-style-type: none"><li>• The estimated fair value increase (decrease) if land price of neighbourhood areas were higher (lower)</li></ul>



## Notes to financial statements

For the year ended 31 December 2018

### 10 Property, plant and equipment

#### Cost/ revaluation

At 1 January 2017	99,000	451,112	2,531,100	87,745	8,015	45,579	3,222,551
Additions	-	-	23,925	4,598	-	233,073	261,596
Transfers	-	1,294	51,311	1,897	-	(54,502)	-
Disposals/ written-off	-	(937)	(117,996)	(2,471)	-	-	(121,404)
Reclassification	-	-	34,828	-	-	17,227	52,055
At 31 December 2017 and 1 January 2018	99,000	451,469	2,523,168	91,769	8,015	241,377	3,414,798
Additions	-	-	28,687	4,508	-	234,096	267,291
Surplus on revaluation	43,800	-	-	-	-	-	43,800
Transfers	-	5,207	251,644	6,604	-	(263,455)	-
Transfer to intangible assets	-	-	-	-	-	(350)	(350)
Disposals/ written-off	-	(961)	(44,893)	(1,736)	(65)	(2,454)	(50,109)
At 31 December 2018	142,800	455,715	2,758,606	101,145	7,950	209,214	3,675,430

#### Depreciation

At 1 January 2017							
Depreciation charge for the year	-	305,799	1,733,518	60,600	7,516	-	2,107,433
Disposals/ written-off	-	13,720	133,623	11,714	115	-	159,172
	-	(822)	(108,164)	(2,373)	-	-	(111,359)
<b>At 31 December 2017 and</b>							
<b>1 January 2018</b>	<b>-</b>	<b>318,697</b>	<b>1,758,977</b>	<b>69,941</b>	<b>7,631</b>	<b>-</b>	<b>2,155,246</b>
Depreciation charge for the year	-	13,273	139,081	12,827	115	-	165,296
Disposals/ written-off	-	(954)	(37,152)	(1,516)	(65)	-	(39,687)
	-	-	-	-	-	-	-
<b>At 31 December 2018</b>	<b>-</b>	<b>331,016</b>	<b>1,860,906</b>	<b>81,252</b>	<b>7,681</b>	<b>-</b>	<b>2,280,855</b>

#### Net book value

At 31 December 2017	99,000	132,772	764,191	21,828	384	241,377	1,259,552
At 31 December 2018	142,800	124,699	897,700	19,893	269	209,214	1,394,575



Crown Seal Public Company Limited

# Notes to financial statements

For the year ended 31 December 2018

The carrying amount of land had it been carried under the cost model amounted to Baht 63.3 million.

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2018 amounted to Baht 1,486 million (2017: Baht 1,422 million).

The Company shares the ownership of some building and machinery with Bangkok Can Manufacturing Co., Ltd. and records the building and machinery in proportion to its ownership. The carrying amount of the Company's portion as at 31 December 2018 was Baht 11 million (2017: Baht 12 million).

## Measurement of fair value

### *Fair value hierarchy*

The fair value of land was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The effective date of the revaluation was on 28 November 2018.

The fair value measurement for land has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

### *Valuation technique and significant unobservable inputs*

The following table shows the valuation technique used in measuring the fair value of land, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<i>Market comparison technique;</i> The valuation model considers the characteristic of land, compared to market prices of similar properties. The market value of land was analysed considering the relevant factors including zoning, surrounding environment, transportation facilities, size, shape and land features, and current use of land.	<ul style="list-style-type: none"> <li>Land price of neighbourhood areas</li> </ul>	<ul style="list-style-type: none"> <li>The estimated fair value increase (decrease) if land price of neighbourhood areas were higher (lower)</li> </ul>



# Notes to financial statements

For the year ended 31 December 2018

## 11 Deferred tax

Deferred tax assets and liabilities as at 31 December were as follows:

	Assets		Liabilities	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Total	44,510	36,858	(112,153)	(63,149)
Set off of tax	(44,510)	(36,858)	44,510	36,858
<b>Net deferred tax liabilities</b>	<b>-</b>	<b>-</b>	<b>(67,643)</b>	<b>(26,291)</b>

Movements in total deferred tax assets and liabilities during the year were as follows:

	(Charged) / Credited to:				
	At 1 January 2018	Profit or loss	Other comprehensive income <i>(in thousand Baht)</i>	Equity	At 31 December 2018
<b>Deferred tax assets</b>					
Inventories <i>(allowance for decline in value)</i>	6,808	(1,096)	-	-	5,712
Provisions for employee benefit	25,582	241	-	-	25,823
Deferred rental income	2,482	(198)	-	-	2,284
Recoverable loss under insurance	-	8,464	-	-	8,464
Equipment <i>(depreciation gap)</i>	1,986	241	-	-	2,227
<b>Total</b>	<b>36,858</b>	<b>7,652</b>	<b>-</b>	<b>-</b>	<b>44,510</b>
<b>Deferred tax liabilities</b>					
Equipment <i>(depreciation gap)</i>	(31,039)	(1,643)	-	-	(32,682)
Property <i>(revaluation surplus)</i>	(6,559)	-	-	(8,760)	(15,319)
Investment properties <i>(revaluation surplus)</i>	(25,551)	(38,601)	-	-	(64,152)
<b>Total</b>	<b>(63,149)</b>	<b>(40,244)</b>	<b>-</b>	<b>(8,760)</b>	<b>(112,153)</b>
<b>Net</b>	<b>(26,291)</b>	<b>(32,592)</b>	<b>-</b>	<b>(8,760)</b>	<b>(67,643)</b>

	(Charged) / Credited to:				
	At 1 January 2017	Profit or loss	Other comprehensive income <i>(in thousand Baht)</i>	Equity	At 31 December 2017
<b>Deferred tax assets</b>					
Inventories <i>(allowance for decline in value)</i>	8,400	(1,592)	-	-	6,808
Provisions for employee benefit	21,792	1,378	2,412	-	25,582
Deferred rental income	2,680	(198)	-	-	2,482
Equipment <i>(depreciation gap)</i>	1,804	182	-	-	1,986
<b>Total</b>	<b>34,676</b>	<b>(230)</b>	<b>2,412</b>	<b>-</b>	<b>36,858</b>
<b>Deferred tax liabilities</b>					
Equipment <i>(depreciation gap)</i>	(29,396)	(1,643)	-	-	(31,039)
Property <i>(revaluation surplus)</i>	(6,559)	-	-	-	(6,559)
Investment properties <i>(revaluation surplus)</i>	(25,691)	140	-	-	(25,551)
<b>Total</b>	<b>(61,646)</b>	<b>(1,503)</b>	<b>-</b>	<b>-</b>	<b>(63,149)</b>
<b>Net</b>	<b>(26,970)</b>	<b>(1,733)</b>	<b>2,412</b>	<b>-</b>	<b>(26,291)</b>





Crown Seal Public Company Limited

# Notes to financial statements

For the year ended 31 December 2018

## 12 Trade and other accounts payable

	Note	2018 (in thousand Baht)	2017
<b>Trade accounts payable</b>			
Related parties	4	5,978	5,640
Other parties		393,654	266,151
<b>Total</b>		<b>399,632</b>	<b>271,791</b>
<b>Other accounts payable</b>			
<b>Related parties</b>	4	<b>7,626</b>	<b>8,470</b>
<b>Other parties</b>			
Other payables		60,411	38,451
Accrued expenses		39,422	35,950
		<b>99,833</b>	<b>74,401</b>
<b>Total</b>		<b>107,459</b>	<b>82,871</b>
<b>Total trade and other accounts payable</b>		<b>507,091</b>	<b>354,662</b>

## 13 Non-current provisions for employee benefits

	2018 (in thousand Baht)	2017
<b>Statement of financial position</b>		
<b>Non-current provisions for:</b>		
Defined contribution plans	47,846	48,941
Defined benefit plan	105,130	103,902
Other long-term employee benefits	23,987	24,010
<b>Total</b>	<b>176,963</b>	<b>176,853</b>
<b>Year ended 31 December</b>		
<b>Statement of comprehensive income:</b>		
<b>Recognised in profit or loss:</b>		
Defined benefit plan	7,348	6,896
Other long-term employee benefits	1,704	7,062
	<b>9,052</b>	<b>13,858</b>
<b>Recognised in other comprehensive income:</b>		
Actuarial losses recognised in the year	-	12,061
Cumulative actuarial losses recognised	37,768	37,768

### Defined benefit plan

The Company operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.



Crown Seal Public Company Limited

# Notes to financial statements

For the year ended 31 December 2018

Movement in the present value of the defined benefit obligations.

	2018 (in thousand Baht)	2017
At 1 January	103,902	89,287
<b>Include in profit or loss:</b>		
Current service cost	4,852	4,368
Interest on obligation	2,496	2,528
	<b>7,348</b>	<b>6,896</b>
<b>Included in other comprehensive income</b>		
Actuarial loss	-	12,061
	<b>-</b>	<b>12,061</b>
<b>Other</b>		
Benefit paid	(6,120)	(4,342)
<b>At 31 December</b>	<b>105,130</b>	<b>103,902</b>

Actuarial losses recognised in other comprehensive income arising from:

	2018 (in thousand Baht)	2017
Demographic assumptions	-	763
Financial assumptions	-	1,527
Experience adjustment	-	9,771
<b>Total</b>	<b>-</b>	<b>12,061</b>

## Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	2018	2017
	(%)	
Discount rate	2.75	2.75
Future salary growth	5.00	5.00
Employee turnover	9.00	9.00

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2018, the weighted-average duration of the defined benefit obligation was 5 years (2017: 6 years).

## Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.



# Notes to financial statements

For the year ended 31 December 2018

	Increase (in thousand Baht)	Decrease
<b>At 31 December 2018</b>		
Discount rate (0.5% movement)	(2,849)	3,009
Future salary growth (1% movement)	8,011	(7,277)
<b>At 31 December 2017</b>		
Discount rate (0.5% movement)	(3,012)	3,184
Future salary growth (1% movement)	7,301	(6,648)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

On 13 December 2018, the National Legislative Assembly passed a bill amending the Labor Protection Act to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Company will amend its retirement plan in the period in which the amendment will have become law and is announced in the Royal Gazette. As a result of this change, the provision for retirement benefits as at that future period end as well as past service cost recognised during that period is estimated to increase by an amount of approximately Baht 35 million.

## 14 Share capital

	Par value per share (in Baht)	2018 Number Baht (thousand shares / thousand Baht)		2017 Number Baht (thousand shares / thousand Baht)	
<b>Authorised</b>					
At 1 January					
- non-cumulative preferred shares	10	800	8,000	800	8,000
- ordinary shares	10	52,000	520,000	52,000	520,000
<b>At 31 December</b>					
- non-cumulative preferred shares		799	7,993	800	8,000
- ordinary shares		52,001	520,007	52,000	520,000
<b>Issued and paid-up</b>					
At 1 January					
- non-cumulative preferred shares	10	800	8,000	800	8,000
- ordinary shares	10	52,000	520,000	52,000	520,000
<b>At 31 December</b>					
- non-cumulative preferred shares	10	799	7,993	800	8,000
- ordinary shares	10	52,001	520,007	52,000	520,000

The holders of preferred shares have the same rights as the holders of ordinary shares and are entitled to convert the shares they hold into ordinary shares, with the conversion ratio of 1:1. The holders of preferred shares are entitled to receive preferential dividend of 1.5 Baht per share every year that the Company paid to holders of the ordinary shares, and are entitled to one vote per share at the shareholders' meeting of the Company. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.



# Notes to financial statements

For the year ended 31 December 2018

## *Issue of ordinary shares*

On 31 October 2018, the annual general meeting of shareholders approved the issue of 730 ordinary shares of the Company at an issue price of Baht 10 per share (2017: nil). The Company registered the aforesaid conversion shares with the Ministry of Commerce on 13 November 2018.

## *Share premium*

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

## **15 Reserves**

Reserves comprise:

### *Appropriations of profit and/or retained earnings*

#### **Legal reserve**

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

### *Other components of equity*

#### **Fair value changes in available-for-sale investments**

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

#### **Valuation surplus**

The valuation surplus account within equity comprises the cumulative net change in the valuation of property included in the financial statements at valuation until such property is sold or otherwise disposed of.

#### **Movements in reserves**

Movements in reserves are shown in the statements of changes in equity.

## **16 Segment information**

The Company has two reportable segments, as described below, which are the Company's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Company's reportable segments.

- *Segment 1*      Manufacture and sale of caps
- *Segment 2*      Hire of printing sheets for can

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Company's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.



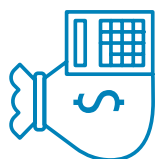
Crown Seal Public Company Limited

# Notes to financial statements

For the year ended 31 December 2018

## Information about reportable segments

	Financial statements in which the equity method is applied		
	Manufacture and sale of caps 2017	Hire of printing sheets for can 2017 <i>(in thousand Baht)</i>	Total 2017
External revenue	2,486,051	179,873	2,665,924
<b>Total segment revenue</b>	<b>2,486,051</b>	<b>179,873</b>	<b>2,665,924</b>
Segment profit before income tax	395,131	38,751	433,882
Unallocated amounts:			
Interest income			13,941
Gain on fair value adjustment			6,503
Other income			40,015
Administrative expense			(177,471)
Share of losses of investment in associate			(6,166)
<b>Profit before income tax</b>			<b>310,704</b>
Tax expense			(60,940)
<b>Profit for the year</b>			<b>249,764</b>



## Notes to financial statements

For the year ended 31 December 2018

	Manufacture and sale of caps		Separate financial statements Hire of printing sheets for can		Total
	2018	2017	2018	2017	2017
			<i>(in thousand Baht)</i>		
External revenue	2,686,401	2,486,051	154,185	179,873	2,840,586
<b>Total segment revenue</b>	<b>2,686,401</b>	<b>2,486,051</b>	<b>154,185</b>	<b>179,873</b>	<b>2,840,586</b>
Segment profit before income tax	379,587	395,131	31,239	38,751	410,826
Unallocated amounts:					
Interest income					13,941
Gain on fair value adjustment of investment properties					-
Other income					40,014
Write-off of inventories					-
Administrative expense					(177,471)
Impairment loss on others long-term investment					-
Impairment loss on investment in associate company					(29,631)
<b>Profit before income tax</b>					<b>(8,961)</b>
Tax expense					<b>301,405</b>
<b>Profit for the year</b>					<b>(60,940)</b>
					<b>240,465</b>

### Geographical segments

The Company is managed and operates principally in Thailand. There are no material revenues derived from, or assets located in, foreign countries. No segment asset has been presented since the major items have been commonly used by the operating segments.

### Major customer

Revenues from major customers of the Company's manufacture and sale of caps segment and hire of printing sheets for can segment represents approximately Baht 813.8 million (2017: Baht 844.1 million) of the Company's total revenues.



Crown Seal Public Company Limited

# Notes to financial statements

For the year ended 31 December 2018

## 17 Other income

	Financial statements in which the equity method is applied 2017	Separate financial statements 2018 2017 (in thousand Baht)	
Sales of scrap	95,935	106,199	95,935
Interest income	13,941	12,498	13,941
Management income	10,518	11,084	10,518
Net gain on foreign exchange	1,399	2,686	1,399
Rental income	2,920	2,261	2,920
Others	25,177	22,978	25,177
<b>Total</b>	<b>149,890</b>	<b>157,706</b>	<b>149,890</b>

## 18 Distribution costs

	Financial statements in which the equity method is applied 2017	Separate financial statements 2018 2017 (in thousand Baht)	
Export expenses	15,379	18,957	15,379
Claim from customers	1,541	15,876	1,541
Royalty expenses	17,911	15,025	17,911
Freight out	8,970	10,795	8,970
Marketing expenses	7,593	7,827	7,593
Rental expenses	5,072	5,330	5,072
Commission expenses	334	1,244	334
<b>Total</b>	<b>56,800</b>	<b>75,054</b>	<b>56,800</b>

## 19 Administrative expenses

		Financial statements in which the equity method is applied 2017	Separate financial statements 2018 2017 (in thousand Baht)	
Employee benefit expenses		115,819	112,732	115,819
Write-off of inventories	8	-	42,322	-
Service expenses		9,108	9,664	9,108
Idle capacity expenses		4,028	8,220	4,028
Transportation expenses		9,727	5,930	9,727
Depreciation and amortisation		5,868	5,781	5,868
Loss on disposal and write-off of assets		6,765	5,674	6,765
Utility expenses		3,963	3,711	3,963
Professional expenses		3,009	3,231	3,009
Others		19,184	15,990	19,184
<b>Total</b>		<b>177,471</b>	<b>213,255</b>	<b>177,471</b>



# Notes to financial statements

For the year ended 31 December 2018

## 20 Employee benefit expenses

	Financial statements in which the equity method is applied 2017	Separate financial statements 2018 (in thousand Baht)	2017
Wages and salaries	261,793	265,608	261,793
Overtime	89,738	101,294	89,738
Bonus	61,501	51,719	61,501
Welfare	20,248	20,303	20,248
Defined contribution plans	19,115	19,761	19,115
Defined benefit plans	6,896	7,348	6,896
Others	16,480	18,992	16,480
<b>Total</b>	<b>475,771</b>	<b>485,025</b>	<b>475,771</b>

### Defined contribution plans

The defined contribution plans comprise provident funds established by the Company for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates 5% of their basic salaries and by the Company at rates ranging from 5% to 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager. For employee who joined the fund before 1 January 2003, the Company has to pay extra contributions when their length of service reaches 7 years and 10 years.

## 21 Expenses by nature

	Financial statements in which the equity method is applied 2017	Separate financial statements 2018 (in thousand Baht)	2017
Raw materials and consumables used	1,465,744	1,711,414	1,465,744
Employee benefit expenses	475,771	485,025	475,771
Depreciation and amortisation	161,612	167,965	161,612
Repair and maintenance expenses	104,467	115,351	104,467
Write-off of inventories	-	42,322	-
Freight out	23,868	29,027	23,868
Losses on inventories devaluation	37,972	18,034	37,972
Royalty expenses	17,911	15,025	17,911
Changes in inventories of finished goods and work in process	(113)	(52,491)	(113)





Crown Seal Public Company Limited

# Notes to financial statements

For the year ended 31 December 2018

## 22 Income tax expense

### *Income tax recognised in profit or loss*

	Note	Financial statements in which the equity method is applied 2017	Separate financial statements 2018 (in thousand Baht)	2017
<b>Current tax expense</b>				
Current year		59,163	49,586	59,163
Adjustment for prior years		44	74	44
		<b>59,207</b>	<b>49,660</b>	<b>59,207</b>
<b>Deferred tax expense</b>	11			
Movements in temporary differences		1,733	32,592	1,733
		<b>1,733</b>	<b>32,592</b>	<b>1,733</b>
<b>Total income tax expense</b>		<b>60,940</b>	<b>82,252</b>	<b>60,940</b>

### *Income tax recognised in other comprehensive income*

	Financial statements in which the equity method is applied 2017			Separate financial statements		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
	(in thousand Baht)			(in thousand Baht)		
Defined benefit plan actuarial losses	(12,061)	2,412	(9,649)	-	-	-
<b>Total</b>	<b>(12,061)</b>	<b>2,412</b>	<b>(9,649)</b>	<b>(12,061)</b>	<b>2,412</b>	<b>(9,649)</b>

	Before tax	2018 Tax expense	Net of tax	Before tax	2017 Tax expense	Net of tax
	(in thousand Baht)			(in thousand Baht)		
Revaluation of land	43,800	(8,760)	35,040	-	-	-
Defined benefit plan actuarial losses	-	-	-	(12,061)	2,412	(9,649)
<b>Total</b>	<b>43,800</b>	<b>(8,760)</b>	<b>35,040</b>	<b>(12,061)</b>	<b>2,412</b>	<b>(9,649)</b>



Crown Seal Public Company Limited

# Notes to financial statements

For the year ended 31 December 2018

## Reconciliation of effective tax rate

	<b>Financial statements in which the equity method is applied 2017</b>	
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before income tax expense		310,704
Income tax using the Thai corporation tax rate	20	62,141
Income not subject to tax		(1,303)
Additional deduction expenses for tax purposes		(3,146)
Expenses not deductible for tax purposes		3,204
Under provided in prior years		44
<b>Total</b>	<b>20</b>	<b>60,940</b>

	<b>Separate financial statements 2018</b>		<b>2017</b>	
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before income tax expense		412,446		301,405
Income tax using the Thai corporation tax rate	20	82,489	20	60,281
Income not subject to tax		(107)		(2)
Additional deduction expenses for tax purposes		(6,882)		(3,146)
Expenses not deductible for tax purposes		6,678		3,763
Under provided in prior years		74		44
<b>Total</b>	<b>20</b>	<b>82,252</b>	<b>20</b>	<b>60,940</b>

## 23 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2018 and 2017 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares and preferred shares outstanding during the years as follows:

	<b>Financial statements in which the equity method is applied 2017</b>	<b>Separate financial statements 2018      2017</b>	
		<i>(in thousand Baht / thousand shares)</i>	
<b>Profit attributable to ordinary shareholders of the Company</b>	<b>249,764</b>	<b>330,194</b>	<b>240,465</b>
<b>Number of ordinary shares and preferred shares outstanding</b>	<b>52,800</b>	<b>52,800</b>	<b>52,800</b>
<b>Basic earnings per share (in Baht)</b>	<b>4.73</b>	<b>6.25</b>	<b>4.55</b>



Crown Seal Public Company Limited

# Notes to financial statements

For the year ended 31 December 2018

## 24 Dividends

At the annual general meeting of the shareholders of the Company held on 25 April 2018, the shareholders approved the appropriation of dividend for ordinary shareholders of Baht 1.50 per share and preferred shareholders of Baht 3.00 per share, amounting to Baht 78 million and Baht 2.4 million, respectively. The dividend was paid to the shareholders on 11 May 2018.

At the annual general meeting of the shareholders of the Company held on 18 April 2017, the shareholders approved the appropriation of dividend for ordinary shareholders of Baht 2.50 per share and preferred shareholders of Baht 4.00 per share, amounting to Baht 130 million and Baht 3.2 million, respectively. The dividend was paid to the shareholders on 15 May 2017.

## 25 Financial instruments

### *Financial risk management policies*

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivatives for speculative or trading purposes.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

### *Capital management*

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity and also monitors the level of dividends to ordinary shareholders.

### *Interest rate risk*

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows. Financial assets interest rates are mainly adjust in accordance to market rate or are fixed which is close to current market rate.

### *Foreign currency risk*

The Company is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Company primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.



# Notes to financial statements

For the year ended 31 December 2018

At 31 December, the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	2018 (in thousand Baht)	2017
<b>United States Dollars</b>		
Cash and cash equivalents	1,146	2,560
Trade and other accounts receivable	108,025	80,971
Trade and other accounts payable	(88,098)	(33,623)
<b>Gross balance sheet exposure</b>	<b>21,073</b>	<b>49,908</b>
Currency forwards purchase	48,714	15,619
Currency forwards sales	(3,735)	(45,974)
<b>Net exposure</b>	<b>66,052</b>	<b>19,553</b>
<b>Japanese Yen</b>		
Trade and other accounts receivable	9	-
Trade and other accounts payable	(5,995)	-
<b>Gross balance sheet exposure</b>	<b>(5,986)</b>	<b>-</b>
Currency forwards purchase	977	-
<b>Net exposure</b>	<b>(5,009)</b>	<b>-</b>
<b>Euro</b>		
Trade and other accounts payable	(38,673)	(1,023)
<b>Net exposure</b>	<b>(38,673)</b>	<b>(1,023)</b>
<b>Pound Sterling</b>		
Trade and other accounts payable	(2,580)	-
<b>Net exposure</b>	<b>(2,580)</b>	<b>-</b>
<b>Others</b>		
Trade and other accounts payable	(128)	-
<b>Net exposure</b>	<b>(128)</b>	<b>-</b>

## Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Company's customer base, Management does not anticipate material losses from its debt collection.

## Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.



# Notes to financial statements

For the year ended 31 December 2018

## Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in thousand Baht)			
<b>31 December 2018</b>					
<b><i>Financial assets and financial liabilities measured at fair value</i></b>					
Equity securities available-for-sale	273	-	-	273	273
<b><i>Financial assets and financial liabilities not measured at fair value</i></b>					
Derivatives (foreign currency forward contracts)	(795)	-	(417)	-	(417)
<b>31 December 2017</b>					
<b><i>Financial assets and financial liabilities measured at fair value</i></b>					
Equity securities available-for-sale	273	-	-	273	273
<b><i>Financial assets and financial liabilities not measured at fair value</i></b>					
Derivatives (foreign currency forward contracts)	(126)	-	(328)	-	(328)

## Measurement of fair values

The Company determines level 3 fair values for equity securities-available-for-sale based on the most recent quoted price on the Stock Exchange of Thailand and determines level 2 fair value for foreign forward contracts by reference to the value quoted announce by the financial institutions.

## 26 Commitments with non-related parties

	2018	2017
	(in thousand Baht)	
<b>Capital commitments</b>		
<i>Contracted but not provided for:</i>		
Machinery and equipment	144,133	82,061
<b>Total</b>	<b>144,133</b>	<b>82,061</b>
<b>Future minimum lease payments under non-cancellable operating leases</b>		
Within one year	4,672	4,560
After one year but within five years	5,641	6,796
<b>Total</b>	<b>10,313</b>	<b>11,356</b>



Crown Seal Public Company Limited

# Notes to financial statements

For the year ended 31 December 2018

	2018 (in thousand Baht)	2017
<b>Other commitments</b>		
Unused letters of credit to guarantee payments due to creditors	-	6,180
Bank guarantees for electricity used and others	10,451	9,882
<b>Total</b>	<b>10,451</b>	<b>16,062</b>

As of 31 December 2018, the Company had:

- lease agreements covering its warehouse and vehicles for the periods of 1 to 5 years expiring on various dates from 2019 to 2023.
- bank guarantees issued by a bank on behalf of the Company for electricity usage of Baht 9.9 million (2017: Baht 9.5 million) and the purchase-sell agreements with a state enterprise of Baht 0.6 million (2017: Baht 0.4 million).

## 27 Event after the reporting period

At the Board of Directors' meeting held on 21 February 2019, the Board passed a resolution for the approval of the annual dividend payment for the year 2018 for ordinary shareholders of Baht 1.50 per share and preferred shareholders of Baht 3.00 per share, amounting to Baht 78 million and Baht 2.4 million, respectively. The final results are dependent on the approval by the shareholders of the Company at the annual general meeting to be held on 19 April 2019.

## 28 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS which relevant to the Company's operations are expected to have significant impact on the financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years.

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TAS 32*	Financial Instruments: Presentation	2020

\* TFRS - Financial instruments standards

### (a) TFRS 15 Revenue from Contracts with Customers

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled.

The Company has made a preliminary assessment of the potential impact of adopting and initially applying TFRS 15 on the financial statements and expects that there will be no material impact on the financial statements in the period of initial application.



Crown Seal Public Company Limited

# Notes to financial statements

For the year ended 31 December 2018

## (b) TFRS - Financial instruments standards

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRS – Financial instruments standards on the financial statements.

## 29 Reclassification of accounts

Certain accounts in the 2017 financial statements have been reclassified to conform to the presentation in the 2018 financial statements as follows:

	Before reclassification	2017 Reclassification (in thousand Baht)	After reclassification
<b>Statement of financial position as at 31 December</b>			
Inventories	472,788	(34,828)	437,960
Property, plant and equipment	1,207,497	52,055	1,259,552
Other non-current assets	22,035	(17,227)	4,808
		<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Company's business.



# Our Products

## 1. Crown Cap

Crown cap is a bottle closure made from pressed steel sheet (tin free steel, tin plated steel) lined with liner to prevent leakage. Once closed, crown cap preserves the original content quality with an excellent sealing performance. Crown cap is used for carbonated drinks, beer, soda, soy milk and fruit juices.

## 2. Pilfer - Proof (PP Cap)

PP cap is a screw cap developed to protect against pilferage. It is made by pressing aluminum sheet into cylindrical shape, perforated (between the body and flare) and lined. PP cap is rust - proof, easy to open, can be recapped if the content is not wholly consumed. PP cap is suitable for carbonated drinks, health drinks, energy drinks, electrolyte, spirit and medicine.

## 3. Maxi Crown

Maxi crown is a bottle closure made from pressed and scored coated tin free steel shell. The score is developed for easy opening by simply pulling the attached ring. This closure gives a perfect anti - pilferage feature. Maxi crown is suitable for non refrigerated products.

## 4. Maxi Cap

Maxi cap is a bottle closure made from coated aluminum sheet pressed into one piece, scored and lined. Apart from the same general characteristic as Maxi crown, Maxi cap is made of aluminum, rust-proof and more suitable for products kept in high humidity. Maxi cap is used for drinking water, beer, spirit and fruit juices.

## 5. Maxi - P

Maxi - P is a bottle closure made from pressed and scored coated aluminum shell. The general characteristic is as same as Maxi Crown except the pulling ring is made of plastic. Maxi-P is used for drinking water, beer, spirit and fruit juices.

## 6. Plastic Cap

Plastic cap is a screw cap made from plastic resin which is melted and molded into shape. The inside is designed either with or without liner material to prevent leakage. The cap has knurls around the side for easy opening, it can recap after used. Now plastic cap is used in many products upon customer's requirement such as carbonated drinks, non - carbonated drinks, products which using high temperature filling process and products which using aseptic filling process.

## 7. Composite Cap

Composite cap is made from plastic resin which is melted and injected into shape. On the top of cap is combined with tin free steel sheet that pressed into shape and having liner to prevent leakage. The cap has knurls around the side for easy opening. A tamper evidence band is provided for anti - pilferage purpose.

## 8. Hand - Crowner

Hand - Crowner is specially designed to crimp crown caps tightly, It is efficient in protecting the product inside. The hand crowner is easy to use and hand - carry.

## 9. Maxi Crimping Machine

A single - head, pneumatic Maxi crimping machine can be used to crimp all Maxi series. It is designed with high technology to achieve utmost sealing performance.

**For sales please contact: Tel.(662) 533-0450-9**

**Domestic sales ext.550 or Export sales ext.557, Fax.(662) 974-1115**





ฝาจับ (Crown Cap)



ฝาเกลียวกันปลอม (Pilfer - Proof Cap)



ฝาวงแหวนแมกซ์เคป (Maxi Cap)



ฝาคอมโพสิต (Composite Cap)



ฝาวงแหวนแมกซ์คราวน์ (Maxi Crown)



เครื่องพนักฝาจุกจับแบบคัลโยก (Hand-Crowner)



เครื่องพนักฝาแมกซ์ (Maxi Crimping Machine)



ฝาวงแหวนแมกซ์พี (Maxi-P)



ฝาพลาสติก (Plastic Cap)



**บริษัท ฝาจีบ จำกัด (มหาชน)**  
**Crown Seal Public Company Limited**

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