



VINYTHAI

ANNUAL REPORT

2016  
VINYTHAI

Annual Report 2016

Vinythai Public Company Limited, PVC Resins, Chlor-Alkali and Epichlorohydrin Producer

*SUSTAINABLE HAPPINESS  
IS FROM SUFFICIENT LOVE*





# Vinythai Public Company Limited

## Annual Report 2016



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# FINANCIAL HIGHLIGHTS

| Unit : Million Baht                 | 2014 <sup>#</sup> | 2015 <sup>#</sup> | 2016 <sup>#</sup> |
|-------------------------------------|-------------------|-------------------|-------------------|
| Sales Revenues                      | 17,742            | 16,555            | 15,659            |
| Total Revenues                      | 17,847            | 16,653            | 15,887            |
| Gross Profit                        | 1,365             | 1,786             | 2,120             |
| Income before Financial Cost        | (1,078)           | 660               | 1,176             |
| Net Profit                          | (963)             | 566               | 1,124             |
| Depreciation                        | 1,433             | 1,466             | 1,492             |
| Cash Flow from Operating Activities | 1,890             | 2,197             | 2,545             |
| Capital Expenditures                | 615               | 404               | 269               |
| Total Assets                        | 19,665            | 19,048            | 18,579            |
| Total Liabilities                   | 4,594             | 3,552             | 2,415             |
| Total Loan                          | 3,000             | 1,827             | 618               |
| Shareholders' Equity                | 15,072            | 15,496            | 16,164            |
| Persons Employed as of Year End     | 464               | 457               | 453               |

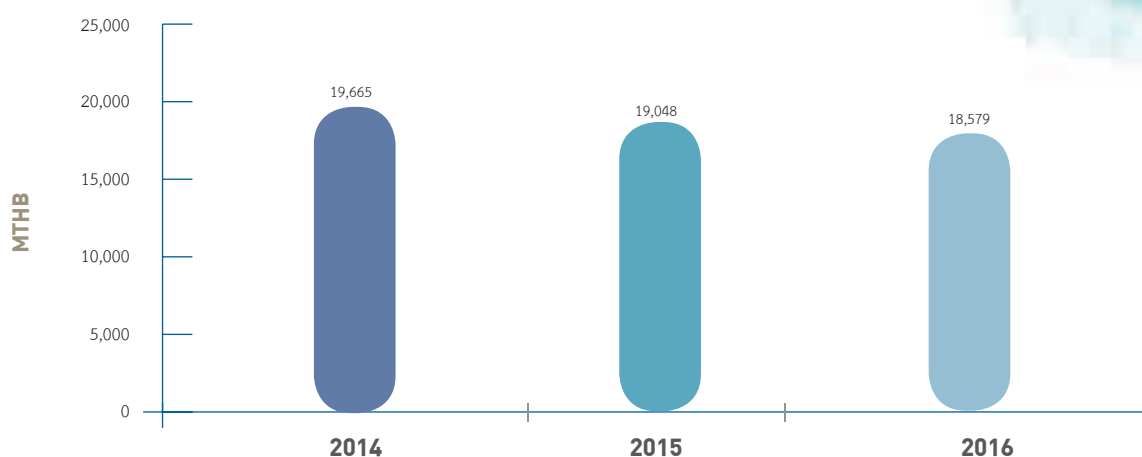
## Information per Share & Financial Ratio

| Unit : Baht                     | 2014 <sup>#</sup> | 2015 <sup>#</sup> | 2016 <sup>#</sup> |
|---------------------------------|-------------------|-------------------|-------------------|
| Earning per Share               | (0.81)            | 0.48              | 0.95              |
| Book Value per Share            | 12.72             | 13.07             | 13.64             |
| Dividend per Share (Baht/Share) | 0.100             | 0.400             | 0.450             |
| Net Profit Margin               | (5.4%)            | 3.4%              | 7.1%              |
| Return on average equity (ROE)  | (6.2%)            | 3.7%              | 7.1%              |
| Return on average assets (ROA)  | (5.2%)            | 3.4%              | 6.2%              |

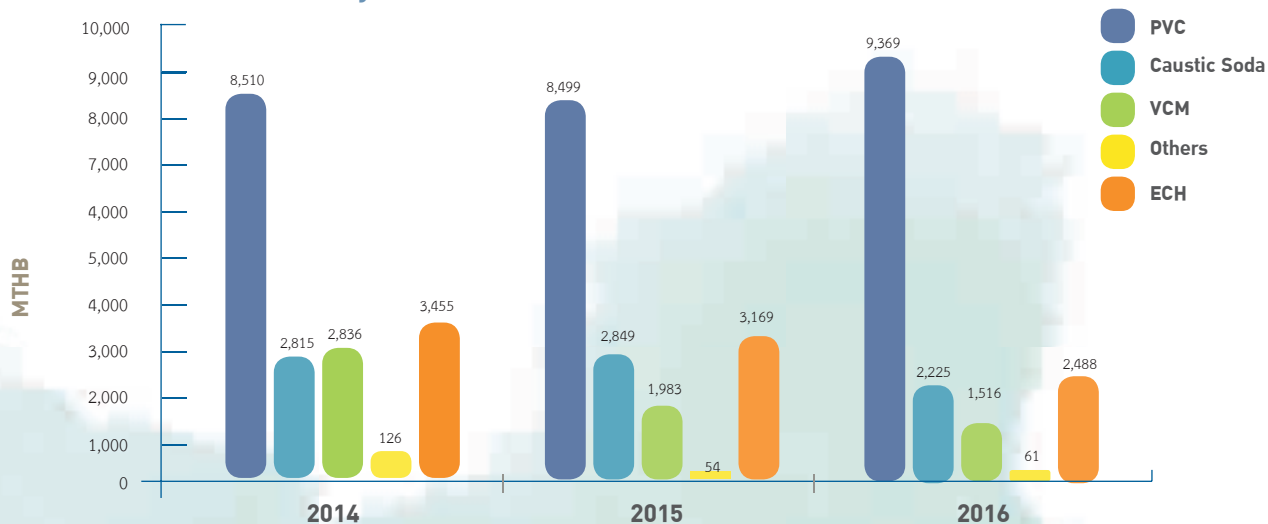
<sup>#</sup> Information above were extracted from consolidated financial statements.

\* The Board of Directors' Meeting resolved to propose the Annual Ordinary General Meeting of Shareholders to consider and approve in April 2016.

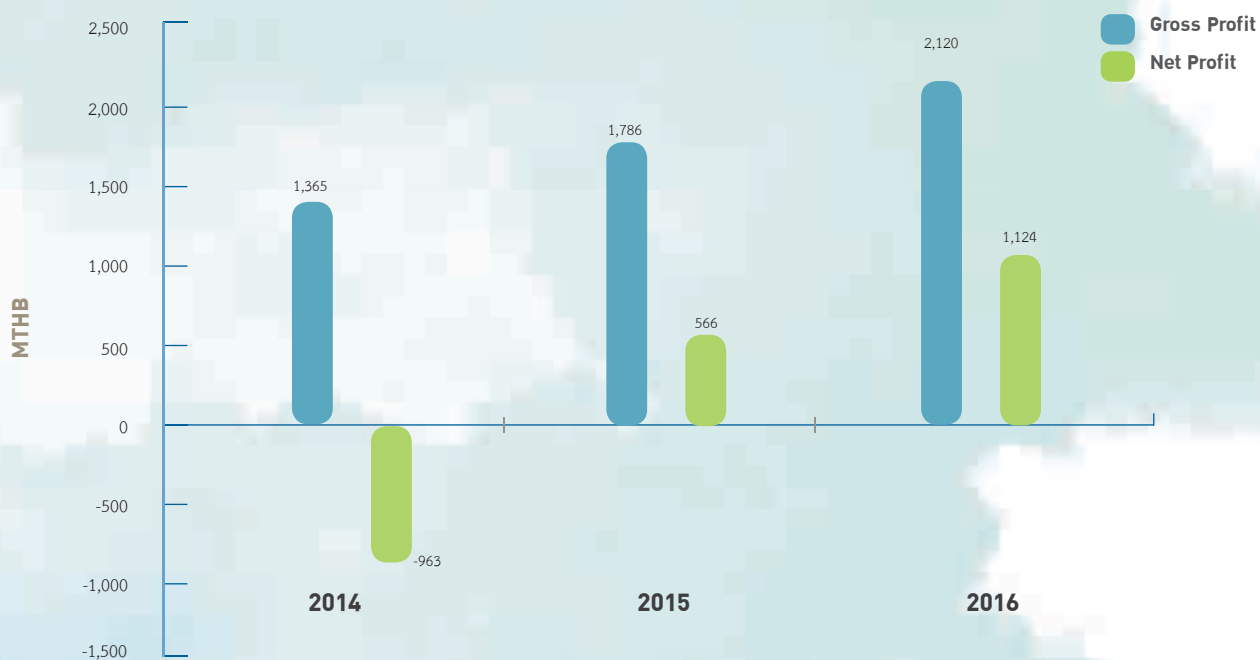
## Total Assets



## Sales By Products



## Gross Profit and Net Profit





A man with short dark hair, wearing a dark grey suit, white shirt, and patterned tie, is sitting and smiling. He is positioned in the center-right of the frame. The background is dark and out of focus.

# MESSAGE FROM THE CHAIRMAN

2016 has really shown  
a great recovery for  
the whole Company.

Through the year, Vinythai teams pushed further the deployment of the Excellence Programs launched in the previous years. Those Programs generated tremendous improvements on the Company performances on all fronts, but on the Safety point of view.



Unfortunately, on the Safety side, the Company recorded its first accident with Lost Working Time in more than 8 years. This is a strong reminder that safety requires the permanent attention and a visible commitment from the top management of the Company following this accident, a deep review of all procedures has been initiated, taking in account the latest Safety standards, in order to strengthen our safety culture.

On the production and sales performances, despite the occurrence of an important electrical blackout in Map Ta Phut Industrial Estate in July that generated a 2 week production interruption, the Company reached new annual record volumes in Suspension and Emulsion PVC, thanks to the continuous dedication to Excellence of all production, maintenance, supply chain and sales teams. Overall, the Excellence Programs generated together more than an additional 500 MTHB of EBITDA versus 2015 results.

On the Asian Vinyls markets, from the middle of the year, an important change occurred with the significant increase of coal and carbide prices in China. This change dramatically affected the competitiveness of most Chinese Vinyls producers and reduced the price pressure they were applying on both Caustic and PVC markets in Asia. Such new market situation allowed the Company to recover some positions in the booming Thai PVC market and to place additional PVC volumes in the surrounding countries.

On the Epichlorohydrin markets, the EPICEROL® process and product scored additional points with the declared intention of Toyota to progressively use bio-based epichlorohydrin rubbers on specific “under the hood” parts of its models.

Around the globe, this enlarging recognition of EPICEROL® cleanliness versus the traditional Propylene based epichlorohydrin is opening several

market niches where ABT, the Company’s subsidiary, is able to generate significant price premiums.

Through the year also, the Management deployed at all levels of the Company the new procedures related to its participation to Thailand’s Private Sector Collective Action Coalition Against Corruption (CAC) which is coordinated by the Thai Institute of Directors (IOD). This significant move emphatically endorses the Company’s commitment to contribute to the elimination of corruption and to the development of stronger ethical behaviors in all its business activities.

With all those developments implemented by the Management in the recent years, Vinythai is anchored on very solid market and financial bases to secure its future growth. This is supported by a fully dedicated team to whom I extend my deepest thanks for their engagement.

Finally, 2016 will be marked also as a turning point of the development of the Company, with the announcement by Solvay, its major shareholder, to sell all its Company shares to Asahi Glass Company, Ltd., a key leader in the Chlor-Alkali industry in Asia. I’m fully confident that such share transfer will open new growth opportunities to Vinythai, for the benefits of all its stakeholders.

The Board of Directors and the Management of the Company would like to take this opportunity to thank all shareholders for their continuous support in 2016, and for the years to come.

With warmest regards,



(Mr. Vincent De Cuyper)  
Chairman of the Board of Directors

# BUSINESS OVERVIEW



# VISION, MISSION AND VALUES

## Our Vision

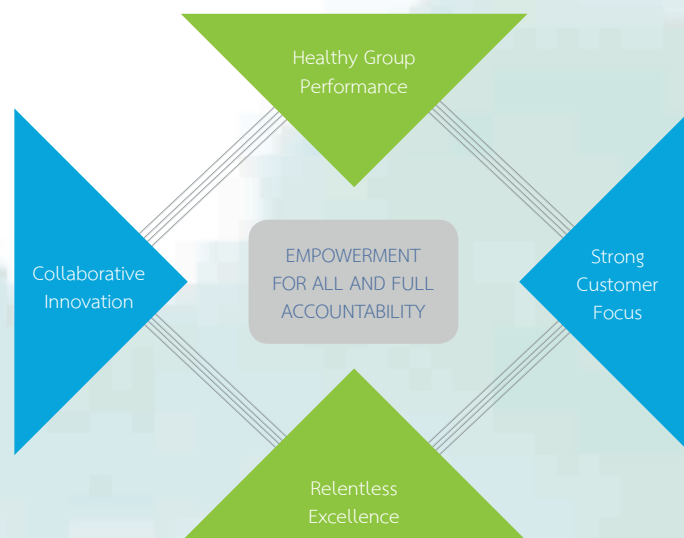
The Innovative, Competitive and Trusted Partner in Sustainable Chloro-Vinyls and Biochemicals

## Our Mission

Vinythai supplies customers in Thailand and Asia with Polyvinyl Chloride resins, Caustic Soda, and Epichlorohydrin backed by world-class technology while creating ever-increasing value to its stakeholders.

## Our Values

### Our Management Model



### Our People Model

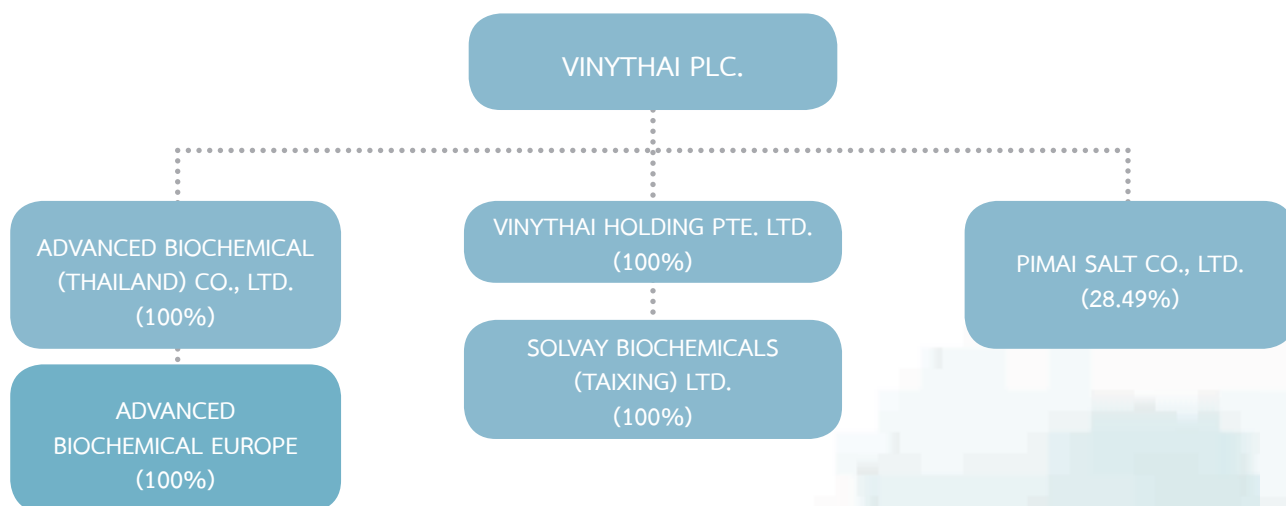
What does the Group expect from its employees?



What can the employees expect from the management?



# SHAREHOLDING STRUCTURE



## Advanced Biochemical (Thailand) Co., Ltd.

Advanced Biochemical (Thailand) Limited [formerly known as “Solvay Biochemicals (Thailand) Limited”] is a subsidiary company of Vinythai, principally engaged in manufacturing and trading of chemical product. Vinythai holds 100% of the company’s total issued shares amounting to 15,000,000 ordinary shares at par value of Baht 100 each. Advanced Biochemical (Thailand) Limited’s plant and head office is located

at: No. 2/1, I-3 Road, Map Ta Phut Industrial Estate, Tambon Map Ta Phut, Amphoe Mueang, Rayong Province, Telephone No. +66-3892-5000, Fax No. +66-3868-3048. The Company’s business office is located at: Wave Place, 11<sup>th</sup> & 16<sup>th</sup> Floor, 55 Wireless Road, Lumphini, Pathum Wan, Bangkok 10330, Telephone No. +66-2030-6800, Fax No. +66-2030-6801.



### Vinythai Holding Pte. Ltd.

Vinythai Holding Pte. Limited is a subsidiary company of Vinythai, registered in Singapore. It holds 100% of the ordinary shares of Solvay Biochemicals (Taixing) Limited with its registered share capital of RMB 287 million.

Vinythai Holding Pte. Limited office is located at: 10 Collyer Quay, #10-01 Ocean Financial Centre, Singapore.

### Solvay Biochemicals (Taixing) Ltd.

Solvay Biochemicals (Taixing) Limited is a subsidiary company of Vinythai Holding Pte. Ltd., registered in the People's Republic of China, principally engaged in manufacturing and trading of chemical product. Vinythai Holding Pte. Ltd. holds 100% of the ordinary shares of Solvay Biochemicals (Taixing) Limited amounting to RMB 287 million.

Solvay Biochemicals (Taixing) Limited's head office is located at: No. 1, Futai Road, Taixing Economic Development Zone, Jiangsu Province, the People's Republic of China.

### Advanced Biochemical Europe

Advanced Biochemical Europe (ABE) is a registered company in Brussels, Belgium with registered capital of EUR 20,000. ABE is a subsidiary company of Advanced Biochemical (Thailand) Co., Ltd. It is established to engage in the distribution of the products in Europe. Advanced Biochemical (Thailand) Co., Ltd. holds 100% of the ordinary shares of ABE.

### Pimai Salt Co., Ltd.

Pimai Salt, an associated company of Vinythai, is a producer of pure refined salt. The company was established under a joint venture agreement between Thasco Chemical Co., Ltd., Thai Refined Salt Co., Ltd. and Vinythai, to produce and supply pure refined salt. Vinythai holds 552,331 ordinary shares in Pimai Salt, equivalent to 28.49% of the company's total issued shares, amounting to 1,938,915 ordinary shares at par value of Baht 100 each.

Pimai Salt's plant is located in Amphoe Phimai, Nakhon Ratchasima Province, Thailand. Pimai Salt's Head Office is located at: 2<sup>nd</sup> Floor, Srfuengfung Building, 1016 Rama IV Road, Silom, Khet Bang Rak, Bangkok 10500, Telephone No. +66-2633-9380-6, Fax No. +66-2633-9390.

### Relation between the Company and its major shareholders

Vinythai's major shareholders are Solvay Vinyls Holding AG holding 58.77% of shares and PTT Global Chemical Public Company Limited (PTTGC) holding 24.98% of shares (information as of 8 December 2016). Vinythai Public Company Limited is a manufacturer and distributor of Polyvinyl Chloride (PVC) and Caustic Soda which are important chemical products. In the production process of PVC, technology and technical assistance are supported by Solvay S.A., an indirect ultimate shareholders of Solvay Vinyls Holding AG, a major shareholder. Ethylene, one of the main raw materials, is purchased from PTT Global Chemical Public Company Limited (PTTGC), the largest producer of ethylene in Thailand and the company's second major shareholder. The company entered into a long-term purchase agreement in order to secure the supply of such raw material. The said mentioned agreements have been approved by the Board of Directors. The company has also complied with all related rules/regulations for the transactions.



# NATURE OF BUSINESS OPERATIONS

The Company's production facilities are located at Map Ta Phut in Rayong Province. They include two PVC plants (emulsion and suspension resins), one Vinyl Chloride Monomer (VCM) plant, one Ethylene Dichloride (EDC) plant, and one Chlor-Alkali (MCA) plant. The purpose of the latter three units is to integrate upstream production of PVC, so that the Company can rely as much as possible on locally-purchased raw materials and utilities, including ethylene from PTT Global Chemical Public Company Limited, salt from Pimai Salt Company Limited (PSC), and electricity from Glow Energy Public Company Limited (Glow Group). Also with the objective of ensuring availability of raw materials, the Company holds a minority shareholding in PSC.

In addition to chlorine, which is utilized in downstream production processes, the Company's Chlor-Alkali plant produces significant quantities of Caustic Soda as well as Hydrogen and Sodium Hypochlorite. These products are sold in the domestic market. The Company's facilities are also equipped to import EDC and VCM as the need arises.

## Advanced Biochemical (Thailand) Co., Ltd.

The Company manufactures and sells Epichlorohydrin, a chemical substance mainly used in the Epoxy Resin production. It operates a plant located at Map Ta Phut in Rayong Province, on the site of its parent company (Vinythai). The Company uses a new production technology based on the EPICEROL® process, developed and patented by Solvay S.A. The main raw materials of this process are Glycerin, Hydrochloric Acid and Caustic Soda. The Glycerin is supplied from import and domestic suppliers, Hydrochloric Acid and Caustic Soda are supplied from the parent company (Vinythai). The management decided to use the EPICEROL® process name as a brand name for its bio-based epichlorohydrin product as a differentiating factor on the market.

## Solvay Biochemicals (Taixing) Limited

The Company is required to manufacture and sell Epichlorohydrin, the same product as Advanced Biochemical (Thailand) Co., Ltd. The only Shareholder of the Company is Vinythai Holding Pte. Limited, which is incorporated in Singapore. It will operate a plant located in Taixing Economic Development Zone, Jiangsu province, People's Republic of China. The main raw materials of this process are Glycerin which will be supplied from import and domestic suppliers, Hydrochloric Acid and Caustic Soda which will be supplied from domestic supplier, located within the same area.

## Advanced Biochemical Europe

Advanced Biochemical Europe (ABE) is a registered company in Brussels, Belgium with registered capital of EUR 20,000. ABE is a subsidiary company of Advanced Biochemical (Thailand) Co., Ltd. that holds 100% of the ordinary shares of ABE. It is established to engage in the distribution of the products in Europe.



# INCOME STRUCTURE

Vinythai obtains the major part of its income from the manufacture and distribution of PVC resins, under the “SIAMVIC” trademark, VCM and Caustic Soda. The income structures of Vinythai and its associated company are as follows:

| Sales Revenues                            | 2016          |             | 2015          |             | 2014          |             |
|---|---------------|-------------|---------------|-------------|---------------|-------------|
|   | MTHB          | %           | MTHB          | %           | MTHB          | %           |
| <b>Sales in Thailand</b>                  |               |             |               |             |               |             |
| 1. PVC Resins                             | 5,874         | 42.4        | 4,955         | 35.2        | 5,347         | 35.8        |
| 2. Caustic Soda                           | 2,459         | 17.8        | 3,009         | 21.4        | 2,935         | 19.7        |
| 3. VCM                                    | 1,517         | 10.9        | 1,983         | 14.1        | 2,760         | 18.5        |
| 4. Others                                 | 511           | 3.7         | 498           | 3.5         | 540           | 3.6         |
| <b>Total Sales in Thailand</b>            | <b>10,361</b> | <b>74.8</b> | <b>10,445</b> | <b>74.2</b> | <b>11,582</b> | <b>77.6</b> |
| <b>Sales Abroad</b>                       |               |             |               |             |               |             |
| 1. PVC Resins                             | 3,484         | 25.2        | 3,544         | 25.2        | 3,164         | 21.2        |
| 2. Caustic Soda                           | 0             | 0           | 79            | 0.6         | 107           | 0.7         |
| 3. VCM                                    | 0             | 0           | 0             | 0           | 76            | 0.5         |
| <b>Total Sales Abroad</b>                 | <b>3,484</b>  | <b>25.2</b> | <b>3,624</b>  | <b>25.8</b> | <b>3,347</b>  | <b>22.4</b> |
| <b>Sales in Thailand and Abroad</b>       |               |             |               |             |               |             |
| 1. PVC Resins                             | 9,358         | 67.6        | 8,499         | 60.4        | 8,510         | 57.0        |
| 2. Caustic Soda                           | 2,459         | 17.8        | 3,088         | 22.0        | 3,042         | 20.4        |
| 3. VCM                                    | 1,517         | 10.9        | 1,983         | 14.1        | 2,836         | 19.0        |
| 4. Others                                 | 511           | 3.7         | 498           | 3.5         | 540           | 3.6         |
| <b>Total Sales in Thailand and Abroad</b> | <b>13,845</b> | <b>100</b>  | <b>14,069</b> | <b>100</b>  | <b>14,929</b> | <b>100</b>  |

## Income Structure of Subsidiary Company

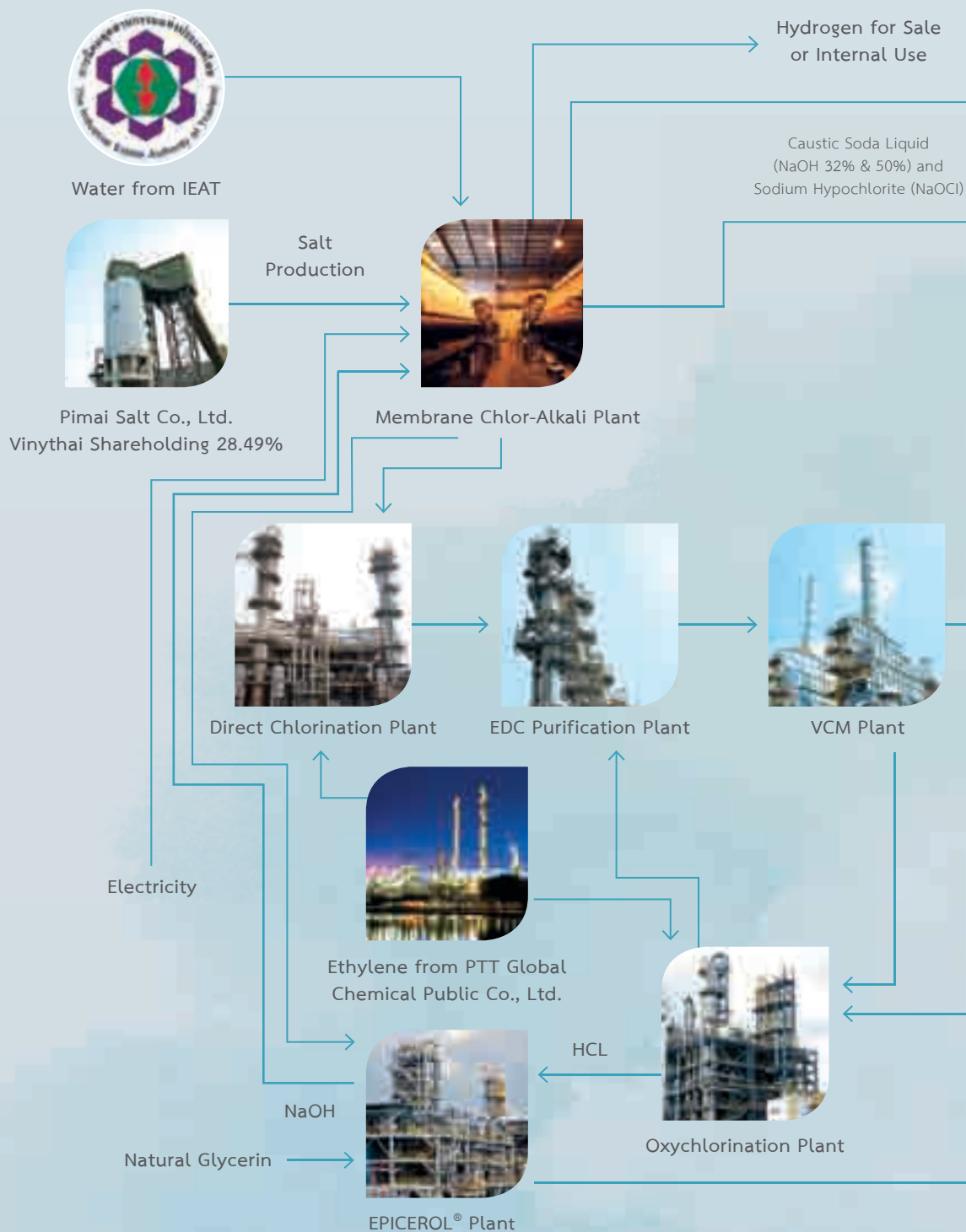
| Product / Service                               | 2016          |            | 2015          |            | 2014          |            |
|---|---------------|------------|---------------|------------|---------------|------------|
|   | Income (MTHB) | %          | Income (MTHB) | %          | Income (MTHB) | %          |
| <b>Advance Biochemical (Thailand) Co., Ltd.</b> |               |            |               |            |               |            |
| Produce & Supply Epichlorohydrin                | 2,488         | 95.8       | 3,169         | 97.0       | 3,455         | 97.5       |
| Others  | 108           | 4.2        | 99            | 3.0        | 87            | 2.5        |
| <b>% Shareholding by Vinythai</b>               |               | <b>100</b> |               | <b>100</b> |               | <b>100</b> |

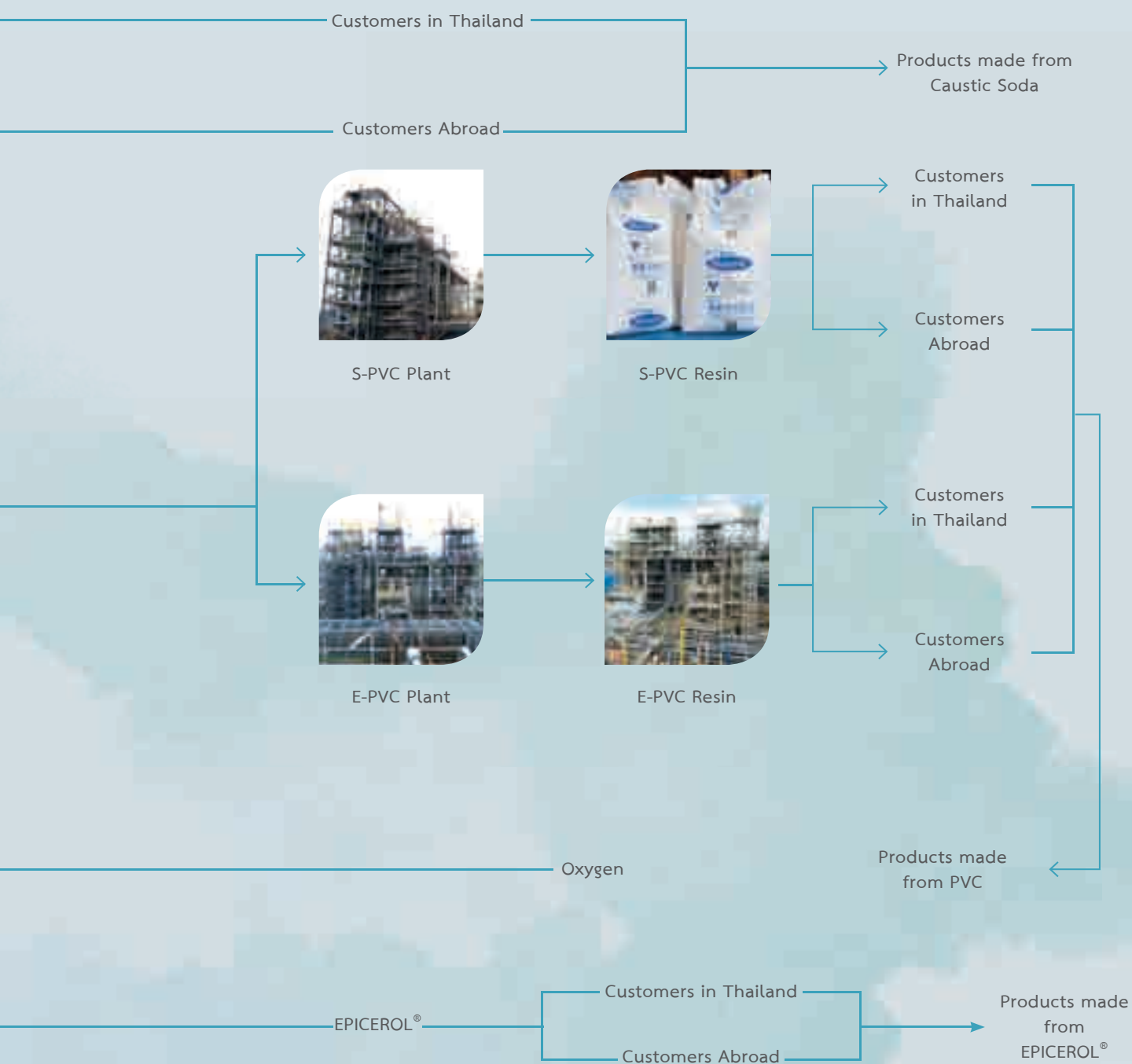
## Income Structure of Associated Company

| Product / Service                  | 2016          |              | 2015          |              | 2014          |              |
|------------------------------------|---------------|--------------|---------------|--------------|---------------|--------------|
|                                    | Income (MTHB) | %            | Income (MTHB) | %            | Income (MTHB) | %            |
| <b>Pimai Salt Co., Ltd.</b>        |               |              |               |              |               |              |
| Produce & Supply Pure Refined Salt | 1,679         |              | 1,736         |              | 1,675         |              |
| <b>% Shareholding by Vinythai</b>  |               | <b>28.49</b> |               | <b>28.49</b> |               | <b>28.49</b> |

# PRODUCTION STRUCTURE

VINYTHAI IS FULLY INTEGRATED PRODUCTION PROCESS







# PRODUCT AND PROCESS DEVELOPMENT

## Manufacturing: the Never Ending Journey to Excellence

After the first implementation of Manufacturing Excellence Programs in 2015 that already generated significant “quick wins”, the further deployment of those Programs in 2016 gave additional fruits with more challenging ideas. VNT teams maintained their continuous efforts and added so another 8.4% of contribution margin through the Manufacturing Excellence Programs.

The PVC production unit achieved new annual production for both suspension and emulsion PVC while reducing its average transformation variable costs.

Unfortunately, VCM production unit has been affected by an important electrical outage in July, which forced the Company to perform a 2-week unscheduled maintenance. But despite such incident, the Unit Management generated tremendous operation costs reduction.

In order to optimize financial results, the Chlor Alkali production unit has been operated through the year under the maximum modulation possibilities, reducing therefore the Caustic Soda production volumes.

Finally, the ECH production unit performed a very good cost performance, but still operates at reduced production rates in line with market demand.

As during the previous years, in 2016, the Company kept investing in the development of its management and staff by applying both top-down and bottom-up approach. This people development plan supports the engagement of its personnel and the generation of new operation ideas. Particularly, after great success at the managerial level, the Company further deploys the powerful E3 program (Engage, Empower and Execute) down to all levels of the organization. This program promotes and trains two-way communication, coaching and problem solving tools. It is supported by a more analytical tool training based on Lean Six Sigma and developed for all staff members, called “White Belt and Yellow Belt”. Moreover, Vinythai could develop an in-house training course on “Green Belt” led by its staff.

### 1 The Begin-Engagement

- Change for transformation
- Connect Context, Clear
- Contract
- Change/Adjustment for
- Transformation
- Problem Solving Session

### 2 White Belt - Primary Approach

- what's Lean?
- what's 5S?
- what's tools?
- what's visualization?

### 3 Yellow Belt - Secondary Approach

- Shift Mindset or cont'd
- Improvement
- Fundamental LSS
- Basic Statistic

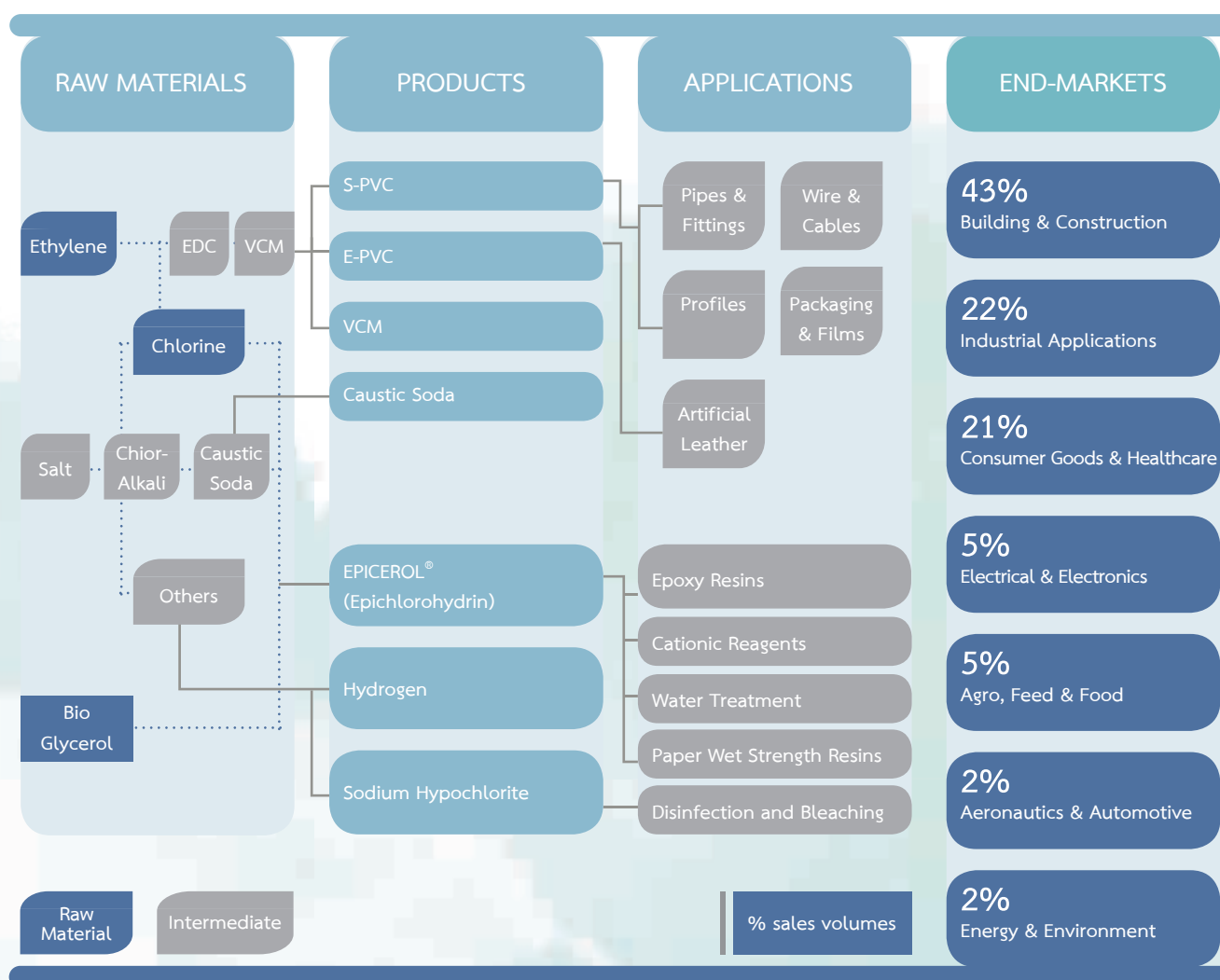
Finally, to support the sustainable growth of the Company, Vinythai is setting up a Research, Innovation and Manufacturing Excellence Department that will be accountable for

- Research and development of all products
- Technology development
- Innovation
- Manufacturing excellence

# MARKETING AND SALES

Vinythai and its subsidiary Advanced Biochemical (Thailand) produce and supply chlorinated derivatives and Caustic Soda to a wide range of industries and markets, mostly in Asia.

## Portfolio Outline



- **PVC or polyvinylchloride resins under the trademark Siamvic®**

High-quality range of suspension and paste PVC resins serving a variety of industries including automotive, building & construction, electricals & electronics, consumer goods, packaging, healthcare.

- **Caustic Soda, or sodium hydroxide**

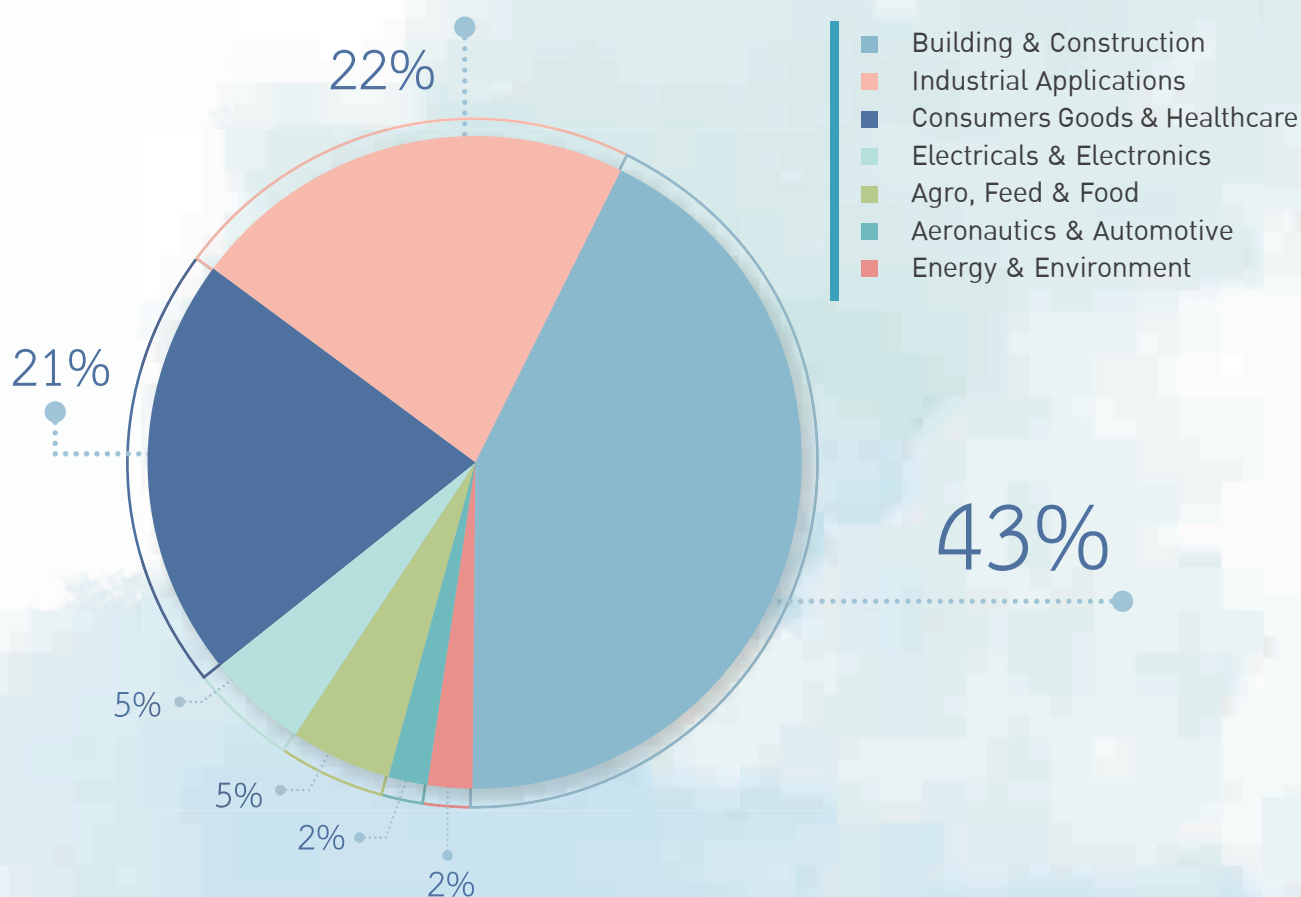
Strong base soluble in water. It is used in various applications which are part of our daily life, such as pulp and paper, aluminum, detergents, fibers, food & feed among others. Kosher, Halal and HACCP certificates are available on request.

- **EPICEROL® - Bio-based Epichlorohydrin**

EPICEROL® is the 100% bio-based epichlorohydrin (ECH) produced by an innovative technology from Solvay. Based on renewable glycerine, EPICEROL® is the most sustainable ECH in terms of CO<sub>2</sub> emissions and process environmental performance. It is a chemical intermediate for a wide range of industries, including epoxy resins for coatings and composites.

EPICEROL® production is certified by the Roundtable on Sustainable Biomaterials (RSB), which demonstrates that Advanced Biochemical (Thailand) delivers socially and environmentally responsible ECH.

## A Diversified Market Offering (Distribution of 2016 Net Sales)



## A Competitive Leader on Its Core Markets and an Emerging Biochemical Player

Several factors contribute to the success of the Company as a competitive player in S.E.A.:

- **Integrated Manufacturing:** well integrated industrial site in Map Ta Phut
- **Secured Raw Materials:** Ethylene secured with the Company's shareholder (PTTGC), Salt secured with the Company's stake in Pimai Salt, Glycerin of vegetable origins from diversified sources.
- **Successful Excellence Programs:** our employees relentlessly strive to outperform manufacturing, commercial and supply chain excellence programs.
- **Research & Innovation:** focusing on improvement of technologies.

The Company, as opposed to its main competitors, sells its products on the merchant market only and is recognized by its customers as a reliable and competitive partner to accompany their growth. This allows the Company to reach a leadership position on its core markets.

### PVC as Sustainable and Versatile Solution for the Society

Our teams jointly work to further develop and secure sustainable use of PVC in the Industry, in collaboration with our customers, with authorities and associations.

Vinythai notably mentors young architects on the energy saving benefits of using PVC in buildings and construction but also joins efforts of the Industry to certify PVC for Green Label in Thailand.

PVC : Commitment to Sustainability

We believe striving for PVC sustainability will not only support our leading position in PVC industry but also will effectively contribute to the market growth.

We have worked closely with associations, authorities, academics and customers as a responsible society member. Several projects have been worked out especially for PVC Green Label for pipe and fitting, PVC in Building and Construction.



### EPICEROL® Brand Promotion Intensifies and Delivers

2016 has been a productive year for EPICEROL® brand promotion, which continues to pay off through several projects. Our partnership with AkzoNobel on sustainable coatings is pulling additional demand from epoxy resins producers, and generating new customers.

In other industries, EPICEROL® has been selected by several downstream users committed to sustainable development. These include a leading Japanese car manufacturer which is using EPICEROL® - based rubber components. EPICEROL® also attracted a new customer in the personal care industry who valorizes it to increase bio-based content, while also reducing the carbon footprint of its products.

EPICEROL®'s unique story is also now available to watch! The video was filmed at an oil palm plantation and a mill in Krabi Province. It shows the source material of our 100% bio-based ECH, as well as the sustainability of the manufacturing process used by Advanced Biochemical (Thailand). The video also features our Japanese customer Mitsui Chemicals Inc., which uses EPICEROL® in high-end lens monomers for eyewear. This demonstrates the complete EPICEROL® story to our customers and the downstream end-users.

Vinythai is emerging as a truly leading biochemical partner, widely recognized throughout the value chain.



## Progressively Improving Business Perspectives Throughout 2016

### China is enforcing stricter environmental standards and rationalizing its PVC industry

Operations have been reduced at carbide PVC plants in China. As much as 6 million tons of capacity has disappeared since 2014, representing 20% of total Chinese PVC capacity.

Throughout H2 2016, PVC and Caustic Soda availability was constrained for export and prices surged in Asia because of rising coal prices in China from mine closures and stricter environmental regulations enforced by authorities.

### Volatile Ethylene price disconnected from PVC and crude oil price

Despite low crude oil prices, the price of ethylene remained volatile throughout 2016 due to unexpected cracker shutdowns. Supply has been progressively easing during the second semester.

### Low ECH price / market oversupply

ECH prices in Asia remained under pressure as a consequence of market oversupply. Fortunately, glycerine prices (our raw material for EPICEROL®) remained low thanks to poor demand and the increasing mandates of biodiesel in the ASEAN region (Indonesia, Malaysia).

Vinythai Group proved to be further improving its **resilience, efficiency** and agility thanks to the joint benefits of its supply chain, manufacturing, and commercial excellence programs.

With capacity creeping developed through the Manufacturing Excellence Programs, despite unexpected production incidents in July and August, Vinythai successfully increased S-PVC and Paste-PVC sales volumes on both domestic and export markets and broke yearly production records once again.

This contributed significantly to improving PVC business performance on top of the PVC market price surge during H2.

Advanced Biochemical (Thailand) has demonstrated its ability to remain competitive despite fierce competition and low crude oil prices. It is now widely recognized as a reliable and sustainable biochemical player with its EPICEROL® business.

EPICEROL®'s increased success in segments which valorize its bio-based raw materials and CO<sub>2</sub> savings, as well as the development of sales in Europe and USA, contribute to the reinforcement of the business.

### Summary and Outline for 2017

Vinythai Group performed well throughout 2016 under the combined positive effects of sustainable marketing strategies, innovative excellence programs, and positive PVC market development.

The outlook for 2017 looks positive for PVC and Caustic Soda, with rising demand and limited availability, while Vinythai expects the EPICEROL® business to keep growing progressively in traditional segments and also in more rewarding niche markets.



# HUMAN RESOURCES MANAGEMENT

## Employees

As at 31 December 2016, total headcount is as follows:

|             | Vinythai | Advanced Biochemical<br>(Thailand) | Solvay Biochemicals<br>(Taixing) |
|-------------|----------|------------------------------------|----------------------------------|
| Map Ta Phut | 412      | 1                                  | 0                                |
| Bangkok     | 36       | 1                                  | 0                                |
| China       | 0        | 0                                  | 2                                |

Employees in each main working unit consist of:

|                                      | Vinythai | Advanced Biochemical<br>(Thailand) | Solvay Biochemicals<br>(Taixing) |
|--------------------------------------|----------|------------------------------------|----------------------------------|
| Managing Director Unit               | 10       | 0                                  | 0                                |
| Business and Administration          | 25       | 1                                  | 1                                |
| Production Unit                      | 197      | 1                                  | 0                                |
| Production and Business Support Unit | 216      | 0                                  | 1                                |
| Project and Construction Unit        | 0        | 0                                  | 0                                |

## Remuneration to Staff

In 2014, the total remuneration consisting of salary, bonus and other benefits, including provident fund scheme paid to employees is as follows:

|  | Vinythai | Advanced Biochemical<br>(Thailand) | Solvay Biochemicals<br>(Taixing) |
|--|----------|------------------------------------|----------------------------------|
| Total remuneration of employees (MTHB) | 552      | 40                                 | 1.7                              |

## HUMAN RESOURCES - A Journey towards HR Excellence

Vinythai is strongly committed to offering its employees a safe working environment and promoting their professional development. The Company respects fundamental human rights and provide its employees with equal opportunity without any discrimination. It also strives to maintain a regular dialogue with its employees and their representatives in an atmosphere of trust.



### 1) Vinythai Values Its Employees

Vinythai values and respects equally all its employees. All employees are also expected to respect the distinctions of our individuality. The Company provides equal opportunity and encourages diversity at every level of employment. All employees should respect one another and should promote the Company's objectives collectively and collaboratively without any regard to race, ethnicity, religion, national origin, gender, sexual orientation, disability, age, family status, or any other basis. Unlawful discrimination will not be tolerated.

Vinythai is also committed to respecting and supporting human rights with regard to its employees, the communities in which it operates and its business partners. The Company prohibits any kind of child labor or forced labor and takes seriously any indication that human rights are not properly protected within the workplace or that it may be complicit in any human rights violation. Employees are expected to understand the human rights issues that may be at stake in their workplaces and should prevent any violation of these rights.

Furthermore, the Company is strongly committed to the promotion and enhancement of the labor relations in the workplace by collaboratively working with the Welfare Committee, and the representatives of employees in the format of working groups and committees. By that way, the Company is developing trust and constructive relations between the employees, their representatives and the management. The employees are encouraged to have open dialogue between them, their representatives and the management to insure a mutual understanding and favorable relationships.

### 2) Promoting Our Culture

Diversity & Inclusion policy was deployed in 2016 as we recognize that the diverse workforce and inclusive work-environment leads to better teamwork, more effective decision-making, increased creativity and innovation and higher employee engagement.

All employees in the Company attended "D&I Awareness" training and all Department Managers

and top management joined "D&I and Unconscious Bias Workshop".

Diversity at Vinythai is more than gender, nationality, age, disability, ethnic origins and sexual orientation. It includes thought and belief, culture, education and background as well as corporate culture.

Our commitment covers all dimensions of diversity and our success and performance are built on our ability to embrace diversity. An inclusive workplace promotes openness, respect and welcomes individual perspectives.

Management team is responsible for putting this commitment into action in business context. HR plays the key role in embedding diversity and inclusion in all HR processes where relevant and in supporting and guiding all employees to implement the policy. Building a company-wide culture of Diversity and Inclusion will require behaviour change and commitment of all employees in order to create inclusive cultures which welcome diversity.

### 3) Develop People

"E3 Leader Program: Engage, Empower, Execute" was extended this year to staff level after successfully implemented for Manager, Supervisor and Engineer level since 2014. Vinythai realized that to expand and sustain the success and practice of E3 Leadership Program in our company, we are in need to enhance our staff participation in the E3 process by developing their communication skills in the following aspects:

- Staff needs to build more effective communication skills in working within/ across teams.
- Staff needs to better support cooperation and collaboration with other functions, levels and stakeholders.
- Staff needs to be more proactive, clear and effective communicating their messages and information to their supervisor and other stakeholders.
- Staff needs to listen actively and empathetically in order to build positive work climate.

The E3 program for Staff, therefore, is focused to equip them with the powerful tools to listen to others' opinion and express their response for effective and immediate on-the-job usage.

From the training evaluation, almost 90% of the participants viewed that the workshop gave them practical tools and techniques that they would use on their jobs.

## Leadership & Management Training with Solvay Corporate University:

Our nominated talents attended Leadership & Management training of Solvay Corporate University in following program:

### 1) Management Development Series (MDS) Program:

10-day program helps to support the transition from individual contributor to a people management role by developing core management skills in alignment with Group's requirements.

### 2) Adaptive Leadership:

This 3-day program helps our people in improving their interpersonal leadership and feedback skills in order to better influence, lead and enhance performance of oneself and a team.

### 3) Transformational Leadership Program:

3-day program with a business focus requires the managers to work on live business projects which will have a transformational impact within their business areas. This program was defined to equip leaders to transform their organizations and engage their people in the process of cultural change. The program focuses on two distinct applications of transformational leadership skills:

- Horizontal transformation - improve collaboration across the organization, in support of identified business objectives and enhancing end delivery to the customer.
- Vertical leadership - develop a culture of empowerment and accountability by helping

the Senior Managers prepare to cascade this program to their direct reports, and the broader organization.

### 4) Seven Habits:

This 2-day program will enable the participants to effectively lead themselves, influence, engage and collaborate with others, and continually improve and renew their capabilities. The program shows the participants how to use processes and tools to live and apply the 7 Habits everyday. It helps to:

- Develop increased maturity, greater productivity, and the ability to manage one's self.
- Execute critical priorities with laser-like focus and careful planning.

## Excellence Training Program - A Thrust for Improved Performance

In order to reinforce the culture of excellence, well-established at Vinythai, our employees have been trained by Manufacturing Excellence tools, methodologies and programs to provide our employees with a systematic approach, the necessary tools and skills to solve their business and operation issues, and to institutionalize the systematic data-driven decision making process, root cause analysis, statistical data analysis for all aspects of the operations.

### 1) Lean Six Sigma:

Lean Six Sigma, the belt based training system, is a methodology that relies on a collaborative team effort to improve performance by systematically removing waste and reducing deviation in processes. During 2016, Vinythai had developed 1 Black belt person, 16 Green belt persons, 17 Yellow belt persons and 380 White belt persons. Since 2012, there has been 491 employees attending the belt based training system.

### 2) Irritant Workshops:

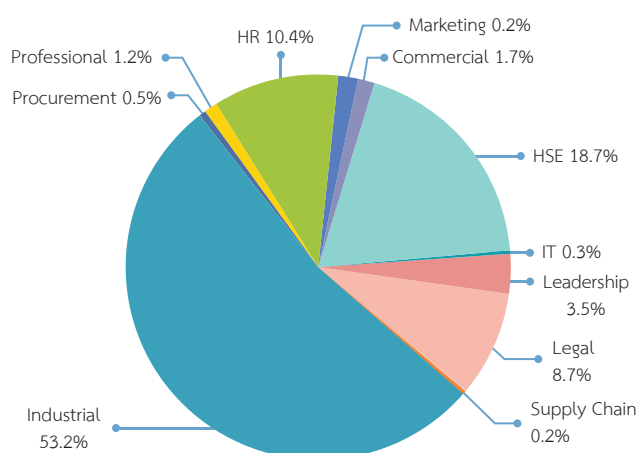
The purpose of Irritant Workshop is upgrading employee mindset and behavior within his/her working environment. It results in better individual's interactions, job performances and career prospects.



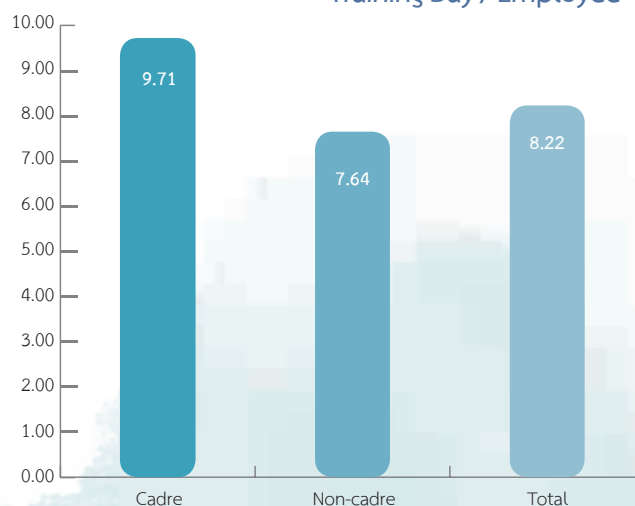
### 3) Commercial and Marketing Excellence Program:

The commercial and marketing excellence programs encourage cross-fertilization and, in particular, the sharing of practices and the development of commercial population. The programs provides the role-specific development requirements for the main Commercial and Marketing positions to fill the competency gap with the training modules such as selling skills, key account management, customer portfolio management, transactional pricing, negotiation skills, value-based pricing, marketing fundamental, innovation marketing, market pull, techno push.

#### Learning Domain



#### Training Day / Employee



### 4) Career Management and Development

The Career management process aims to provide development opportunities to ensure that every employee reaches his/her highest potential and develop skills for the future by focusing on individual development needs and career aspirations from the Performance, Development and Career Review (PDCR).

“Employee Mobility” and “Development & Succession Planning” policy are the crucial HR tools of career management and talent development.

#### Employee Mobility:

First and foremost, the Company is committed to the ongoing development of its employees and as a part of this, to providing interesting and enriching career opportunities. The Company believes it is in the best long-term interest of both the Company and its people, to ensure that there are open channels to communicate about job opportunities to its employees and to implement clear rules that are applicable globally for how to apply to these opportunities.

The Company also believes that the movement of its employees across Business, Functions, and Locations is a key vector of the promotion of its culture, sharing of management practices, and ensuring the necessary transfer of scientific, technical and commercial expertise across the organization. All of this contributes to a motivated workforce, the sustainability of the Company and the employability of its people throughout their careers.

In order to foster internal mobility, in year 2016, 10.7% of open positions were filled by internal candidates, and totally 4 persons were transferred within the Solvay Group across the Business.

#### Development and Succession Planning

The Development and Succession Planning aims to ensure the Company has the right people at the right place to achieve its growth strategy and performance.

Development and Succession Planning is a management meeting where topics related to Succession Planning, Talent identification and Career Development are discussed, and where decisions are

prepared and made collectively taking into account employees' career aspirations and abilities.

The career evolution of each talent is discussed in the DSP process at least once a year and each talent receives feedback about his/her next career steps and development plan based on the DSP outcome.

In year 2016, 7.3% was assessed as a Hi-potential talent with the corresponding development plan, and 64.3% of key positions have at least one identified internal successor in order to secure the filling of key positions with internal candidates as early as possible.

### 5) Compensation Policy - Reward for Performance

Compensation policy is based on 4 guiding principles:

#### Reward Performance

- Compensation is performance driven
- Direct link between PDCR and Compensation

#### Market Competitiveness

- Attract best new employees
- Retain employees

#### Manager Empowerment

- Support delegation
- Harmonized level of transparency

#### Internal Equity

- Support equity by paying a similar job, in a similar way
- Support internal mobility

The employees' Base Salary is annually reviewed to reward the job performance, according to the assessment performed in the Performance, Development and Career Review (PDCR). The annual salary increase is also linked to market movements to ensure labor market competitiveness.

Short-term incentive (bonus) policy applies to all employees and is designed to:

- Implement a high performance culture linked to the contribution to the Company success
- Reward individual and collective performance
- Measure progresses on sustainable development targets

Individual Bonus is based on the achievement of individual objectives set as a part of the Performance, Development and Career Review process (PDCR), and

the Collective Bonus is based on the realization of economic and sustainable development KPI's.

The bonus also links the performance of employees to the economic performance of the company where they have a direct impact and contribution. This will foster empowerment, collective engagement at the company level, and reward performance closer to the reality of the contribution of each.

### 6) Employee Pulse Survey 2016 - Your Opinion Matters

Vinythai values the individual voices of its employees. Employee Pulse Survey 2016 was launched online for all employees in November to provide feedback on their working environment as well as the progress which has been made following the initiatives developed and implemented after the Solvay Employee Survey 2015.

This survey enabled the Company to gain more insights on the engagement level of Employees, as well as to respond more quickly to issues and improve the working environment for everyone.

Although it is not compulsory, the Company received a 92% participation from its employees. The results of 2016 Employee Survey shows overview top three strengths, which employees feel that:

- My job makes good use of my skills and abilities - 84%
- Sustainable development is an important part of Company's strategy - 82%
- I have a clear idea of what is expected of me in my job - 75%

In addition, the results shows that they are more satisfied than before with clear job expectations and regular development discussion with managers, and some improvements on support of work-life balance.

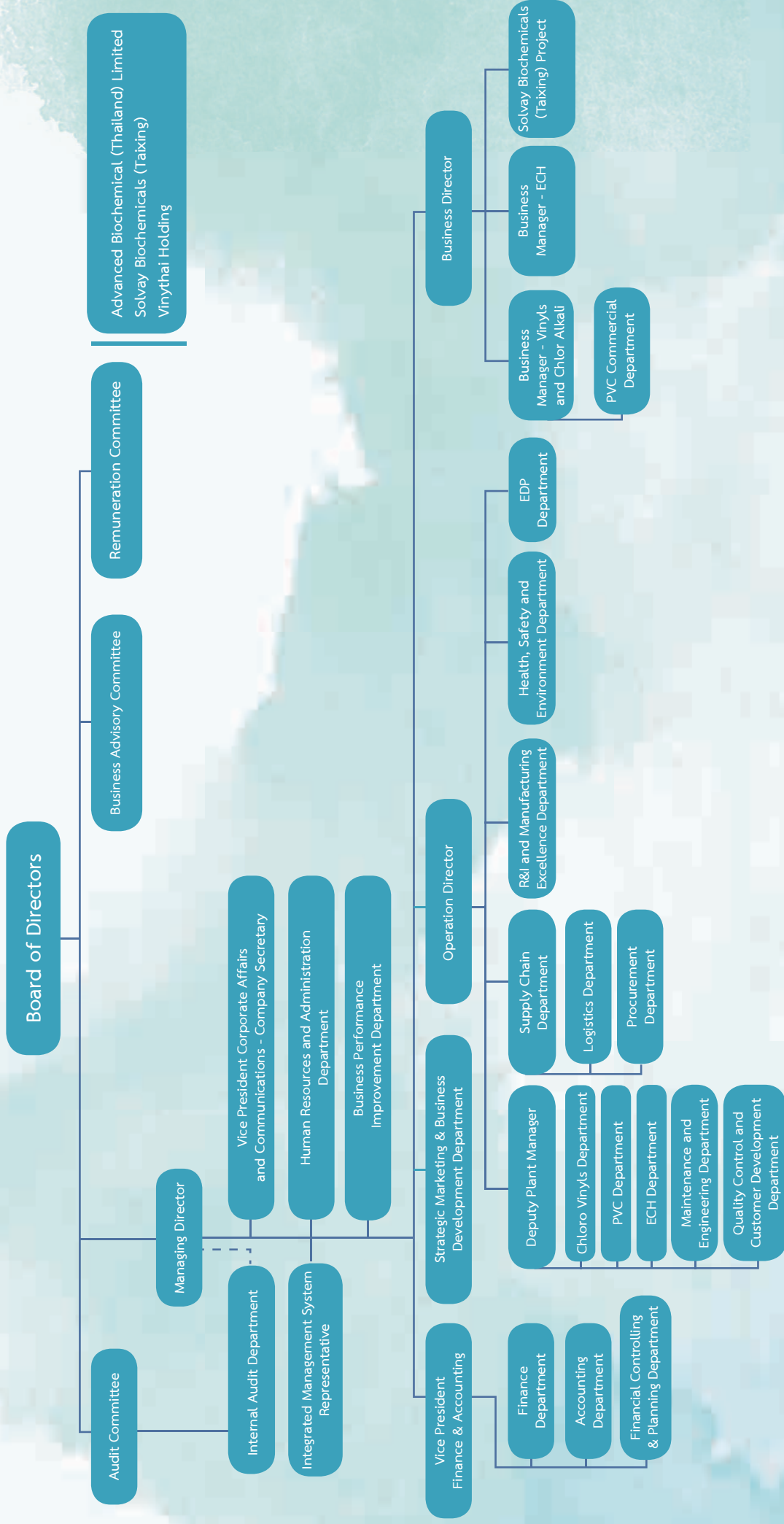
Nevertheless, the 2016 Solvay Employee Survey shows the Company needs to pursue its efforts on area of concerns such as reasonable amount of work, feeling free to speak one's mind and fair rewards. "Engagement" index shows that we are moderately engaged same as the last survey in 2015. Last but not least, 70% demonstrates that they feel proud to work for Vinythai.

# MANAGEMENT STRUCTURE





# Organization Chart of Vinythai Public Company Limited





# BOARD OF DIRECTORS OF VINYTHAI



**Mr. Vincent De Cuyper**  
(Age 55)

Chairman of the Board of Directors, Chairman of Nomination & Remuneration Committee, and authorized to sign to bind the Company

## Educational Qualification

- Master Degree in Industrial Management, University of Leuven, Belgium
- Master Degree in Chemical Engineering, Catholic University of Louvain-la-Neuve, Belgium

Proportion of Shareholding (%) none

Family's Relationship Management none

## Work Experience in the Past 5 Years

### Positions in Listed Company on SET (1)

- 20 Sep 2014 - Present Chairman of the Board of Directors and Chairman of Nomination & Remuneration Committee, Vinythai Public Company Limited
- 29 Apr 2014 - 19 Sep 2014 Director, Vinythai Public Company Limited

### Positions in Non-Listed Company on SET (1)

- 2012 - Present Member of the Executive Committee, Solvay S.A., Belgium
- Mar 2006 - 2012 Group General Manager of the Chemicals Sector and Member of the Executive Committee, Solvay S.A., Belgium
- Sep 2005 - Feb 2006 Deputy Group General Manager of the Chemicals Sector, Solvay S.A., Belgium



**Mr. Supattanapong  
Punmeechaow**  
(Age 57)

Vice Chairman of the Board of Directors, Member of Nomination & Remuneration Committee and authorized to sign to bind the Company

#### Educational Qualification

- Master in Business Administration, Chulalongkorn University
- Bachelor in Chemical Engineering, Chulalongkorn University
- Certificate of the Advance Management Program, INSEAD University, France
- Certificate of the National Defence Course (Class 50) and the Joint State-Private Sector Course (Class 20), National Defence College
- Certificate of the Oxford Energy Seminar 2013, United Kingdom
- Certificate of the Top Executives in the Energy Education Program, Thailand Energy Academy (Class 4)
- Certificate of the Corporate Governance Program for Directors and Executives of State Enterprises and Public Organizations (Class 12 ), 2014, King Prajadhipok's Institute-State Enterprise Policy Office and Office of the Public Sector Development Commission
- Certificate of the Director Certification Program (DCP) Class 131/2010
- Certificate of the Role of Chairman Program (RCP) Class 30/2013, Thai Institute of Directors Association (IOD)
- Rule of Law for Democracy Course Class 3/2015

**Proportion of Shareholding (%)** none

**Family's Relationship Management** none

#### Work Experience in the Past 5 Years

##### Positions in Listed Company on SET (5)

- **27 Nov 2014 - Present** Vice Chairman of the Board of Directors and Member of Nomination & Remuneration Committee, Vinythai Public Company Limited
- **1 Oct 2014 - Present** CEO & President, PTT Global Chemical Public Company Limited
- **5 Nov 2014 - Present** Director, Global Power Synergy Public Company Limited
- **1 Oct 2011 - 30 Sep 2014** Senior Executive Vice President, Corporate Strategy, PTT Public Company Limited
- **Sep 2009 - Sep 2011** Executive Vice President, Business Development, and Executive Vice President, Corporate Strategy, PTT Public Company Limited, PTT International Company Limited and PTT Public Company Limited

##### Positions in Non-Listed Company on SET (4)

- **17 Jul 2015 - Present** Chairman of the Board of Directors, Global Green Chemical Public Company Limited
- **24 Oct 2014 - Present** Director, PTT Chemical International Private Limited
- **24 Oct 2014 - Present** Director, PTT Chemical International (Asia Pacific ROH) Limited
- **2006 - 28 Mar 2008** Executive Committee, SCB Securities Company Limited



**Ms. Duangkamol  
Settanung (Age 57)**

Director and Chairperson of the Business Advisory Committee and authorized to sign to bind the Company

\*appointed as Director and Chairperson of the Business Advisory Committee, with effect on 17 February 2016

#### Educational Qualification

- Master of Business Administration, Thammasat University
- Bachelor of Science in Statistics 1<sup>st</sup> Class Honors, Kasetsart University
- PTT Executive Program, GE Crotonville, USA
- Director Certification Program (DCP) Class 155/2012, Thai Institute of Directors Association (IOD)
- PTT Leadership Development Program III

Proportion of Shareholding (%) none

Family's Relationship Management none

#### Work Experience in the Past 5 Years

##### Positions in Listed Company on SET (5)

- 17 Feb 2016 - Present Director and Chairperson of the Business Advisory Committee, Vinythai Public Company Limited
- 1 Nov 2015 - Present Executive Vice President, Finance and Accounting, PTT Global Chemical Public Company Limited
- 1 Mar 2011 - Present Executive Vice President, PTT Public Company Limited
- Oct 2011 - Nov 2015 Senior Executive Vice President, Corporate Accounting and Finance, IRPC Public Company Limited
- Feb 2011 - Oct 2011 Executive Vice President, Finance & Accounting, PTT Aromatics and Refining Public Company Limited
- Oct 2010 - Jan 2011 Senior Vice President, Finance & Accounting, PTT Aromatics and Refining Public Company Limited
- Dec 2007 - Sep 2010 Vice President, Corporate Strategy, PTT Aromatics and Refining Public Company Limited

##### Positions in Non-Listed Company on SET (6)

- 18 Jan 2016 - Present Director, PTT Chemical International Private Limited
- 15 Feb 2016 - Present Director, PTT Chemical International (Asia Pacific ROH) Limited
- 18 Jan 2016 - Present Director, PTTGC America Corporation
- 18 Jan 2016 - Present Director, PTTGC America LLC
- 2 Mar 2016 - Present Emery Oleochemicals (M) Sdn. Bhd.
- 2 Mar 2016 - Present Emery Specialty Chemicals Sdn. Bhd.



**Mr. Pote Videtyontrakich**  
(Age 63)

Independent Director and Member  
of Audit Committee

#### Educational Qualification

- M.B.A., Harvard Business School, USA
- B.A. in Economics, Yale University, USA
- Certificate in Chairman 2000 Class 2/2001, Thai Institute of Directors Association (IOD)
- Certificate in Director Certification Program (DCP) Class 57/2005, Thai Institute of Directors Association (IOD)

Proportion of Shareholding (%) none

Family's Relationship Management none

#### Work Experience in the Past 5 Years

##### Positions in Listed Company on SET (1)

- **3 Aug 1999 - Present** Independent Director and Member of Audit Committee, Vinythai Public Company Limited

##### Positions in Non-Listed Company on SET (2)

- **Feb 2002 - Present** Managing Director, Private Equity (Thailand) Company Limited
- **Sep 2014 - Present** Director, Viet-Uc Seafood Joint Stock Company



**Mr. Pipop Pruecksamars**  
(Age 69)

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

#### Educational Qualification

- Bachelor Degree, Industrial Engineering, Chulalongkorn University
- Graduate Diploma, Environmental Technology and Management, Asian Institute of Technology
- Certificate, Program for Management Development, Harvard University
- Certificate in Audit Committee Program (ACP) Class 23/2008, Thai Institute of Directors Association (IOD)
- Certificate in Director Certification Program (DCP) Class 124/2009, Thai Institute of Directors Association (IOD)
- Certificate in Role of the Chairman Program (RCP) Class 28/2012, Thai Institute of Directors Association (IOD)

Proportion of Shareholding (%) none

Family's Relationship Management none

#### Work Experience in the Past 5 Years

##### Positions in Listed Company on SET (2)

- **24 Apr 2008 - Present** Independent Director, Chairman of Audit Committee, and Member of Nomination & Remuneration Committee, Vinythai Public Company Limited
- **1 Jan 2000 - 28 Feb 2005** Director and Public Affairs Manager, Esso (Thailand) Public Co., Ltd.

##### Positions in Non-Listed Company on SET (3)

- **1 Mar 2005 - 31 Dec 2009** Executive Director, Petroleum Institute of Thailand
- **1 Oct 1997 - 28 Feb 2005** Chairman and Managing Director, Exxon Mobil Chemical (Thailand) Co., Ltd.
- **1 Sep 1994 - 30 Sep 1997** Managing Director, Thai Petroleum Pipeline Co., Ltd.





**Associate Professor  
Danuja  
Kunpanitchakit, Ph.D.  
(Age 63)**

Independent Director and Member of  
Audit Committee

#### Educational Qualification

- Doctor of Philosophy (Business Administration), University of Wisconsin-Madison, USA
- Master of Business Administration (Accounting), University of Wisconsin-Madison, USA
- Bachelor of Accountancy (First Class Honors, Gold Medal), Chulalongkorn University
- Certificate of Director Accreditation Program Class 98/2012 (IOD)
- Certificate of Audit Committee Program Class AACP 44/2013 (IOD)

Proportion of Shareholding (%) none

Family's Relationship Management none

#### Work Experience in the Past 5 Years

##### Positions in Listed Company on SET (1)

- 25 May 2012 - Present Independent Director and Member of Audit Committee, Vinythai Public Company Limited

##### Positions in Non-Listed Company on SET (3)

- 27 Feb 2014 - Present Member of Audit Committee, Bank of Thailand
- 1 Apr 2008 - 17 May 2016 Vice President (Finance), Chulalongkorn University
- 30 Jul 2009 - 29 Jul 2011 Committee, Financial Institutions Policy Committee, Bank of Thailand
- 30 Jul 2008 - 29 Jul 2011 Subcommittee, Management Accounting Subcommittee, Federation of Accounting Professions
- 1 May 2003 - 30 Apr 2007 Dean, Faculty of Commerce and Accountancy, Chulalongkorn University



**Mr. Martin Laudenbach  
(Age 52)**

Director and authorized to sign to  
bind the Company

#### Educational Qualification

- Master in Business Administration, Mannheim University in Germany

Proportion of Shareholding (%) none

Family's Relationship Management none

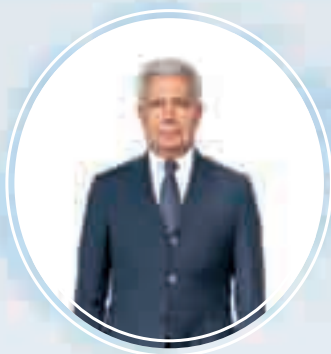
#### Work Experience in the Past 5 Years

##### Positions in Listed Company on SET (1)

- 16 Sep 2014 - Present Director, Vinythai Public Company Limited

##### Positions in Non-Listed Company on SET (3)

- Jul 2014 - Present President, Asia Pacific, Solvay China, PRC
- Sep 2010 - Jun 2014 President, Polyamide & Intermediates, Solvay (Rhodia Operations SA), France
- Jun 2009 - Aug 2010 Executive Management Consultant & Investment Advisor, Solvay (Rhodia Operations SA), France
- Feb 2007 - Mar 2009 Chief Executive Officer, Altmatis Group, Germany



**Mr. Vincenzo Morici**  
(Age 65)

Director and Member of Business Advisory Committee and authorized to sign to bind the Company

#### Educational Qualification

- Master Degree in Mechanical Engineering - Ecole Politecnico Torino, Italy
- General Management Program - Imede, Lausanne, Switzerland
- Leadership Program - Insead and Chirec, France

Proportion of Shareholding (%) none

Family's Relationship Management none

#### Work Experience in the Past 5 Years

##### Positions in Listed Company on SET (1)

- 1 Mar 2010 - Present Director and Member of Business Advisory Committee, Vinythai Public Company Limited

##### Positions in Non-Listed Company on SET (3)

- 1 Dec 2013 - Present Senior Executive Vice President Vinyls Development Project, Solvay S.A., Belgium  
Director, RusVinyl LLC, Russia  
Director, Dacarto, Brazil
- 1 Feb 2010 - 30 Nov 2013 Senior Executive Vice President, SDU Vinyls, Solvay S.A., Belgium
- 1 Jan 2000 - 31 Jan 2010 Senior Executive Vice President, SBU Specialty Polymers, Solvay S.A., Belgium



**Mr. Richard Verlaque**  
(Age 52)

Director and authorized to sign to bind the Company

#### Educational Qualification

- Post Graduate Degree in Commercial Law, Tax and Accounting, University of Aix en Provence, France (1989)
- Post Graduate Degree in International Business Law, Institute for Business Law, University of Aix en Provence, France (1989)
- Masters Degree in Commercial Law, University of Aix en Provence, France (1987)

Proportion of Shareholding (%) none

Family's Relationship Management none

#### Work Experience in the Past 5 Years

##### Positions in Listed Company on SET (1)

- 16 Sep 2014 - Present Director, Vinythai Public Company Limited

##### Positions in Non-Listed Company on SET (3)

- 1 Sep 2014 - Present General Counsel Asia Pacific, Solvay S.A. (China)
- 1 Jan 2012 - 31 Aug 2014 Associate General Counsel Corporate and Industrial Affairs, Solvay S.A. (Belgium)
- 1 Jan 2007 - 31 Dec 2011 Associate General Counsel, Solvay S.A. (Belgium)



**Mr. Andre R. van der Heyden**  
(Age 69)

Independent Director

#### Educational Qualification

- Master Degree in Metallurgical Engineering, Universite Catholique de Louvain

Proportion of Shareholding (%) none

Family's Relationship Management none

#### Work Experience in the Past 5 Years

##### Positions in Listed Company on SET (2)

- 29 Apr 2010 - Present Independent Director, Vinythai Public Company Limited
- 16 Apr 2008 - 13 Dec 2011 Managing Director, Padaeng Industry Public Company Limited
- 16 Nov 2000 - 30 Oct 2004 Managing Director, Padaeng Industry Public Company Limited

##### Positions in Non-Listed Company on SET (3)

- 1 Dec 2005 - 10 May 2010 Co-owner / Executive Director, Mali Mining & Metallurgy Pte., Ltd., Singapore
- 1 Nov 2004 - 30 Nov 2005 Project Director, Tenango Mining Co., Guatemala
- 1 May 1993 - 15 Nov 2000 Senior Vice President, UM Zinc/Umicore, Belgium



**Mr. Bruno van der Wielen**  
(Age 60)

Director, Managing Director, and Member of Business Advisory Committee, and authorized to sign to bind the Company

#### Educational Qualification

- Master Degree in Mechanical Engineering, Liège University, Belgium
- Master Degree in Business Administration, Louvain University, Belgium
- Bachelor Degree in Mechanical Engineering, Liège University, Belgium
- PED Program - IMD Lausanne, Switzerland
- Certificate in Directors Certification Program (DCP) 145/2011, Thai Institute of Directors Association (IOD)

Proportion of Shareholding (%) none

Family's Relationship Management none

#### Work Experience in the Past 5 Years

##### Positions in Listed Company on SET (1)

- 1 May 2011 - Present Director, Managing Director and Member of Business Advisory Committee, Vinythai Public Company Limited
- Jan - Apr 2011 Deputy Managing Director, Vinythai Public Company Limited

##### Positions in Non-Listed Company on SET (8)

- 20 Jun 2013 - Present Chairman, Advanced Biochemical (Thailand) Co., Ltd.
- 12 Sep 2012 - Present Chairman, Vinythai Holding Pte. Ltd., Singapore
- 19 Apr 2012 - Present Chairman and Director, Solvay Biochemicals (Taixing) Co., Ltd.
- May 2011 - Present Director, Pimai Salt Company Limited
- May 2011 - Present Director, Thai Refined Salt Company Limited
- May 2011 - 19 Jun 2013 Director and Managing Director, Advanced Biochemical (Thailand) Co., Ltd.
- 2002 - 2010 S-PVC Business Manager, SolVin, Belgium
- 1999 - 2002 PVDC Business Manager, SolVin, Belgium
- 1996 - 1999 PVDC Business Manager, Solvay S.A., Belgium
- 1993 - 1996 Engineering Compounds Business Manager, Solvay S.A., Belgium



**Mrs. Puntip Oungpasuk**  
(Age 56)

Director and Chairperson of the Business Advisory Committee and authorized to sign to bind the Company

\*resigned from the positions in Vinythai on 1 February 2016

#### Educational Qualification

- Master in Business Administration (Commerce and Accountancy), Thammasat University
- Bachelor in Chemical Engineering, Prince of Songkla University
- Leadership Development Program (LDP) III - PTT Leadership and Learning Institute (PLLI), 2015
- Certificate of the Advance Management Program (AMP), The Harvard Business School, USA
- Certificate of the Completion Directors Certification Program (DCP) Class 67/2005, Thai Institute of Directors Association (IOD) and Australian Institute of Company Directors
- Certificate of the Completion Chief Financial Officer Certification Program (CFO) Class 1/2004, The Institute of Certificated Accountants and Auditors of Thailand

#### Proportion of Shareholding (%)

C:84,200 Shares (0.01%)

\* All of these shares held by her spouse, Mr. Piya Oungpasuk

#### Family's Relationship Management

none

#### Work Experience in the Past 5 Years

##### Positions in Listed Company on SET (2)

- **22 Sep 2005 - 1 Feb 2016** Director and Chairperson of the Business Advisory Committee, Vinythai Public Company Limited
- **19 Oct 2011 - 1 Feb 2016** Executive Vice President, Corporate Strategy, PTT Global Chemical Public Co., Ltd.

##### Positions in Non-Listed Company on SET (13)

- **12 Sep 2012 - 1 Jul 2013** Director, Vinythai Holding Pte. Ltd., Singapore
- **29 Jun 2010 - 18 Jan 2016** Director, Solution Creation Co., Ltd.
- **15 Dec 2008 - 1 Feb 2016** Director, PTT Chemical International Private Limited
- **15 Dec 2008 - 1 Feb 2016** Director, PTT Chemical International (Asia Pacific ROH) Ltd.
- **24 Nov 2008 - 2 Mar 2016** Director, Emery Oleochemicals (M) Sdn. Bhd.
- **20 Mar 2007 - 1 Feb 2016** Director, PTT Phenol Co., Ltd.
- **8 Sep 2005 - 8 Aug 2014** Director, TOC Glycol Co., Ltd.
- **31 May 2012 - 25 Jul 2014** Director, VENCOREX Holding
- **13 Jan 2012 - 25 Jul 2014** Director, PTTGC International (Netherlands) B.V.
- **19 Apr 2012 - 3 Jul 2013** Director, Solvay Biochemicals (Taixing) Co., Ltd.
- **23 Jan 2010 - 19 Jun 2013** Director, Advanced Biochemical (Thailand) Co., Ltd.
- **27 Apr 2009 - 16 Jul 2012** Director, Pimai Salt Company Limited
- **13 Jan 2011 - 31 Dec 2011** Director, Myriant Corporation



# STEERING COMMITTEE



Mr. Bruno van der Wielen  
Managing Director



Mr. Jean-Luc Daniel G. Pr  at  
Business Director



Mrs. Siriporn Wutthilaohaphan  
Operation Director



Mrs. Jamjuree Sirovetnukul  
Vice President Finance  
and Accounting



Mr. Eric Jean Jacques Deruelle  
Senior Strategic Marketing &  
Business Development  
Department Manager

# MANAGEMENT TEAM



**Mr. Bruno van der Wielen**  
Managing Director



**Mr. Jean-Luc Daniel G. Pr  at**  
Business Director



**Mrs. Siriporn Wutthilaohaphan**  
Operation Director



**Mrs. Jamjuree Sirovetnukul**  
Vice President Finance  
and Accounting



**Mr. Sompot Cheeranorawanich**  
Vice President Corporate Affairs and  
Communications -  
Company Secretary



**Mr. Eric Jean Jacques Deruelle**  
Senior Strategic Marketing &  
Business Development  
Department Manager



**Mr. Thibaud Cautier**  
EPICEROL<sup>®</sup> Business Manager



**Mr. Apichart Kijjaroenvisal**  
Deputy Plant Manager



**Mr. Boonchana Mangkonkarn**  
Assistant Vice President -  
Supply Chain



**Mrs. Sudarut Worasuwat**  
Assistant Vice President Marketing  
and Sales - Vinyls



**Dr. Supachat  
Chairatanathavorn**  
Internal Audit and Business  
Performance Improvement  
Department Manager



**Ms. Jirasiree Vorakanjana**  
Human Resources and  
Administration Department  
Manager

# MANAGEMENT STRUCTURE

The Company's management structure comprises the Board of Directors and three other committees, namely the Business Advisory Committee, the Audit Committee and the Nomination and Remuneration Committee.

## Board of Directors Structure

### Structure of the Board of Directors

- The Board of Directors comprises at least 10 directors, not less than half of whom must have residence in Thailand.
- It is the policy of the Board of Directors that the Chairman and Chief Executive Officer or Managing Director should not be the same person. This is so as to ensure clarity of responsibilities for issuing governance policy and undertaking the Company's management.
- The Board of Directors is responsible to shareholders, with each director representing all shareholders and participating in the corporate governance of the Company with independence and neutrality, for the benefit of all shareholders and other stakeholders.
- The Board of Directors sets its own appropriate membership numbers and composition, including a proportion of independent directors that is equal to at least one-third of the total board size and numbering not less than three positions.
- At least one Independent Director should be knowledgeable in the matter of reviewing the Company's financial statements.
- The Directors may not be directors of more than five listed companies on the Stock Exchange of Thailand and must notify the Board of Directors of their positions for acknowledgement and approval.

### Characteristics and Qualifications of Directors

- Directors must be persons who have knowledge and experience that are beneficial to the Company's business and must understand and be interested in the Company's business.
- Directors must be qualified in accordance with Section 68 of the Public Company Limited Act, B.E. 2535.
- Directors must be recruited and approved by the Board of Directors.
- No Director shall engage in any business of the same nature as or coinciding with

the business of the Company, either for their own benefits or for the benefits of others, unless they have notified the General Meeting of Shareholders prior to their appointment as director.

- Directors shall act in good faith, ethically and honestly.
- Directors shall be responsible and accept the obligation to fully perform their duties for the Company and interested parties, ethically and legally.
- Directors must use independent discretion that shareholders can trust.
- Directors must devote time and pay attention to the Company's affairs and regularly participate in the Company's meetings.
- Directors must comply with corporate governance guidelines set by relevant agencies.

As of 31 December 2016, the Board of Directors comprises 11 directors as follows:

|  |   |
|--|---|
| 1. Mr. Vincent De Cuyper <sup>1/</sup>                         | Chairman of the Board of Directors /<br>Chairman of the Nomination and<br>Remuneration Committee                      |
| 2. Mr. Supattanapong Punmeechaow                               | Vice Chairman of the Board of Directors /<br>Member to the Nomination and<br>Remuneration Committee                   |
| 3. Mr. Pipop Pruecksamars                                      | Independent Director / Chairman of<br>the Audit Committee /<br>Member to the Nomination and<br>Remuneration Committee |
| 4. Mr. Bruno van der Wielen                                    | Director / Managing Director /<br>Member to the Business Advisory<br>Committee  |
| 5. Mr. Pote Videtyontrakich <sup>2/</sup>                      | Independent Director / Member to<br>the Audit Committee   |
| 6. Mr. Vincenzo Morici <sup>1/</sup>                           | Director / Member to the Business<br>Advisory Committee   |
| 7. Ms. Duangkamol Settanung                                    | Director / Chairperson of the Business<br>Advisory Committee  |
| 8. Associate Professor Dr. Danuja Kunpanitchakit <sup>2/</sup> | Independent Director / Member to<br>the Audit Committee   |
| 9. Mr. Andre R. van der Heyden                                 | Independent Director  |
| 10. Mr. Martin Laudenbach <sup>1/</sup>                        | Director  |
| 11. Mr. Richard Verlaque <sup>1/</sup>                         | Director  |

Note: <sup>1/</sup> Director whose residence is outside the Kingdom.

<sup>2/</sup> Declared as audit committee member with adequate expertise and experience to reliably review the accuracy and credibility of the Company's financial statements.





### Meeting of the Board of Directors

- At the beginning of the year, the schedule of the Board meeting shall be set in advance to allow the directors to arrange their calendar for attendance at every meeting. Special session of the meeting may be called by the Chairman as deemed appropriate.
- Meetings of the Board of Directors shall be held at least once every three months.
- Not less than fifteen days prior to the meeting date, notice of the Board of Directors' meeting shall be given to each director or director's representative. The Company Secretary is responsible for ensuring that the Board of Directors receives adequate and timely information. The Company Secretary is responsible for ensuring that all directors receive relevant information at least seven days in advance in order that they may have enough time to study the materials, consider the matters raised, and reach appropriate decisions to be expressed at the applicable Board of Directors' meeting.
- At all meetings of the Board of Directors, quorum will be achieved with the attendance of at least one half of the total number of directors in office.
- Directors who have an interest in agenda items under consideration will be considered non-voting and shall not participate in that part of the meeting.
- Directors can access and request from the management information regarding the Company's operations. They can also request an opinion from the Company's independent external advisors at the Company's expense.
- The Chairman of the Board shall approve the matters to be included in the agenda in consultation with the Company Secretary. The Company Secretary will consider the directors' request to add other important matters for consideration at the next Board of Directors' Meeting.
- The Chairman is responsible for allocating sufficient time for management to present all information enabling the Board of Directors to fully discuss important issues.
- The Chairman of the meeting shall highlight items on the agenda for consideration by the directors and give necessary support and opportunity for each director to share his/her opinion in order to process ideas and reach a conclusive resolution by the meeting.

The record of Board of Directors meeting and committee meeting attendance for 2016 is as follows:

Meeting attendance / Total No. of meeting

| Name   | Board of Directors<br>Total 5 times/year | Business Advisory<br>Committee<br>Total 5 times/year | Audit Committee<br>Total 5 times/year<br>(including the<br>Non-Management<br>meeting) | Nomination and<br>Remuneration<br>Committee<br>Total 2 times/year |
|--|--|--|---|---|
| 1. Mr. Vincent De Cuyper <sup>(1)</sup>              | 5/5                                      | -  | -   | 2/2   |
| 2. Mr. Supattanapong<br>Punmeechaow                  | 3/5                                      | -  | -   | 2/2   |
| 3. Ms. Duangkamol Settanung <sup>(2)</sup>           | 5/5                                      | 4/4  | -   | -   |
| 4. Mr. Vincenzo Morici <sup>(1)</sup>                | 5/5                                      | 4/5  | -   | -   |
| 5. Mr. Martin Laudenbach <sup>(1)</sup>              | 3/5                                      | -  | -   | -   |
| 6. Mr. Richard Verlaque <sup>(1)</sup>               | 4/5                                      | -  | -   | -   |
| 7. Mr. Bruno van der Wielen                          | 5/5                                      | 5/5  | -   | -   |
| 8. Mr. Pipop Pruecksamars                            | 5/5                                      | -  | 5/5   | 2/2   |
| 9. Mr. Pote Videtyontrakich                          | 2/5                                      | -  | 4/5   | -   |
| 10. Mr. Andre R. van der<br>Heyden                   | 4/5                                      | -  | -   | -   |
| 11. Associate Professor<br>Dr. Danuja Kunpanitchakit | 5/5                                      | -  | 5/5   | -   |
| 12. Mrs. Puntip Oungpasuk <sup>(3)</sup>             | -  | 1/1  | -   | -   |

Note: <sup>(1)</sup> Directors whose residence is outside the Kingdom.

<sup>(2)</sup> Appointed as the Company's director, effective from 17 February 2016; therefore the number of attendances at Business Advisory Directors' Meetings is 4 times/year.

<sup>(3)</sup> Resigned from the Company's director, effective from 1 February 2016; therefore the number of attendances at Business Advisory Directors' Meetings is 1 times/year.

- Current Business Advisory Committee members are directors number 3, 4, and 7.
- Current Audit Committee members are directors number 8, 9 and 11.
- Current Nomination and Remuneration Committee members are directors number 1, 2, and 8.

## Committees

The Board of Directors has set up 3 committees to strengthen good corporate governance and support its administration as follows:

- (1) The Business Advisory Committee
- (2) The Audit Committee
- (3) The Nomination and Remuneration Committee

## Management Staff

As at 31 December 2016, the management according to the definition of the SEC, which is the Managing Director and 4 persons downward, are:

- |                                  |   |
|----------------------------------|---|
| 1. Mr. Bruno van der Wielen      | Managing Director   |
| 2. Mr. Jean-Luc Daniel G. Pr  at | Business Director   |
| 3. Mrs. Siriporn Wutthilaohaphan | Operation Director  |
| 4. Mrs. Jamjuree Sirovetnukul    | Vice President Finance and Accounting                                   |
| 5. Mr. Sompot Cheeranorawanich   | Vice President Corporate Affairs and Communications - Company Secretary |

### Finance Department Manager is as follows:

Ms. Naddawan Triyawathanyu - Finance Department Manager

### Accounting Department Manager is as follows:

Mr. Kittipong Jamsak - Accounting Department Manager

## Company Secretary

Mr. Sompot Cheeranorawanich, Vice President Corporate Affairs and Communications has been appointed as the Company Secretary effective from July 24, 2008.

## Remuneration of Directors and Management

### Remuneration (money)

The Company has fixed a policy for remuneration of directors that entails maximum transparency. The remuneration is considered by the Nomination and Remuneration Committee and proposed to the Board of Directors to seek approval from the Company's shareholders. The remuneration of directors is set at a level that is appropriate within the industry. Any Board members who serve in various positions, in the Board, shall receive payment only from the position with the highest remuneration.

In 2016, the shareholders' meeting considered and approved monthly remuneration of the directors as follows:

|   |                   |
|---|-------------------|
| - Chairman of the Board of Directors          | 70,000 Baht/month |
| - Vice Chairman                               | 50,000 Baht/month |
| - Chairman of the Business Advisory Committee | 65,000 Baht/month |
| - Business Advisory Committee                 | 60,000 Baht/month |
| - Chairman of the Audit Committee             | 65,000 Baht/month |
| - Audit Committee                             | 60,000 Baht/month |
| - Other Director                              | 30,000 Baht/month |

The Remuneration for the Board of Directors includes monthly remuneration and bonus. In 2016, the shareholders approved remuneration for the Board of Directors in the shareholders' meeting, including bonus payments based on the operational results for 2015. The total remuneration for the Board of Directors amounted to 6,927,500 Baht, inclusive of a total bonus payment of 3,099,515 Baht. Details are as follows:

Unit: Baht/year

| Name   | Position   | Remuneration | Bonus paid in 2016 | Total Remuneration and Bonus |
|--|--|--------------|--------------------|------------------------------|
| 1. Mr. Vincent De Cuyper                         | Chairman of the Board of Directors / Chairman of the Nomination and Remuneration Committee                   | 840,000      | 340,606            | 1,180,606                    |
| 2. Mr. Supattanapong Punmeechaow                 | Vice Chairman of the Board of Directors / Member to the Nomination and Remuneration Committee                | 600,000      | 272,485            | 872,485                      |
| 3. Mr. Bruno van der Wielen                      | Director / Managing Director / Member to the Business Advisory Committee                                     | 720,000      | 272,485            | 992,485                      |
| 4. Mr. Pote Videtyontrakich                      | Independent Director / Member to the Audit Committee   | 720,000      | 272,485            | 992,485                      |
| 5. Mr. Pipop Pruecksamars                        | Independent Director / Chairman of the Audit Committee / Member to the Nomination and Remuneration Committee | 780,000      | 272,485            | 1,052,485                    |
| 6. Mr. Vincenzo Morici                           | Director / Member to the Business Advisory Committee   | 720,000      | 272,485            | 992,485                      |
| 7. Associate Professor Dr. Danuja Kunpanitchakit | Independent Director / Member to the Audit Committee   | 720,000      | 272,485            | 992,485                      |
| 8. Mr. Andre R. van der Heyden                   | Independent Director   | 360,000      | 272,485            | 632,485                      |
| 9. Mr. Martin Laudénbach                         | Director   | 360,000      | 272,485            | 632,485                      |



| Name  | Position  | Remuneration     | Bonus paid in 2016 | Total Remuneration and Bonus |
|---|---|------------------|--------------------|------------------------------|
| 10. Mr. Richard Verlaque                    | Director  | 360,000          | 272,485            | 632,485                      |
| Directors who were appointed during 2016    |   |                  |                    |                              |
| 11. Ms. Duangkamol Settanung <sup>(1)</sup> | Director / Chairperson of the Business Advisory Committee | 682,500          | -                  | 682,500                      |
| Directors who resigned during 2016          |   |                  |                    |                              |
| 12. Mrs. Puntip Oungpasuk <sup>(2)</sup>    | Director / Chairperson of the Business Advisory Committee | 65,000           | 272,485            | 337,485                      |
| Directors who resigned during 2015          |   |                  |                    |                              |
| 13. Mrs. Vallapa Assakul <sup>(3)</sup>     | Independent Director                                      | -                | 34,060             | -                            |
| <b>Grand Total</b>                          |   | <b>6,927,500</b> | <b>3,099,515</b>   | <b>10,027,015</b>            |

Note: <sup>(1)</sup> Appointed as the Company's director effective from 17 February 2016

<sup>(2)</sup> Resigned from the Company's director from 1 February 2016

<sup>(3)</sup> Resigned from the Company's director from 13 February 2015

In addition to above, as resolved by the Nomination and Remuneration Committee, executive who served as the Company Secretary is entitled to receive an appropriate additional remuneration due to increased workload. The total of remuneration of the Company Secretary paid in 2016 was 512,485 Baht, comprising total annual remuneration of 240,000 Baht and annual bonus payment of 272,485 Baht.

Remuneration of management is in conformity with the principles and policy set by the Board of Directors, which corresponds to the performance of the Company. The total 2016 remuneration for the 5 executives (as the definition of the SEC) was 54,097,480 Baht, such remuneration comprised salary and bonus.

#### Remuneration (other)

- Other Remuneration for Director

None

- Other Remuneration Management Provident Fund

The Company provides pension support to employees by contributing to the provident fund at a level of 5% to 8% of basis salary.





# CORPORATE GOVERNANCE

## Corporate Governance Policy

The Board of Directors realize the importance of good corporate governance principles and lays strong emphasis on implementation and practices, believing that implanting good governance systems increases the Company's competitiveness and ensures sustained business growth while enhancing confidence in the Company among its shareholders, investors and other stakeholders. The Board of Directors, the Company's management and employees, rigorously adhere to good corporate governance principles and strictly comply with applicable laws and regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). With an aim to continually improve corporate governance practices, the Company's management actively takes into account the recommendations of the SEC, the SET, and the Thai Institute of Directors Association (IOD). The Company creates and maintains awareness of good corporate governance practices and business conduct among its management and staff at all levels.

To ensure that Vinythai's businesses are conducted responsibly, ethically, fairly, transparently and accountably, with a clear focus on the creation of utmost benefits for the shareholders and stakeholders, towards mutual trust and sustainable growth, the Board of Directors has established the good corporate governance policy for all directors, managers, and employees to observe in their discharge of duties as follows:

(1) The Board of Directors observes the international guidelines and consistently improves the Company's corporate governance practices in accordance with these international standards in matters relating to consideration of the rights of shareholders, the equitable treatment of shareholders, the responsibilities to stakeholders, the disclosure of information and transparency, and the responsibilities of the Board of Directors.

(2) The Board of Directors, the managers and all employees are determined in their observance of the core of good corporate governance principles. Additionally, they need to ensure strict compliance with the laws and relevant regulations in all countries in which the company invests.

(3) The Board of Directors arranges for an administrative structure with fair relationship between the Board of Directors, the managers and the shareholders. They shall play a vital role in the determination of visions, strategies, policies and key plans. They shall ensure that a performance monitoring and evaluation system is in place, that risks are efficiently managed, that they are independent, and that they are responsible for their discharge of duties in accordance with the good corporate governance principles.

### Committees

The Board of Directors has set up three committees to strengthen good corporate governance and support its administration as follows:

#### (1) The Business Advisory Committee

The Board of Directors Meeting No. 3/2013, held on 29 August 2013 resolved to create a "Business Advisory Committee" to supersede Executive Committee and expand the advisory roles on Strategic and Risk Management.

The Board of Directors' Meeting of the Company No. 3/2016 held on 14 July 2016, resolved to renew of



members of the "Business Advisory Committee" for 3 years effective from 29 August 2016 to 28 August 2019.

As of December 2016, the Business Advisory Committee comprises the following members:

- |                             |             |
|-----------------------------|-------------|
| 1. Ms. Duangkamol Settanung | Chairperson |
| 2. Mr. Vincenzo Morici      | Member      |
| 3. Mr. Bruno van der Wielen | Member      |

Mrs. Jamjuree Sirovetnukul, Vice President Finance and Accounting, served as Secretary to the Business Advisory Committee.

(Please see the more details in our website: <http://www.vinythai.co.th/en/binaries/VNT-CG-Handbook-EN-040814-195018.pdf>)

(Business Advisory Committee Charter on page 29-33)

#### (2) The Audit Committee

The Board of Directors Meeting No. 6/1999 held on 15 November 1999 appointed the "Audit Committee" whose qualifications comply with the SEC rules which define that the Audit Committee shall comprise at least three independent directors, and at least one of them must have sufficient knowledge understanding or experience in the field of accounting or finance.



The Board of Directors' Meeting of the Company No. 5/2014 held on 27 November 2014, resolved to renew of members of the "Audit Committee" for 3 years effective from 17 November 2014 to 16 November 2017.

As of December 2016, the Audit Committee comprises the following members:

- |   |          |
|---|----------|
| 1. Mr. Pipop Pruecksamars                 | Chairman |
| 2. Mr. Pote Videtyontrakich               | Member   |
| 3. Assoc. Prof. Dr. Danuja Kunpanitchakit | Member   |

Dr. Supachat Chairatanathavorn, Internal Audit Department Manager, served as Secretary to the Audit Committee.

All members of the committee are evidently knowledgeable and competent persons with appropriate experience to perform their duties. Mr. Pote Videtyontrakich and Assoc. Prof. Dr. Danuja Kunpanitchakit, committee members possess adequate expertise and experience to review the reliability and creditability of the financial statements. Details of their qualifications and experience are disclosed in the Company's Annual Report and Form 56-1.

(Please see the more details in our website: <http://www.vinythai.co.th/en/binaries/VNT-CG-Handbook-EN-040814-195018.pdf>)

(Business Advisory Committee Charter on page 34-39)

### (3) The Nomination and Remuneration Committee

The Board of Directors Meeting No. 3/2013, held on 29 August 2013 resolved to extend the roles of the "Nomination and Remuneration Committee" to also consider and recommend for the development of Senior Management (Vice President Level up).

The Board of Directors' Meeting of the Company No. 3/2016 held on 14 July 2016, resolved to renew of members of the "Nomination and Remuneration Committee" for 3 years effective from 29 August 2016 to 28 August 2019.

As of December 2016, the Committee comprises of existing members as follows:

- |                                  |          |
|----------------------------------|----------|
| 1. Mr. Vincent De Cuyper         | Chairman |
| 2. Mr. Supattanapong Punmeechaow | Member   |
| 3. Mr. Pipop Pruecksamars        | Member   |

Mr. Sompot Cheeranorawanich, Vice President Corporate Affairs and Communications - Company Secretary, served as Secretary to the Nomination and Remuneration Committee.

(Please see the more details in our website: <http://www.vinythai.co.th/en/binaries/VNT-CG-Handbook-EN-040814-195018.pdf>)

(Business Advisory Committee Charter on page 40 - 43)





## Nomination and Appointment of Directors and Top Management

### Independent Directors

The Company's independent directors possess qualifications as prescribed under the SEC regulations as follows:

1. holding shares not exceeding one percent of the total number of voting rights of the Company, its parent company, subsidiary, affiliate or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director;

2. neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary or juristic person who may have conflicts of interest unless the foregoing status has ended not less than two years prior to the date of application filing with the Office;

3. not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the Company or its subsidiary;

4. not having a business relationship with the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, in the manner which may interfere with his independent judgement, and neither being nor having been a major shareholder, non-independent director or executive of any company having business relationship with the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than two years prior to the date of application filing with the Office;

5. neither being nor having been an auditor of the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and not being a major shareholder, non-independent director, executive or partner of an audit firm

which employs auditors of the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest unless the foregoing relationship has ended not less than two years from the date of application filing with the Office;

6. neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the Company, its parent company, subsidiary, affiliate or juristic person who may have conflicts of interest, and neither being nor having been a major shareholder, non-independent director, executive or partner of the professional advisor unless the foregoing relationship has ended not less than two years from the date of application filing with the Office;

7. not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholders;

8. not having any characteristics which make him incapable of expressing independent opinions with regard to the Company's business affairs.



## Directors and Top Management

The Nomination and Remuneration Committee is responsible for considering candidates deserve a nomination as new directors, Chief Executive Officer or Managing Director, including consideration and advising on the development of various aspects of the Vice President level and above. The Rules and Procedures for the Nomination are established the best criteria and transparency to be presented to the Board of Directors and/or the shareholders' meeting for approval.

### Rules and Procedures for the Nomination of Director(s), Independent Director(s) and Audit Committee Member(s)

1. In case of any vacancy for a Director, Independent Director or Audit Committee Member, the Nomination and Remuneration Committee shall nominate a qualified candidate who does not possess any prohibited characteristics to serve as Director, Independent Director or Audit Committee Member and propose to the Board of Directors' Meeting for consideration and approval of the appointment.
2. Any director has the right to propose the name of a qualified candidate to the Nomination and Remuneration Committee within the timeframe for consideration, including preliminary qualification check, before proposing such person to the Board of Directors' Meeting for consideration and approval of appointment.
3. Any major shareholder has the right to propose the name of a qualified candidate to the Nomination and Remuneration Committee within the allotted timeframe for consideration, including preliminary qualification check, before proposing the person to the Board of Directors' Meeting for consideration and approval of appointment.
4. The Nomination and Remuneration Committee will announce the timeframe for proposing the name of a qualified candidate who meets all requirements to serve as a Director, Independent Director or Audit Committee Member.
5. Any time the Nomination and Remuneration Committee identifies a qualified candidate or candidates meeting all characteristics, to serve as a Director, Independent Director or Audit Committee Member, the Nomination and Remuneration Committee shall forward the resume(s) of the proposed qualified candidate(s) to the Company Secretary to conduct a preliminary check of the candidate(s) qualifications.
6. Once the Company Secretary has checked the proposed candidate(s) qualifications, the Company Secretary will prepare a summary report and propose the candidate to the Nomination and Remuneration Committee for its consideration and resolution. If it agrees with the proposal, the Nomination and Remuneration Committee will propose the candidate for consideration and approval by the Board of Directors' Meeting.
7. Once the Board of Directors' Meeting has approved the appointment, the Company Secretary will be responsible for disclosure to or registration with the Stock Exchange of Thailand (SET), Securities and Exchange Commission (SEC), Ministry of Commerce and/or any related organizations. The Company Secretary will compose a profile of the Director in compliance with the relevant rules and/or laws.
8. In case of any vacancies for Directors, Independent Directors or Audit Committee Members arising otherwise than by rotation, and the remaining term of office of such Directors, Independent Directors and Audit Committee Members being less than two months, the Board of Directors' Meeting will propose replacement candidate(s) to the Shareholders' Meeting for consideration and approval.

Once the Shareholders' Meeting has approved the replacement, the Company Secretary will be responsible for disclosure to or registration with the SET, SEC, Ministry of Commerce and/or any related organizations. The Company Secretary will be responsible for composing a profile of the director in compliance with the relevant rules and/or laws.

The Board of Directors resolved to propose the shareholders' meeting to elect new directors in place of those to be retired by rotation and amend the authority of directors (in case there is a change in directorship). The shareholders' meeting will resolve by a simple majority vote, in accordance with the following rules and methods:

1. Each shareholder shall have votes equal to the number of shares held.
2. Each shareholder may exercise all the votes he has under item 1 to elect one or several persons as directors, but may not allot his votes to any person at any number.
3. The persons receiving the highest number of votes, in their respective order of the votes, shall be elected as directors according to the number of directors that the Company may have or the number that are to be elected at such meeting. Where the votes cast for candidates in descending order are tied, which would cause the number of directors that the Company may have or that are to be elected at such a meeting to be exceeded, the Chairman of that meeting shall have a casting vote.

## Good Corporate Governance of Its Subsidiaries and Associates

Nomination and appointment for a director of the subsidiaries and the associates must be approved by the Company's Board of Directors. Such director is responsible to act at the optimum interest of the Company. Moreover, prior to proceeding of any important issue(s) of the subsidiaries, it should get approval from the Company's Board of Directors.

In addition, the Vinythai Board has directed several important policies of the subsidiaries such as Management policies, Financial Accounting Policies Management policy on Safety, Health and Environment, CSR policy and HR management policies. It also ensures that those policies are consistent with the requirements and regulations of the Securities and Exchange Commission, Thailand and related laws.

## Control on the Use of Internal Information

Considering the supervision of the usage of inside information, the Company has established control measures related to the use of internal information and stipulated the measures in the Corporate Governance Charter and Code of Conduct.

In addition, the Company has established policy about the protection of company confidential information. A measure of protection of the Company's confidential information has been stipulated as a standing instruction for all employees at all level to comply with. Failure to control and protect the Company's confidential information is breach of employment duties, and grounds for disciplinary action, up to, and including termination of employment. Disclosure or use of the Company's confidential information without authorization is illegal and may subject an employee to civil or criminal liability.

To ensure the security of the information, the Company has put in place and developed the Information Technology system to secure the accessibility to the Company's information. As such, the IT system prevents the accessibility to the Company's confidential and important information from external parties, and gives the rights for accessibility to confidential and important information properly classified for units in line with their works and responsibilities.



## Compliance with Good Corporate Governance Principles in Other Matters

With the aim of further strengthening its governance systems, the Company has continued to rigorously implement action plans that reinforce its compliance with the principles of good corporate governance for the listed companies.

### 1. Rights of Shareholders

The Company respects the right of shareholders equally and ensures that all shareholders are fully entitled to exercise their fundamental rights. These include: the rights to buy, sell, or transfer shares, ownership rights to participate in shareholders' meeting; voting rights to elect board members and approve directors' remuneration; the right to receive dividends; the right to express opinions freely, etc. The Company also regularly discloses its information through the SET channel, publications and its website, including organizing activities for shareholders such as invitation to plant visit and coral cultivation using PVC pipes. The Company enhances the exercise of rights and does not infringe upon or curtail those rights. Shareholders are actively encouraged to exercise their rights, as follows:

#### Prior to the Annual General Meeting of Shareholders (AGM)

- Following the Board of Directors' resolution dated 17 February 2016 to call an Annual Ordinary General Meeting of Shareholders, the Company, on the same day, announced a meeting schedule along with the agenda through the SET's communication channels and the Company's website.
- Prior to the shareholders' meeting, the Company prepared a notice to call the shareholders' meeting both in Thai and English specifying the date, time and venue of the meeting, along with an agenda including the respective opinion of the Board of Directors pertaining to each item:

## Audit Fee

### (1) Audit Fee

The Company paid the audit fee to the auditor in the past fiscal year in the amount of THB 1,840,000.

### (2) Non-Audit Fee

The Company paid the non-audit fee for corporate income tax review and other services in the past fiscal year in the amount of THB 1,714,748.



1. Agenda items considered at the meeting included: the Company's annual operating results and dividend payment; the appointment of an auditor and consideration of the auditing fees; appointment of new directors in place of those to be retired by rotation; and remuneration for the Board of Directors.

2. The notice of the shareholders' meeting and the agenda included significant and sufficient detailed information; and were distributed together with: a map clearly indicating the meeting venue; a barcode registration form; a copy of the Company's most recent annual report; a copy of the minutes of the previous shareholders' meeting; a copy of the Company's Articles of Association relating to the shareholders' meeting; the names of directors to be retired by rotation and those proposed to be re-appointed for another term; proxy forms containing name and details of independent director, appointed as proxy, and details about the credentials each shareholder needs to bring to the meetings.

- Concerning director nominations, the Company specified type of directors proposed for approval and provided their relevant personal records, including shareholding (if any), meetings attendance record and years of service with the Company. Particularly for the nomination of independent director, the Company pays significant attention to follow the SEC regulation.

- The Company designated Thailand Securities Depository Co., Ltd., its share registrar, to distribute the notice of shareholders' meeting and relevant documents as above-mentioned, to shareholders. The distribution took place 27 days in advance of the meeting day in order to allow shareholders sufficient time to consider proposed meeting agenda items. The Company disclosed the notice of shareholders' meeting and accompanying documents on its website 36 days ahead of the meeting and communicated such disclosure through the SET channels. The Company also publicized the notice to call a shareholders' meeting in Thai daily newspapers for 3 consecutive days prior to the meeting.

- To enhance the rights of shareholders, the Company allowed shareholders to propose agenda items prior to the meeting day. The Company

notified shareholders accordingly through the SET channels and the Company's website including clear explanation of criteria and consideration procedures, as well as a form for proposing agenda made available in the Company's website. .

- Prior to the shareholders' meeting, the Company also provided its shareholders with the opportunity to send their questions concerning the agenda to the Company's website ([https://solway.az1.qualtrics.com/SE/?SID=SV\\_3RgfUYtSoOa7rZH](https://solway.az1.qualtrics.com/SE/?SID=SV_3RgfUYtSoOa7rZH)).

Notification of this opportunity was posted through the applicable SET channel.

### **On the AGM Day**

- For the convenience of shareholders on the meeting day, the Company implemented a barcode system for registration, recording attendance of the participants, and vote-counting. The barcode system significantly accelerated these processes and enhanced the convenience of the shareholders.

- Upon registration, the Company also provided shareholders with ballots for each agenda items and encouraged them to cast their votes, especially those wishing to vote against or abstain on any item.

- The shareholders' meeting starts when there is a quorum, based on both shareholder attendance and proxies. Prior to the meeting, the Company introduced its directors, management, the Company's auditor, legal advisor, and explained the procedures for voting, counting of votes and result of vote counting. Resolutions of the meeting are passed by a vote of the attending shareholders and proxies on the basis of 1 share 1 vote. Procedures for voting and counting of votes are as follows:

- 1) A shareholder may vote in favor of, against, or abstain from voting for each agenda item, in the ballot received upon registration.

- 2) When the Chairman requests the meeting to put a vote to any resolution to, the Chairman will first ask the meeting whether there would be an objection from any shareholders to the proposed resolution. If there is no objection (in which case no ballot will be used), it shall be deemed that the meeting passes an unanimous resolution approving

what has been proposed. The Chairman will then state that the meeting passes an unanimous resolution for that agenda item.

3) If a shareholder votes against or abstains from voting on any agenda item, the Chairman will request him or her to mark the ballot and raise his or her hand for the official to collect the ballot.

4) Only the votes cast by shareholders voting against or abstaining shall be counted. The votes of disagreement or abstention shall be deducted from all the votes of those attending the meeting, and the remaining votes shall be deemed to have agreed with the proposal for the relevant agenda item.

5) The voting method for the agenda of appointment of directors will be on a person by person basis. The ballots will be collected from the shareholders for the vote cast for each director separately, whether for, against or abstain from voting.

6) Where a shareholder has appointed a proxy and has casted his or her votes in the instrument appointing the proxy, the votes shall be counted as marked by the shareholder. If the shareholder does not indicate his intention, and the proxy does not vote against, such shareholder shall be deemed to vote for that resolution.

With due transparency, the Company announces the result of the vote on each agenda item at the meeting, enumerating the votes for and against and abstentions. The result of each vote is displayed together with the percentage of affirmative votes out of the total number of shares held by the shareholders present.



- The Board members participating in the meeting included the Chairman of the Board, the Vice Chairman of the Board, the Managing Director, Chairman of the Audit Committee, Chairperson of the Business Advisory Committee, Independent Director and other Board members totaling 9 persons. The Chairman of the Board of Directors acted as chairman of the meeting. In addition, the Company's auditor and concerned Management were present to answer shareholders' inquiries and provide any clarifications required. To facilitate the shareholders' understanding, a professional interpreter was provided to help translating messages and information discussed in the meeting in Thai Language. The Chairman of the meeting allowed adequate time for the meeting to proceed and equal opportunities for all shareholders to examine the Company's operations. To ensure that shareholders have sufficient information, they were encouraged to express their opinions, make recommendations and raise questions on agenda items before casting votes. In addition, after the meeting adjourned, directors, management, and the shareholders informally discussed relevant matters and exchanged views.

- Shareholders are permitted to register their attendance and exercise the right to vote on still pending agenda items after the meeting starts.

- The Company conducted the shareholders' meeting in accordance with the sequence of agenda items as specified in the notice of shareholders' meeting. When conducting the meeting, the Company neither switched the agenda nor added any items to the agenda specified in the notice of shareholders' meeting.

- The Company distributed ballots to the shareholders to vote against or abstain from voting on any agenda item. Concerning the election of directors, the Company allowed shareholders to cast separate votes for individual directors whether for, against or abstain from voting. Lawyers from Chandler and Thong-Ek Law Office Limited also attended the meeting to oversee proceedings, and assure transparency with respect to ballots and vote counts and compliance with relevant laws and regulations and the Company's Articles of Association.



### After the AGM Day

- The Company notified the resolutions of the Shareholders Meeting after the Shareholders Meeting through SET Portal. The resolution stated the results of the vote and the voting results on each agenda.
- All significant inquiries were recorded in the minutes of the meetings, together with attendance of directors, key issues discussed, Management responses and vote counts on each agenda item where votes were taken.
- The meeting minutes were prepared accurately and in their entirety, both in Thai and English. They were submitted to the SET within 14 days after the date of shareholders' meetings, and posted on the Company's website for shareholders to examine without having to wait until the next shareholders' meeting. In addition, to ensure the transparency, the meetings were videotaped by the Company with copies available to shareholders on request.

The Company's management is fully cognizant of how an effective shareholders' meeting is constituted. As such, it continually promotes and supports the rights of shareholders prior to, during and after the shareholders' meeting in accordance with the Annual General Meeting (AGM) Checklist initiated by the SEC, with joint support by Thai Investors Association. As a further indication of the Company's commitment to shareholder rights, the management reviewed the assessment findings of the AGM Checklist and find ways to correct areas where the need for improvement was indicated.

### **2. Equitable Treatment of Shareholders**

The Company provides equitable treatment to all shareholders. The Shareholders' Meetings are conducted in strict compliance with the applicable legal framework, including rules and regulations of the SET, the SEC, and the Company's Articles of Association. This applies to every aspect of arranging and conducting meetings, from sending out invitations to distributing meeting documents and communicating meeting agenda to all concerned. Meeting procedures and submissions of reports is in full compliance with the SET and the SEC regulations. Shareholders can appraise themselves of the Company's Articles of Association by accessing through the Company's website.

**The Company values and treats all shareholders fairly through the following actions.**

- The Company fully facilitates the attendance of shareholders at every shareholders' meeting by organizing the meeting according to a convenient schedule, at a convenient time and at a convenient venue.
- The Company provides shareholders with the option of appointing a proxy to attend the shareholders' meeting on their behalf. Any shareholder who is unable to attend the meeting also has the option of delegating their votes to an independent director. In order to facilitate the shareholders' authorization of a proxy according to their wishes, proxy forms are provided in various forms and



distributed to the shareholders including the proxy in the format that the shareholders can specify the voting direction for each agenda. Considering the supervision of the utilization of inside information, as stipulated in its Code of Conduct, the Company practices effective safeguards against the abuse of inside information, including internal controls and monitoring systems tailored to each business unit and scenario. The Company prohibits executives or concerned departments who receive inside information from disclosing corporate data to the public or outside parties and requires them not to misuse their positions and confidential information to which they are privy for their own advantage. The employees are prohibited from utilizing the Company information or news which has not been disclosed to the public and may be material to the Company share price, with the purpose of seeking profit or benefitting from trading the Company's stock, whether directly or indirectly. Strict implementation of these preventive measures has resulted in no insider trading violations arising.

- The Board of Directors specified that Board members and Management must disclose any changes in their securities holdings to the SEC in accordance with Section 59 of the Securities and Exchange Act B.E. 2535. In case of purchase, sale, or transfer of securities, Board members and Management shall report changes in their applicable securities holding to the SEC and the SET. In addition, any changes in directors' shareholding shall be reported to the Board of Directors' meetings. The Board of Directors and Management shall submit one copy of the securities disclosure to the Company for record.

- The Company disclosed complete information about the shareholding of the Company's directors and management as defined by the SEC regulation, including their spouse and minor children (if any) in the annual report.

- Any director or management, who may have a vested interest in any transaction or matter directly affecting the Company, should not participate in the decision making process on such issue.

- Each year, the Company arranges the activities for Shareholders to visit the Plant and participation of

the Coral Cultivation, 80,000 branches, for His Majesty the King project to support the growing corals with PVC pipe.

### 3. Role of Stakeholders

The Board of Directors has fully appreciated the value of the support of all groups of stakeholders, recognizing that they all contribute to the Company's competitiveness and corporate profits. Thus, the Corporate Governance Charter approved by the Board of Directors promotes practices towards each of various groups of stakeholders. Moreover, the Company's Code of Conduct also includes practices toward shareholders, customers, employees, and business partners, which the management and all employees shall follow so as to uphold consistent standard of conduct.

As it is understood that the participation of stakeholders can have a positive effect on the Company on an on-going basis, considerable effort is made to safeguard the interests of each group as follows:

#### Shareholders

Vinythai drives the sustainable growth of the Company and creates continuous profits by conducting business with care and transparency, so as to generate competitive, long-term value for shareholders.

#### Board of Directors and Management

The Company's Board of Directors and Management are aware of their rights, exercise their duties within the frameworks and models defined by the Company, and apply the rules of equity and fairness of all stakeholders.





## Employees

The Company realizes the value of every employee and enables its employees to have pride in the organization by providing working environments designed to maximize participation and opportunities for career advancement. The Company encourages employees to develop their ability to thoroughly and continually create value and maintain business excellence by:

- Offering equal employment opportunity, respect for human rights and respect employee's right, and developing and fully realizing employees' potential in performing their tasks and duties. The Company also implements equitable employment conditions and maintains a safe and conducive working environment. A welfare committee comprising representatives from the management and employees monitors and reviews employee benefits to ensure the employees welfare is adequate and secures for them the parity with the industry.
- Providing training and employee development opportunities at all levels. Employees are encouraged to develop thorough knowledge and competencies so as to continuously upgrade both the ability of the organization and its capacity in each work area.
- Providing seminars and trainings for all employee levels in order to gain the knowledge and understanding in respect to the environment including creation of the awareness in protection of natural resources and environment within the community and the public.
- Promoting two-way communications within the whole Company and making employees proud to work for the organization.
- Providing suitable welfare for all levels of employees.
- Placing at the top of all priorities, hygiene, safety and environment in the workplace.

## Customers

The Company is resolved to deal promptly with customer claims. Moreover, it strives to achieve high customer satisfaction, promotes sound relations based on respect for customer interests and is committed to continually developing products and services that



add value to the customer. The Company takes full responsibility for consistently providing good-quality products and services at reasonable prices. The Company also provides comprehensive and accurate information concerning its products and services in conjunction with professional advice on product selection and utilization. Moreover, the Company actively consults with customers to find the best ways to mitigate any potential harmful impacts from utilization of its products and jointly develops products with customers that optimize their business growth while safeguarding public health and the environment. Also with the objective of maintaining sustainable relationships with its customers, the Company regularly organizes Customer Relationship Management (CRM) activities and conducts customer satisfaction surveys.

## Creditors

The Company treats all creditors equally and is fully cognizant of its accountability to creditors and its obligation to ensure that its conduct strictly adheres to contractual commitments and financial obligations. To ensure that all creditors are kept up-to-date with relevant financial information, the Company submits its financial statement to all creditors on a quarterly and annual basis. Furthermore, the Company's internal procedures ensure that it is open equally to all creditors to offer competitive pricing and services.

In addition, the Company can only accept new credit facilities offered by any financial institution after they are proposed to and approved by resolution of the Board of Directors.

### Business Partners

The Company obliges directors, executives and employees involved in leasing, hiring, purchasing or selling property or goods or services of all kinds to act strictly in the Company's best interests based on accurate, actual information that does not mislead lessors, leaseholders, buyers or sellers of assets, products or services with information that is incomplete or insufficiently accurate. Involved executives and employees do not accept gifts or any other remuneration unless it is a traditional practice, in which cases such gifts or remuneration should not be of such high value as to invite censure or prompt special consideration in the future.

### Business Alliances

The Company is committed to compliance with agreements made with its business partners in a manner that is mutually beneficial to the overall business.

### Competitors

The Company supports and encourages free and fair competition, always behaving in accordance with accepted rules of etiquette and good competition within the framework of the law.

### Community, Society and Environment

The Company conducts itself as a good corporate citizen and operates its business in accordance with its well-recognized duties and responsibilities to the community, society and the environment.

In addition, the Company is fully conscious of its responsibilities to the Thai society and societies of host countries, with its prime concern to develop and strengthen communities towards sustainable self-sufficiency resulting in economic prosperity and social harmony throughout the country. The Company

encourages its employees to be aware of their social responsibilities in both their work and daily lives, including:

- Creating business practices and implementing activities that are responsible and beneficial to society, both in the short and long term, and focusing on business transactions with trade partners who share common intentions regarding social and environmental responsibility.
- Supporting learning and skills development among youths and the public and promoting awareness of natural resource and environment preservation in communities and Thai society.
- Providing correct information, creating understanding, and listening to problems and information about impacts on surrounding communities with a view to implementing appropriate solutions, all based on the principle of co-existence between the Company's plants and communities for mutual benefit and without conflict.
- Supporting beneficial activities, especially in areas where the Company's businesses are located, taking into consideration suitability and providing sustainable benefits to society and communities.
- Supporting public activities and national development policy for the country's benefit as a whole.
- Considering how to utilize natural resources with minimum impact on society, the environment and quality of life.



## Public Sectors

The Company is resolved to fully conform to all relevant laws and regulations without reservation.

## Suggestions and / or Complaints

To improve the Company's services, customers, employees and any person can make recommendations or comments or complaints related to the Company through the following:

- Audit Committee, <http://www.vinythai.co.th/en/contacts/index.html#audit>
- The Company's website or [www.vinythai.co.th](http://www.vinythai.co.th)

## 4. Disclosure and Transparency

The Company is committed to providing equal treatment to shareholders, financial institutions, securities companies, investors and others who use financial information, with emphasis on open, accurate, complete and timely data that does not discriminate either positively or negatively. However, the Company realizes the need to keep secret certain vital business information, including its operational strategies. Disclosure is governed by the relevant rules and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, Thailand.

Disclosure of information includes but is not limited to annual disclosures of information (Form 56-1), the Company's annual report (Form 56-2), quarterly reports, any minutes of meeting, news, press releases, letters to shareholders, information on the Company's website, information provided through various media, and interviews with the media and press conferences, etc.

### • Disclose and Transparency

The Board of Directors is well aware of its responsibility for the integrity of the Company's financial information. As such, the Board maintains effective internal control systems that ensure the accuracy and completeness of the Company's bookkeeping as well as adequacy of measures to safeguard the Company's assets. Recognizing the right of shareholders and investors to receive adequate and reasonable notification of the Company's financial

status, the Company prepared the "Responsibility Statement from the Board of Directors on Disclosure of the Financial Report" and presented it both in Thai and in English in a separated item in its Annual Report and Form 56-1. The Board of Directors also ensures that the financial information is disclosed completely, correctly and in timely manner in line with the SET's regulations.

To ensure equitable treatment to all stakeholders, in addition to disclosing information as specified in relevant regulations through the SET's channel, the Company also discloses information such as the Company's news, its vision, mission and values, Articles of Association, corporate governance policy, corporate activities, Board members and sub-committees, and investors news on its website both in Thai and in English. In addition, a list of the Company's current top ten major shareholders is disclosed on its website and is updated on a monthly basis. In this way, shareholders can find information about the Company's major shareholders prior to the shareholders' meeting.

### • Policy to Report the Shareholding and Transactions of Company Shares to Board of Directors

The Board of Directors specified that Board members and Management must disclose any changes in their securities holdings to the SEC in accordance with Section 59 of the Securities and Exchange Act B.E. 2535. In case of purchase, sale, or transfer of securities, Board members and Management shall report changes in their applicable securities holding to the SEC and the SET. In addition, any changes in directors' shareholding shall be reported to the Board of Directors' meetings. The Board of Directors and Management shall submit one copy of the securities disclosure to the Company for record.

### The holding of the Company's shares by the Director and Management as of 31 December 2016 and changes from the past year is as follows:

- Directors: None of Directors holding the Company's shares

- Management: There are 5 managements (as the definition of the SEC) but there is only one holding the Company's shares.

## (Common Shares)

| Name  | as at 31 December 2015  |  |          | as at 31 December 2016   |  |          | Change:<br>increase /<br>(decrease) |
|---|---|--|----------|--|--|----------|-------------------------------------|
|   | Number<br>of shares<br>held by (a)<br>Director or<br>Management | Number<br>of shares<br>held by<br>(a) related<br>person(s) | Total    | Number<br>of shares<br>held by (a)<br>director or<br>anagement | Number<br>of shares<br>held by (a)<br>related<br>person(s) | Total    |                                     |
| 1. All Directors<br>(11 Persons)  | -   | -  | -        | -  | -  | -        | -                                   |
| 2. Mr. Sompot<br>Cheeranorawanich<br>Vice President<br>Corporate Affairs and<br>Communications -<br>Company Secretary | 3,990.00  | -  | 3,990.00 | 3,990.00   | -  | 3,990.00 | -                                   |

With regard to any issues that might result in a conflict of interest, the Company strictly complies with the SEC and the SET's related regulations on "Disclosure of Information and Act of Listed Companies Concerning the Connected Transactions" while always taking into account the best interests of all stakeholders. Details, counter parties, values, reasons, and necessities for each transaction are all disclosed in the Annual Report and Form 56-1.

#### • Investor Relations

The Company's Vice President Finance and Accounting is in charge of investor relations activities and is required to communicate directly with institutional and individual investors, analysts and concerned government agencies. In year 2016, the Company recorded 26 visits by investors and analysts as follows:

| Type of Visit         | No. of Visits | No. of Companies |
|-----------------------|---------------|------------------|
| One-on-One Meeting    | 15            | 10               |
| Group Analyst Meeting | 11            | 11               |

Investors may request any information from the Company at Tel. +66-2030-6800 or Fax +66-2030-6801, e-mail at [jamjuree.sirovetnukul@vinythai.co.th](mailto:jamjuree.sirovetnukul@vinythai.co.th) or mailing address at Vinythai Public Company Limited, Wave Place, 11<sup>th</sup> and 16<sup>th</sup> Floor, 55 Wireless Road, Lumpini, Pathum Wan, Bangkok 10330



#### • Whistleblowing and Whistleblower Protection Measures

With a view to enhancing the participation of stakeholders in improving the Company's performance to ensure the sustainability, the Company opened communication channel for stakeholders to voice their concern about any crucial case related to the Company's operations or unethical practices via the Audit Committee at the Company's website : <http://www.vinythai.co.th/en/contacts/index.html#audit>

Where such concerns are raised, the Audit Committee shall arrange an investigation and report the findings to the Board of Directors for consideration, so that the Company can find solution in a timely manner. The rights of any person who communicates

such concern should be protected. The Company has duly communicated this information to stakeholders through the SET channel. Since the channel was opened by the Company, no complaint has been reported.

In addition to the above, the Company's website includes details of personnel responsible for each area so that investors, customers, local communities and other stakeholders can communicate recommendations and make enquiries from the Company via the Company's website.

#### • Policy for Prevention of Software Copyrights Violations

The Company has the policy on prevention of software copyrights violations, the Company also formulated guidelines to which its employees must strictly adhere. The guidelines include abuse of Company's computer and IT system, such as, store and/or use illegal software on Company's computer. In event of violations of the mentioned policy, an investigation shall be conducted as quickly as possible. An employee found guilty of such conduct is subject to the Company's disciplinary actions.

### 5. Responsibilities of the Board

Pursuant to the Company's Articles of Association, the Board of Directors shall comprise at least 10 directors, provided that not less than half of the total number of directors must have residence in Thailand. The Board structure consists of accepted knowledgeable, competent persons with various qualifications, skills, experience, and expertise that can provide optimum benefit to the Company and its shareholders. Qualifications and experiences of the Board of Directors are disclosed in the Annual Report and the Form 56-1, which were posted on the Company's website. With respect to the Company's Corporate Governance Charter, the directors may not be directors of more than five listed companies and must notify the Board of Directors of their positions for acknowledgement and approval.





It is the policy of the Board of Directors that the Chairman and Managing Director should not be the same person. This is to ensure clarity of responsibilities for issuing governance policy and undertaking the Company's management. Although the Chairman of the Board and the Managing Director both represent one of the Company's major shareholders, Solvay Vinyls Holding AG, the current structure of the Company's Board also includes representation of the other major shareholder, PTT Global Chemical Plc., and 4 independent directors. This arrangement creates a balance of power that ensures fair oversight of the Company's administration. Even though, the Chairman is not an independent director, he has performed his duty in good faith, with due diligence and care, in accordance with the Board policy and in the best interests of the Company.

The roles and responsibilities of the Chairman of the Board are different from those of the Managing Director. The Chairman of the Board conducts the Board meeting efficiently by urging all directors to actively participate, raise questions, and provide essential recommendations, leading to decision taken on significant policies pertaining to the Company. The Managing Director reports to the Board of Directors and is authorized to administer, manage, supervise, and execute all acts in connection with the business of the Company in accordance with

the policies endorsed by the Board of Directors. The Managing Director takes responsibility for the Company's operating results, controls expenses and capital expenditures limits as approved by the Board of Directors, manages the Company's human resources to ensure a high level of motivation, performance and productivity and delegates authority in accordance with the strategy and performance of the Company, and maintains effective communication with the stakeholders. The Managing Director takes step to ensure that the policies and action plans of the Company are implemented in line with its strategy and to the highest level.

The roles and responsibilities of the Board of Directors and the Management are clearly segregated. The Board of Directors formulates significant policies and oversees the Management's implementation of those policies. The Management shall be responsible for implementing policies formulated by the Board of Directors and ensuring that these are carried out as planned. Managerial authority is channeled through the Management according to clearly specified levels of authority. The Board advises and supports the Management through the Business Advisory Committee. However, the Board does not intervene in routine tasks and business activities under the Management's responsibility.



### **Roles and Responsibilities of the Board**

The Board of Directors fully commit to their roles and responsibilities in order to ensure effective discharge of their duties. All members of the Board of Directors exert their utmost efforts to perform their duties in good faith, with due diligence and care, in the best interests of the Company and all stakeholders. Each director shall discharge their responsibilities in good faith in such a way to safeguard and promote the Company's interests. The Board of Directors also conducts its meetings in accordance with its responsibilities to shareholders, including setting targets to secure optimum benefit for shareholder and other stakeholders within legal framework and business conduct. The Board of Directors reviews and approves the Company's vision, mission, values and strategy every year. In addition, the Company has improved the Charter on Corporate Governance and Code of Conduct.

(see the details at: <http://www.vinythai.co.th/en/binaries/VNT-CG-Handbook-EN-040814-195018.pdf>, or [http://www.vinythai.co.th/en/binaries/CG\\_code\\_of\\_conduct\\_handbook\\_EN-190696.pdf](http://www.vinythai.co.th/en/binaries/CG_code_of_conduct_handbook_EN-190696.pdf))

**The Board of Directors takes overall responsibility for the following:**

1) Endorse the vision, goals and strategies of the Company every year, including risk policies, business plans & annual budgets, monitor the Company's operations and approve major investments, takeovers and sales of Company businesses.

2) The Board of Directors shall manage and carry on the business of the Company in accordance with the law, the Company's objectives and Articles of Association and resolutions of shareholders' meetings. Moreover, directors shall do so in good faith and consistent with the best interests of the Company and shareholders.

3) Supervise and monitor activities of the Company's management to ensure that their performance is in line with established policy in accordance with good corporate governance and so as to add economic value to the Company and increase wealth for shareholders.

4) Monitor the operation of the Company at any time with cognizance of relevant laws and contract terms as they relate to the Company and require management to report its performance and other important matters to each Board of Directors' meeting, thereby effectively improving the Company's operation.

5) Provide accounting systems, financial reporting, internal controls and effective and credible internal audits.

6) Control and oversee management treatment of all interested parties to ensure that they are ethical and equitable.

7) Evaluate the Company's success in order to determine bonuses and rates of annual salary increases within the Group.

8) Play a key role in risk management matters so as to establish and maintain guidelines and measures to ensure adequate risk management and regular monitoring.



9) Independent directors and other outside directors are prepared to use their discretion in independently considering issues pertaining to strategic management of resources, appointment of directors and setting operational standards, and are ready to challenge the actions of directors and other management figures in cases of conflicting opinions as they affect the equitable treatment of all shareholders.

10) If necessary, the Board of Directors shall enlist the services of external professional advisors at the Company's expense.

11) Appoint a Company Secretary to assist the Board of Directors with various activities, including Board of Directors' meetings and shareholders' meetings, and regularly advise the Board and the Company on their conduct and correct operations according to laws and relevant regulations. The Company Secretary will also ensure that the Directors and the Company disclose information correctly and transparently.

12) Provide provisions pertaining to business Conduct, director Conduct, executive Conduct, and employee Conduct to be implemented in-house.

13) Suspend trading at least one month prior to announcements of financial news and for at least three days after announcement of financial statements.

14) Report the securities holdings of their spouses and minors to each Board of Directors' meeting and notify the Company without delay in the event of an interest, whether directly or indirectly held, arising in any contract made within the Company's fiscal year, or if holding shares or debentures in the Company and/or the Company's subsidiaries.

The material approval authorities of the Board of Directors are for example:

1. Approval of major investment, takeover or sale of business including the acquisition and disposal of asset, related party transaction in accordance with the regulation of the office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

2. Appointment, withdrawal and authorization of duties to the sub-committees including the appointment of directors during the year, appointment of specific committee, the determination of names of director who can sign to bind the Company.

3. The appointment of the Company Secretary in accordance with the Securities and Exchange Act.

4. The approval of vision, goal, strategy and policy for the operation of the Company.

5. Approval of the establishment, merger and acquisition of subsidiaries.

6. Approval of the open and close of accounts and implementation of Company's normal business accounts with banks or financial institutions.

7. Approval of the institution, conduct, prosecution, settlement, compromise and defense of any action or other legal proceeding including the appointment of a lawyer whatsoever necessary to sustain the interest of the Company for both civil and criminal cases.

8. Approval of entering into the major contracts of the Company.

To avoid unnecessary problems, the Board of Directors carefully scrutinizes any issues that might result in a conflict of interest. Such issues are acknowledged by the Board of Directors in accordance with the SEC and the SET regulations stipulated for a transaction based on an Arm's Length Basis. The Board of Directors monitors compliance with the regulations regarding criteria, procedures and disclosure of transactions with conflict of interests. The Audit Committee is assigned to review significant related transactions to ensure the transparency and the best interest of the Company. To ensure fairness, directors or management having interests in the related transaction must not be involved in decisions and approval process.

### Board Assessment

The Board of Directors has carried out its duties with maximum transparency and in full conformity with the Principles of Good Corporate Governance



and Code of Best Practices for Directors of Listed Companies, as prescribed by the SET, as well as the Securities and Exchange Act, B.E. 2535. The Board of Directors recognizes the importance of a self-evaluated and a constant improvement in its working performance. Therefore, the Company conducted a self-assessment for all of the Board's members to evaluate their performance in accordance with the principles of Corporate Governance. The process and criteria of the self-assessment are mentioned here under.

#### **The Process of Board of Directors Self-Assessment.**

1. The Nomination and Remuneration Committee reviewed the assessment form for its accuracy and completeness as determined by the Principles of Corporate Governance.
2. The Company Secretary summarized the results of the assessment.
3. The Company Secretary reported the assessment results to the Board of Directors as reference for performance improvement.

#### **The self-assessment has generally been taken in 6 main criteria;**

1. Structure and qualifications of the Board of Directors
2. Roles and responsibilities of the Board of Directors
3. The Board of Directors meetings
4. The Board's performance in duties
5. The Board's relationship with the Company's management
6. Self-improvement of the directors and management development plan.

The Board of Directors' self-assessment is conducted on an annual basis. The result of the previous year self-assessment is satisfactory. The

Board has effectively contributed for their duties. The findings of the assessment were presented and reviewed for continual improvement.

#### **Board Self-Assessment of Sub-Committee**

Annual evaluation of performance of Sub-Committee e.g. Audit Committee was carried out in order to monitor and carry out continual improvement. The assessment result was reported in the Board meeting for their acknowledgement. Based on 2016, the result showed that all performance was highly satisfactory.

#### **Board and Management and Employee Training**

The Company supports and facilitates trainings for members of the Board of Directors, the Management and employees so as to continuously improve their skills, knowledge and working performance. The Company's Board of Directors actively participates in the director trainings arranged by the Thai Institute of Directors Association (IOD). Some foreign directors who do not reside in the Kingdom are sometimes unable to attend the director training sessions as scheduled by the Thai IOD. However, they are provided relevant information by the Management to update themselves. Details of the Board of Directors' trainings are presented in the Annual Report and Form 56-1.

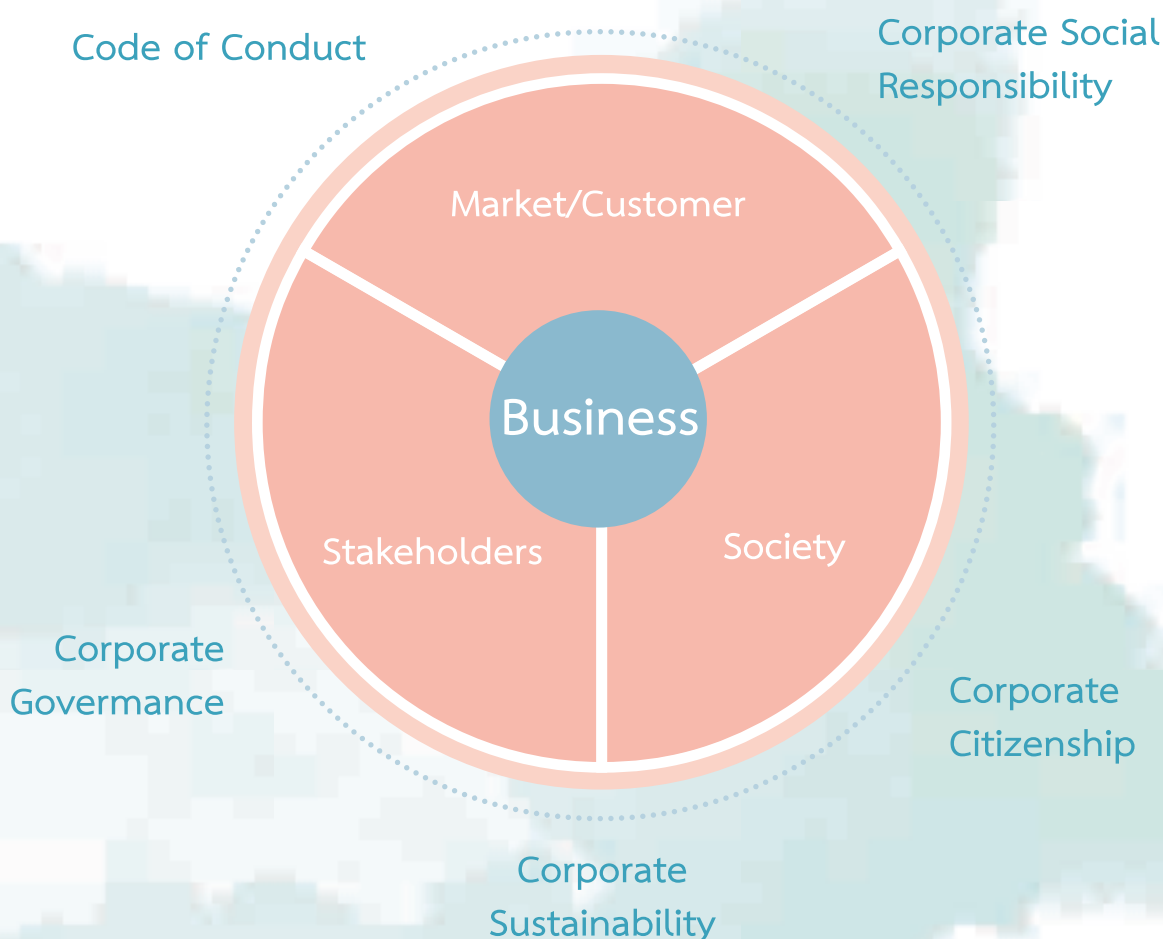
Business Orientation and plant visit are provided to the new directors in order to help them better understand the nature of the business and operations of the Company. Training sessions for directors on pertinent topics are arranged to enhance their performance of their roles and responsibilities.

The Company has introduced a career development planning program to cultivate the potential of its personnel and prepare those showing promise for roles that will serve the future needs of the Company. The career development highlights management positions for which training and development are recommended for each individual, both technical and non-technical programs, so as to enhance and promote learning and transfer of technologies and knowledge, both domestically and abroad.

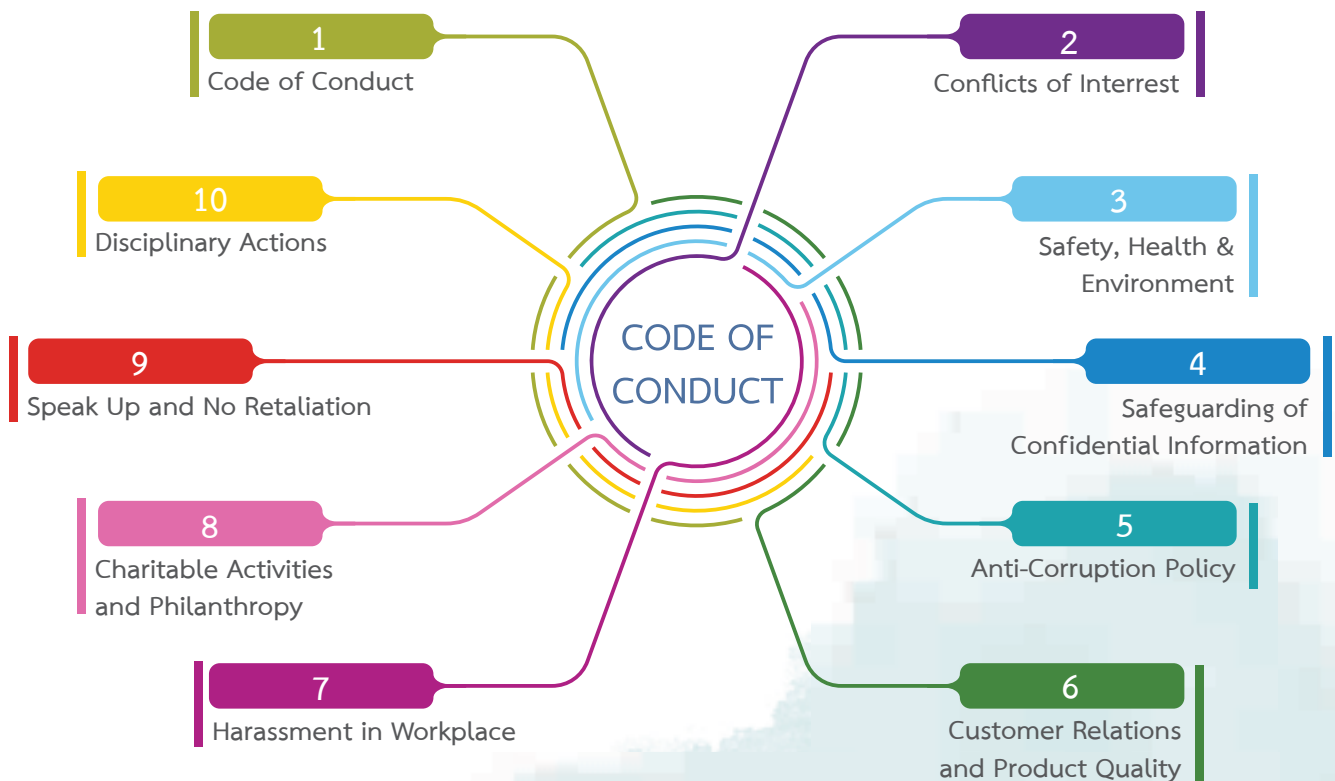
# GUIDELINES ON PREVENTION OF CORRUPTION INVOLVEMENT

Vinythai Public Company Limited (the “Company”), as listed on the Stock Exchange of Thailand, recognizes the importance of good corporate governance and is committed to conduct the business with utmost integrity and in compliance with the laws, rules, regulations, and anti-corruption laws. Its Board of Directors has approved the Anti-Corruption Policy as the guideline in respect to the anti-corruption measures and corruption risks of the Company. The Company condemns and prohibits corruption in any form.

The Company has developed and operated in accordance to the Sustainable Development and Code of Conduct Framework as illustrated in the below picture.



## Policies of the Company



### The Code of Conduct

The Code of Conduct of Vinythai Public Company Limited is developed to comply with laws and regulations applicable to the business of the Company.

The Code of Conduct of the Company comprises of the following topics:

1. Conflicts of Interest
2. Safety, Health & Environment
3. Safeguarding of Confidential Information
4. Anti-Corruption Policy
5. Customer Relations and Product Quality
6. Harassment in Workplace
7. Charitable Activities and Philanthropy
8. Speak Up and No Retaliation
9. Disciplinary Actions

Policy Administrative Procedures:

- Compliance and Enforcement
- Speak Up and No Retaliation

- Training and Awareness
- Designated Compliance Function

(More information of the Code of Conduct is available at website of the Company: [http://www.vinythai.co.th/en/binaries/CG\\_code\\_of\\_conduct\\_handbook\\_TH-190699.pdf](http://www.vinythai.co.th/en/binaries/CG_code_of_conduct_handbook_TH-190699.pdf))

In addition, the Company also developed the Anti-Corruption Policy and Procedures, which include the following contents:

### Anti-Corruption Policy

Corruption means any bribery whether offering, promising, giving, receiving or soliciting of money or another item of value or any other advantage with the intention to influence the behavior of the recipient or improper abuse of power through any gifts or services, cash or in-kind, bribery of public official and private-to-private bribery.

In this Anti-Corruption Policy, public officials shall mean any person in the position of legislative,

executive, or judicial office of the state or any person working on the official duties to the state, its agencies or enterprises whether appointed or elected as temporary or permanent position with or without any remuneration.

The Anti-Corruption Policy prohibits the Board of Directors, management and staff members to act or accept any form of corruption, whether direct or indirect, for the benefits of anybody, including one's self, family, friends or acquaintances. The scope of this policy covers the business of the Company in every country and all relevant parties. The Company also establishes procedures to regularly review the implementation of this Anti-Corruption Policy as well as regularly review the content of the policy and relevant guidelines to ensure that they are in compliance with changes in businesses, relevant rules, and applicable laws and regulations.

(More information of the Anti-Corruption Policy is available at website of the Company: <http://www.vinythai.co.th/th/binaries/Anti-Corruption-Policy-V8-Thai-2016July14-291627.pdf>)

### The Company has taken steps to promote the anti-corruption initiatives as follows.

1. Chairman of the Board of Directors signed the Declaration of Intent to join Thailand's Private Sector Collective Action Coalition Against Corruption on 19 November 2015.

2. The Meeting of the Board of Directors No. 3/2016 dated 14 July 2016 approved the Anti-Corruption Policy for the business interests of the Company.

On recommendation by the Audit Committee, the Board of Directors Meeting No. 5/2016 dated 30 November 2016 approved the Self-Evaluation Form to be used for the Certification by the CAC Council. The Company submitted the Self-Evaluation Form and its supporting documents to CAC Council for consideration and issuance of Certification to the Company on 9 December 2016. The Company anticipates to receive the Anti-Corruption Certificate in 2017.

3. The Company has prepared the guidance on direction and supervision in order to prevent the fraud and risk from corruption in the Anti-Corruption Procedures and relevant Procedures related to charitable contribution, sponsorships, gifts, and hospitalities.

4. The Company has provided training to all employees to raise their awareness of the Code of Conduct and Anti-Corruption Policy of the Company including arrangement of tests after the training, which results were satisfactory.

5. The Company has 4 processes regarding the corruption risk assessment as follows:

Step 1: Preparation to determine the risk parameters in terms of impact and likelihood of occurrences, as well as to determine the level of risk appetite for the Company.

Step 2: Identification of corruption risks, their root causes, and current controls in place.

Step 3: Assessment of the current controls in place and performance of risk analysis to determine the impact and likelihood level of each risk, considering the current controls in place (residual risk analysis).

Step 4: Identification of risk response measures to mitigate the risk to an acceptable level for the cases where the current controls in place are insufficient to prevent fraud risks.

Vinythai assesses and reviews corruption risks annually to identify potential changes in corruption schemes, scenarios and events. The reviews includes considerations of changes in operations, new information systems, changes in job roles and responsibilities, new or evolving industry trends and emerging corruption threats/schemes, amongst others.

6. The Company establishes guidelines for monitoring and evaluating the implementation of the Anti-Corruption Policy by assigning the Internal Audit Department to be responsible for auditing and reviewing business operations for accuracy and compliance with policies, guidelines, delegation of authority, standards and relevant laws and regulations to ensure that the control system is appropriate and adequate for any potential corruption risk. The results of the audit shall be reported to the Audit Committee.



# SPECIAL FEATURE: SUSTAINABILITY THRIVES ON THE KING'S PHILOSOPHY

His Majesty King Bhumibol Adulyadej first mentioned the Sufficiency Economy Philosophy in 1974. From the very beginning, he laid down the foundation for Thailand, initiating various development projects to improve Thais' quality of life. But it was in 1997, the year Thailand was facing a serious economic crisis, that the King's Sufficiency Economy Philosophy was brought up again, attracted a lot of interest from the public and was eventually translated into concrete actions. During the crisis, His Majesty pointed out that Thailand should never jump into unsustainable development. Instead, the country should start strengthening its foundation by ensuring people in general to be self-reliant and live relatively well. The King explained that whenever the solid foundation was in place, the country could start building up and prosperity one attained would not collapse in the end. After the crisis, it clearly proves that his Sufficiency Economy Philosophy is truly applicable to not just national development but also people's lives at all levels. It serves to remind Thais of how to live happily and to not get carried away by the raging tide of globalization-driven changes.

The Sufficiency Economy Philosophy has three pillars: 1) Moderation that will prevent people from exploiting themselves, their society and their environment; 2) Reasonableness; and 3) Self-immunity. These three pillars also need knowledge and virtue as guidance. The three main sources of knowledge are: 1) Local wisdom; 2) the King's



guidance such as knowledge from royal guidance and the Sufficiency Economy Philosophy; and 3) New pieces of knowledge from researches and international studies. Sustainable development will thrive when the country has all these pillars plus virtuous leaders.

The Royal Chitralada Projects, initiated by His Majesty King Bhumibol Adulyadej, are clear examples of how moderation and in-depth researches are used to pursue sustainable development. Established in 1961, the projects spanned a vast part of the King's Chitralada Villa. His Majesty had reserved ample areas for his agricultural experiments to explore solutions to Thai farmers' grievances.

It can be said that the Royal Chitralada Projects are the model of “Sufficiency Economy Philosophy-based” royal works as they have accorded much importance to the sustainable improvement of Thai farmers’ quality of life by promoting their self-reliance and natural-resource conservation. At the projects’ site, the King sowed rice seeds in his experimental paddy fields paving way for rice-strain development. His efforts have successfully provided many royally-granted rice varieties that suit Thai weather and geographical conditions. With better rice varieties, Thai farmers have enjoyed greater yield. Also included in the Royal Chitralada Projects are experimental forestation zones, which include rare or nearly extinct plants for conservation purposes, Nil fish (*Tilapia Nilotica*) farm, dairy farm, rice-mill prototype, silo, and more.

As parts of the Royal Chitralada Projects, researches on processing local agricultural produce have also been conducted for the purposes of lessening imports from abroad and maximizing the usage of agricultural waste via fast, efficient and cost-saving methods. All steps of carrying out researches are scientifically based with data recorded, compiled and analyzed. Findings can then be applied in local context across Thailand.

Nowadays, the Royal Chitralada Projects can be divided into two parts: non-profit projects and semi-commercial projects, both of which cover many experimental factories such as Chitralada Milk Factory; the Suan Dusit Milk Powder Factory; the Suan Dusit Milk Tablet Factory; the Pasteurized Juice Factory; the Dried Fruit Factory; the Suan Chitralada Cheese Factory; the Mushroom Farm; the Spirulina Farm; the Honey Factory; the Canned Product Plant; the Chaff Crushing Plant; the Fuel-Product Experimental Unit; the Gasohol Project; the Biodiesel Project, and many more.

Since the inception of the Royal Chitralada Projects funded by His Majesty’s own private purse, the operations of the projects have later

generated income and received donations and contributions from various parties. At present, the Royal Chitralada Projects are the only units in the government sector that have financial independence and do not receive any subsidy from the government. Each factory of the Royal Chitralada Projects has taken care of its own budget and expenses. Their operations obviously reflect not only their sustainable self-reliance principle but also the boundless benevolence of the King.

To people, their “home” is made of love and care. It is the place whereby they feel safe and relaxed. To His Majesty King Bhumibol Adulyadej, his Chitralada Villa is like a home. But he has made it even more meaningful by developing it as a base for his experiments and researches and as a model of development. Knowledge from his home can be applied to better the homes of all Thais - whom he regarded as his children - so that everyone can live happily on Thai soil.

In essence, the Sufficiency Economy Philosophy advises people to embrace moderation and improve themselves. After they are strong enough, they can then contribute to the society and help their country achieve sustainability.

**Sources:** the Chaipattana Foundation’s website [www.chaipat.or.th](http://www.chaipat.or.th), and the Royal Chitralada Villa’s website [www.kanchanapisek.or.th/kp1](http://www.kanchanapisek.or.th/kp1).





# INTERNAL CONTROL AND RISK MANAGEMENT

The Company's Board of Directors places an importance of the effectiveness and adequacy of the internal control system. The Audit Committee has been assigned by the Board of Directors to review and evaluate adequacy and appropriateness of the internal control to cope with changing business environment while taking into consideration the risk management as well as to maintain accuracy and transparency in operations.

The Audit Committee presented its semi-annual report to the Board of Directors in the Board Meeting No.3/2016 held on 14 July 2016, and year-end report of 2016 to the Board Meeting No.1/2017 held on 22 February 2017 which included the evaluation of the internal control of the Company in compliance with the internal control evaluation form outlined by the SEC based on COSO Framework. After consideration, the Board of Directors has the same view as the Audit Committee that overall internal control system is present and functioning, remains satisfactory, adequate and appropriate for the Company's business operations. Current risk management is adequate to safeguard the shareholders' investment, the interests of customers, regulators, stakeholders, and the Company's assets. The review has not identified any circumstances which suggest any fundamental deficiencies in the Company's internal control system, which can be summarized that

## 1) Control Environment

- Policy on Corporate Governance, Anti-Corruption, business ethics and code of conduct practices for director, management and employees have been defined and approved by the Board as well as communicated to employees at all level. Under the Policy of Corporate Governance, designated compliance function is assigned to oversee the deployment of the code of conduct and the accompanying compliance program, as well as to monitor the effectiveness of the implementation. The Company takes all steps to ensure full compliance with ethical principles and that appropriate penalties are imposed in the event of any violation. Implementation on good corporate governance practices has been continually carried out to further improvement. Realizing the importance of anti-corruption compliance while encouraging its employees to be aware of corruption in all forms, in 2016, training sessions for employees at all levels have been conducted in order to raise the employees' awareness towards their responsibilities and commitment to the Company's anti-corruption policy and measures.

- The Board of Directors provides governance and oversight to the management. The Board of Directors supervises the Company to set clear and measurable annual business goals and strategic plans, as well as to monitor KPIs set by the management, which are used as guideline and benchmarks to ensure achievement of the objectives. The Board has responsibility for ensuring that an adequate system of internal control is established and maintained. The management takes step to develop appropriate internal control system and monitor the effectiveness of the internal control. All employees are accountable for their internal control activities and maintain effective internal control system.

- According to the Company's structure, delegation of authorities has been clearly defined by the Board of Directors, especially for significant matters, to ensure transparency and accountability. Explicit approval procedures for operations, the roles and responsibilities of management and operation in each level, including reporting lines, have been clearly stated in writing and reviewed upon changes to ensure sufficient control. Appropriate resources are regularly reviewed and adjusted to ensure that the duty performance process especially involving high risks are justifiable. Performance measures are formulated and applied to employees at all levels. Trainings are continuously provided to employees to enhance their competency.

## 2) Risk Assessment

- The Company's risk management system is integrated into the review of corporate strategic plan which is annually presented to the Board of Directors for consideration. The Board of Directors assigned the Business Advisory Committee to prescribe policies and suggest measures for the appropriate and efficient management of risks associated with the business of the Company, to evaluate the performance and to review risk profiles of the Company as to ensure that the risks are not higher than determined risk tolerance. The review by the Audit Committee is to ensure that the risk management systems and measures of the Company are appropriate.

- Under current Risk Management Policy and the Risk Management System which are steered by top level executives, all risk management members are responsible for management and mitigation of the potential corporate risks identified both from internal factors and external factors that could affect the achievement of the Company's objectives in the changing business environment, by taking into consideration, risks to objectives related to operation, compliance, external financial and non-financial reporting. The Company has implemented an Enterprise Wide Risk Management framework (ERM) which has been also revamped to strengthen the risk identification and assessment of the risks relating to objectives. On-going monitoring of high risks are monitored and assessed to ensure effective mitigation measures. According to the policy, employees are required to integrate the risk management into normal management processes including when implementing any projects. All managers with support of their subordinates are expected to maintain an up-to-date risk list or equivalent approaches to provide assurance that the risk management system is being followed. Reporting on key risks and status of controls shall be incorporated in management reports.

- The management is also well aware of operation risk related to fraud, thus measures for preventing and detecting potential fraud are implemented through effective control procedures, segregation of duties, explicit delegation of authorities and control over information system and accessibility. In addition, to emphasize the anti-corruption program implemented by the Company, in 2016, the management also developed the fraud risk assessment to determine and identified the extent of the corruption risk to the business in order to ensure that the Company has adequate measurement to prevent fraud to the Company's business operations.

## 3) Control Activities

- Policies, business process manuals, and procedures related to procurement, finance and credit management, contracts and loan agreement have been formulated to ensure management directives are carried out. Such policies and procedures are regularly reviewed to be appropriate for business operations. Delegation of power and transaction authority with line of approval has been defined in writing and regularly reviewed with approval by the Board of Directors, which covers delegation of power granted to the management to act as Directors in its subsidiaries. Extending from the management



down to the operational level, roles and responsibilities at each level have been defined, in writing, to demonstrate clear authority and duties of all employees. For the sake of maintaining good control, the Company separates the function of authorization of the transactions from that of book recording and safeguarding of assets. All relevant parties are given a framework, within which they can control utilization of the Company's assets, while the duties of operational staff and inspectors are kept separate. Additionally, a financial control system has been introduced, via the implementation of a financial reporting process for the various levels of management.

- Regarding connected transaction, Directors and the management are well aware of and comply with the regulations governing the connected transactions. Significant related transactions had been reviewed by the Audit Committee, covering criteria, procedures and information to ensure the transparency and the best interest of the Company. Directors or management having interests in the related transaction were not involved in decisions and approval process. The Company Secretary is responsible to keep report on interest filed by a director or executive of the Company.

- The financial reporting and all connected transactions are correct, complete with adequate disclosures to meet the generally accepted accounting principles and in conformity with the Securities and Exchange Acts, Regulations of the Stock Exchange of Thailand, and any other relevant laws.

- The Company selects and develops control activities over technology to ensure accuracy and transparency of the operations. Access to confidential information, significant data, or critical application is limited to authorized persons. Rules and regulations have been established to ensure security of the Company's information system. In addition, procedure of business continuity plan which extended to supply chain logistics was established to ensure company operation, products to customers and information system continuously in operation from any kind of failure.

- The Company always monitors legal compliance relevant to business operation of the Company and its subsidiaries, both locally and internationally.

#### 4) Information and Communication

- The management obtains or generates and uses relevant and quality information from internal and external sources. Meeting materials prepared for the decision of the Board of Directors are adequate and submitted to the directors in advance. Meeting minutes are recorded and kept for reference. Transactions and accounting records are completely filed. The financial reporting has been prepared in compliance with the generally accepted accounting principles in Thailand and other appropriate and consistent accounting policies. The Company has disclosed all important information both financial and non-financial to the SEC, the SET, and relevant regulators in a proper and transparent manner.

- The Company has implemented systematic data processing and enhanced information quality through a data governance program, as well as, identified, protected, and retained financial data and information with access and application control.

- Several internal communication channels have been set up to deliver important information to employees, such as e-newsletter, intranet, etc. The management also organized Town Hall meetings to facilitate communication from senior managements to employees at all level in order to update business information and progress, the Company's visions and objectives to the employees.

- The Company has set up communication channel for stakeholders to voice their concern about any crucial case related to the Company's operations or unethical practices via the Audit Committee at the Company's website. The Company's website also includes details of personnel responsible for each area so that investors, customers, local communities and other stakeholders can communicate

recommendations and make enquiries from the Company via the Company's website. Furthermore, the Company encourages employees to ask questions, voice concerns and make appropriate suggestions regarding the business practices of the Company. Employees are expected to report promptly to management suspected violations of laws, policies, and internal controls. Alternative channels of communication on such concern are provided for employees. According to the Company's Code of Conduct, the rights of any person who communicates such concern shall be protected.

## 5) Monitoring Activities

- The Company has a monitoring process at both operational and management levels. The Board of Directors assigned the Business Advisory Committee to assist the Board in monitoring the performance indicators and business goals compared to the approved targets. The Management Team holds monthly meeting to discuss and follow-up significant issues related to business performance, resources planning, employee development plan, as well as to monitor the risk mitigation measures as defined. In case there is a major issue with possible impact to the Company, the management will review the situation and propose actions to the Board of Directors. Each operational unit has implemented their ongoing monitoring process to ensure their works are aligned with and achieved the business targets of the Company, with consideration of risk assessment. Control Self-Assessment approach has been initiated as to foster an awareness of risk and controls among management and staff as well as to enhance each area owner's responsibility and accountability for risk and controls. In 2016, the control self-assessment was conducted on procurement activities to identify and manage areas of risk exposures to ensure the effectiveness of the controls in place.

- The Company has also established internal audit department to review the control system and monitor plans to ensure an effectiveness and adequacy of the internal control. Audit findings are reported to the Audit Committee meetings whereby the Audit Committee reviewed and provided recommendations for improvement. The Audit Committee also reviewed audit reports and internal control report performed by the main shareholder's auditors, whereby the auditors found that over control environment of the Company and its subsidiaries remains satisfactory. As assigned by the Board of Directors, the Audit Committee shall review the overall management of the Company's corporate governance practices. In 2016, the audit reports did not find significant deficiency in the internal control system. No violations of the SEC and the SET regulations or other related laws were found.

### Head of Internal Audit

The Company has appointed Dr. Supachat Chairatanathavorn as Internal Audit Department Manager and in charge of Secretary to the Audit Committee. The Audit Committee recognized that Dr. Supachat Chairatanathavorn has competency to perform the duty in leading the internal audit unit. He has continuously participated in relevant trainings to update knowledge and expertise. With his in-depth experiences in various aspects and qualifications, Dr. Supachat has extensively supported the Company for business performance improvement.

According to the Audit Committee Charter, the Audit Committee approves the appointment, transfer, and dismissal of the chief of an internal audit unit, or any other unit in charge of an internal audit, including expressing an opinion on qualifications and performance of the chief of an internal audit unit.

# RISK ISSUES AND MITIGATION

## Risk Management

The Company realizes that with rapid change in business and industrial environment, the Company requires an appropriate tool in managing performance and sustainability of the business in short and long terms, Enterprise risk management is then placed as one of the key business activities.

Risk management is under supervision of the Board of Directors through the Business Advisory Committee and the Audit Committee reviews potential risk and their mitigations. In addition, Management-level committee has been set up to assess, manage and timely monitor risk exposures and mitigation measures to ensure that risk impacts can be prevented and mitigated at an acceptable level for business operations.

Risk Management Committee at the Management level (RMC) comprises the Managing Director, Business Director, Operation Director, Vice President Finance & Accounting, Plant Manager, Vice President Corporate Affairs & Communications, Business Managers for each product line, including Senior Strategic Marketing and Business Development, Assistant Vice President Supply Chain, HR and Administration Department Manager, and Business Performance Improvement Department Manager. Risk management policy and framework are defined and aligned with the Company's strategy and vision. The Committee actively develops risk management processes covering all identified & potential risks that pertain to its businesses, with each process closely linked to corporate strategy and opportunities for growth. All RMC members are responsible for management and mitigation of the risks that could potentially affect achievement of the Company's strategic goals.

Like all petrochemical industrial concerns, the Company faces a variety of risks which may be broadly classified into five types: industrial risks, financial risks, project risks, operational risks, and megatrend & green movement risks.

## Risk Issues and Mitigation

### 1. Industrial Risks

#### 1.1 Fluctuation of Product and Raw Material Prices in International Markets

- **Finished Goods**

Prices of PVC resin, Caustic Soda and Epichlorohydrin on international markets can fluctuate considerably. As such, Vinythai's revenues from both exports and domestic sales may rise or fall sharply, often due to circumstances beyond its control.

- **Raw Materials**

Vinythai is vulnerable to international fluctuations

in the price of Ethylene and Glycerin, which are its pivotal inputs, alongside with Salt and Electricity. Ethylene and Glycerin respectively accounted for around 50% of the Company's total production costs in 2016.

*Mitigation:*

*Concerning fluctuations in its end product prices, Vinythai's marketing & sales teams closely monitor price evolution in order to proactively make adjustments to prevailing conditions. The Company's fully-integrated production processes help, to some extent, to shield it from Ethylene and Glycerin price*

volatility. To further reduce the impact of those cost factors, the Company negotiates with suppliers to ensure effective pricing management that best reflects Asian market conditions.

The Excellence programs launched since 2015 on manufacturing and maintenance sites, purchasing & supply chain, and marketing & sales already generated significant results in 2016 and largely enhance the Company business performances in term of the fixed & variable costs, productivity and price management.

## 1.2 Reliance on a Limited Number of Suppliers

Vinythai's integrated Vinyls production process is dependent upon Ethylene, Electricity and Salt as its principal raw materials. The Company has entered into agreements with individual suppliers accordingly. In the cases of Ethylene and Salt, in particular, the number of suppliers is limited. As such, Vinythai faces the risk of a key raw material shortage should any of its suppliers suddenly be unable to fulfill its commitment.

### Mitigation:

The Company has entered into long-term contracts with each of its suppliers to ensure that it is able to secure supplies continuously. It is also able to negotiate extensions to these agreements as they expire. In the event of short-term supply problems, the Company will source Ethylene from other suppliers, either local or from overseas. In the case of salt, the Company could import Ethylene Dichloride (EDC) as a substitute raw material for production.

## 1.3 Reliance on a Single Business Sector

In 2016, over 40% of all PVC resin demand in Thailand came from the pipe and fitting sector, with consumption being closely aligned with the construction industry and government-initiated public infrastructure projects.

### Mitigation:

Vinythai has adopted a policy of diversification that focuses on expanding into different sectors, such as rigid profiles, films and sheets, wires & cables,

and artificial leather. The Company also endeavors to penetrate new export markets and diversify its exposure within existing export markets.

Additionally, the diversification into Epichlorohydrin production using "green technology", reduced its sole reliance on, and sensitivity to, the PVC market. Epichlorohydrin is an essential feedstock for production of epoxy resins and is increasingly used in such applications as corrosion protection coatings as well as in the electronics, automotive, aerospace, and windmill power-generating industries.

## 2. Financial Risks

### 2.1 Repayment Risk

- In 2010, the Company entered into a THB 4,500 million Long-Term Loan Agreement with local banks to finance the Epichlorohydrin production project in Thailand of its subsidiary, Advanced Biochemical (Thailand) Company Limited, which started commercial operation in Q1 2012. This loan was fully drawn down in mid of 2013.

The THB Long-Term Loan has a term of 10 years with a grace period of 3 years. The repayment schedule identifies fourteen equal, semi-annual installments, commencing 30 June 2013, with the final installment due December 2019. The Company is obligated to pay interest on its borrowings under the loan on a quarterly basis. The Company is also obligated to maintain certain financial ratios with respect to the loan.

The Company has prepayment in 2014, 2015, and 2016 amount THB 650 Million, THB 1,000 Million and THB 1,047.10 Million consequently. At the end of 2016, the Company had no loan outstanding balance, after repayments and prepayment.

- In 2013, the Company entered into 2 RMB Long-Term Loan agreements totaling RMB 420 million with commercial banks in Thailand to finance the Epichlorohydrin production project in China of its subsidiary, Solvay Biochemicals (Taixing) Company Limited. At 2014 end, a RMB Long-Term Loan agreement was drawn 180 Million.

The RMB Long-Term Loans have their term of 7 years with their grace period of 3 years. The principal



repayments are set for semi-annual installments, commencing 1 August 2016, with the final installment due 1 August 2020. The Company is obligated to pay interest on its borrowings under the loans on a quarterly basis. The Company is also obligated to maintain certain financial ratios with respect to the loan.

Due to the Company has decided to suspend the Project in China, so the Company didn't withdraw another RMB Long-Term Loans amount RMB 240 million, and prepayment the RMB Long-Term Loans RMB 180 million, amount 40 million, and shorten the repayment schedule to be 1 August 2017. The loan's recorded outstanding as at 2016 is RMB 120 million, after prepayment and repayment.

Mitigation:

*The Company closely monitors its performances, including all its projects. Moreover, the Company adopts a conservative treasury policy and liquidity management while targeting a reasonable, low-level debt-to-equity ratio. The Company is not reluctant to utilize its cash generation for loan prepayment. As such, the Company is confident that it is unlikely to encounter any debt repayment or liquidity inadequacy problems.*

## 2.2 Interest Rate Risk

In view of current uncertainty surrounding economic conditions and financial market liquidity, the Company is exposed to interest rate volatility as the Company is engaged with a floating THB loan and floating RMB loans.

Mitigation:

*For a floating THB loan, the Company closely monitors movements on its deposit accounts with financial institutions and on its Long Term Loans in response to financial market conditions and responds appropriately. According to conditions at any given time, the Company may, as it deems necessary, enter into financial hedging arrangements in order to manage associated risks.*

*For a floating RMB loan, the Company has entered into a Cross Currency SWAP to fix the interest rate and to shorten the maturity date of Cross*

*Currency SWAP to be 1 August 2017 in accordance with the shortening of the loan repayment schedule.*

## 2.3 Foreign Exchange Rate Risk

The Company and Advanced Biochemical (Thailand) Company Limited, its affiliate, are exposed to exchange rate volatility on their revenues from both domestic and export sales, all of which are mainly priced in US dollars. The Company is also exposed to risk on payments to its main feedstock, as they are priced in US dollars. The Company's other raw materials, machinery and equipment maintenance are also all denominated in foreign currencies, notably US dollars, Euro, Japanese yen.

Regarding the Company's long term loan in RMB currency to support the investment in an Epichlorohydrin plant in China via its holding company in Singapore, Vinythai Holding PTE, the Company is exposed to RMB foreign exchange movements against other currencies, especially THB.

Mitigation:

*Vinythai closely monitors foreign exchange rate movements as part of its day-to-day operations. The Company both manages its foreign exchange rate risk exposure with natural hedges and carefully applies available financial hedging tools, including forward contracts and others as necessary, so as to minimize its foreign exchange rate risk exposure at any given time.*

*To mitigate foreign exchange risk exposure associated with its Epichlorohydrin project in China, the Company has entered into a Cross Currency Swap from RMB to THB, and has shortened its repayment schedule in order to mitigate Exchange Rate risk of long term loan in RMB currency.*

## 2.4 Liquidity Risk

Due to uncertain market conditions ensuing from precarious US and EU conditions, liquidity risk has become another major concern for all businesses. Moreover, the risk is intensified for businesses with multiple operations. The Company considers this to be another important risk exposure that can potentially push its costs higher.

Mitigation:

*The Company closely monitors financial market liquidity via its day-to-day banking operations. Its policy is to work with a variety of banks (US, European, Japanese, Chinese and Thai). By spreading its funding sources to include a wide selection of short- and long-term alternatives, the Company mitigates its risk exposure to potential liquidity constraints. The Company also stresses efficient working capital management to ensure consistently smooth liquidity.*

### 3. Project Risk

The Company had invested in its subsidiary, Solvay Biochemicals (Taixing) Limited which is registered in the People's Republic of China. The Company held 100% of the ordinary shares of its subsidiary via Vinythai Holding Pte. Ltd. amounting to RMB 286 million. To finance this investment project, the Company has entered into a loan agreement with a local bank and the amount of RMB 140 million has been drawn down.

Currently the project is put on hold for some period due to the volatility of Epichlorohydrin pricing and supply in China that could increase the risk on the repayment of such intercompany loan to the Company.

Mitigation:

*The Company has closely monitored the market trend of the People's Republic of China in order to swiftly react to the market conditions. In the meantime, the impairment provision for this intercompany loan has been recognized in the Company's financial statement to reflect its fair value.*

## 4. Operation Risks

### 4.1 Plant Operation Risk

Certain unexpected occurrences, both internal and external, could potentially disrupt the Company's plant operations. Accidents, insufficient or undeliverable utilities, machinery failures, and operational failures such as to feedstock supply, as well as customer-related issues, can lead to interruptions to production, with

significant potential impact on the Company's financial performance.

Mitigation:

*The Company has developed the safety excellence program framework and performed exercises designed to avert business emergencies and accidents, or at least minimize their impacts and losses, while also safeguarding personnel and the environment. The Company has also established preventive and predictive maintenance procedures to minimize machinery risks, including drawing up specific machinery maintenance procedures and composing manuals showing how to minimize errors, accidents and disruptions. Safety trainings are provided to whole employees and contractors, such as HSE culture and management system, transport & process safety, and the life-saving rules. Moreover, the Company has an insurance policy to compensate for and minimize potential financial losses resulting from such occurrences.*

### 4.2 Supply Chain Risk

*Nowadays customers carefully follow their cost structure, especially on their inventory and its management for raw materials/finished goods. Some applies on "zero inventory" policy.*

Therefore as suppliers Vinythai has to ensure that all potential risks related to supply chain such as threats from terrorism, piracy, and fraud, or disturbances caused by natural disasters; are treated and managed properly.

Mitigation:

*The Company implemented according to a framework of ISO 28000 - security management systems for the supply chain. The relevant team has been nominated to assess all potential risks and implement necessary measures to prevent those risks and threats from adversely affecting the customer businesses.*

*As a result this increases the Company's ability to effectively implement supply chain mechanisms that address security vulnerabilities at operational levels, as well as to establish preventive actions.*

### 4.3 Internal Control and Fraud Risk

Some business activities and transactions, such as goods purchasing, stock management, contacts with external parties, are one of the key business processes that could lead to inefficient management.

#### Mitigation:

The Company yearly assesses internal control system. By 2016, the management, with support of external experts, performed the relevant risk assessment over several business activities including the reassessment of current internal control system. Workshops have been provided to the operators and managers in order to insure good internal controls and optimum job performance according to clear operation guidelines.

Additionally, the Company applied the framework of the Private Sector Collective Action Coalition Against Corruption (CAC).

## 5. Megatrend - Green Movement Risks

### 5.1. Greenhouse Gas Emission

Greenhouse gases could trap heat and make the planet warmer. The largest sources of greenhouse gas emissions are from burning fossil fuels for electricity, heat, and transportation. Nevertheless other sources would be from industry, commercial & residential, agriculture, and land use & forestry.

Holding a world-scale manufacturing plant, the Company realizes that it is one of the emission sources, and it should be a part of the solutions. Necessary actions taken would help the Company not only in term of emission reduction, but also in term of natural preservation.

#### Mitigation

Vinythai participates and implements several measures to reduce emissions and to target the development of products that contribute to emission reductions. Those measures are taken with clear objectives in short term and long term, being aligned with our strategic targets relating to energy saving.

For examples, in Production & Support Processes, the managers roll out the following continuous improvement programs:

- 3Rs For All - Reduce, Reuse, and Recycle
- energy saving: by support from energy saving experts (Solwatt), energy saving committee,
- production: carbon footprint reduction, manufacturing excellence program,
- supply chain excellence program,
- support functions: carbon reduction label for buildings (Laboratory building at plant), Green meeting.

Those programs led the Company to receive many recognition awards over the past few years.

### 5.2 Sustainable Product Portfolio Management

Vinythai sees sustainability as crucial aspect of its strategy; the management of its product application portfolio is one of the areas where the Company puts efforts to enhance its sustainability. Without a properly managed product application portfolio, the Company takes the risk of significant impacts on its business performances in a long run.

#### Mitigation

The Company has adopted a tool, named "Sustainable Portfolio Management (SPM)" since 2011. Through this tool, developed by its main shareholder, the Company assesses the sustainability of its product applications into two dimensions: 1 - environmental impact of manufacturing, and 2 - degree to which the product in that application be in line with the consumers' long-term expectations. From this, it allows the Company to better understand the market trends and to position its developments & investments on the right strategic track.

Nowadays more than 90% of the product portfolio has been assessed and the Company also extended this assessment to all important R&D projects.

# AUDIT COMMITTEE'S REPORT FOR 2016

The Company's Audit Committee as appointed by the Board of Directors comprises three Independent Directors, leading by Mr. Pipop Pruecksamars as Chairman, with Mr. Pote Videtyontrakich and Associate Professor Danuja Kunpanitchakit, Ph.D. as members. All of the Audit Committee members have knowledge, expertise and experiences in various areas such as finance and investment, accounting, technical and petrochemical business. The Audit Committee's qualifications and composition meet all standards as defined by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

The Audit Committee has independently performed its duties in conformity with the Audit Committee Charter which fully aligned with the requirements of the Stock Exchange of Thailand, and the mission entrusted to it by the Board of Directors. The Audit Committee also emphasized on adherence to good corporate governance and compliance with laws and regulations in relation to the business operations of the Company and its subsidiaries.

**Major activities carried out by the Audit Committee during 2016 are summarized as follows:**

- **Meetings**

In 2016, the Audit Committee held totally five meetings: four ordinary meetings and one non-management meeting with the external auditor. Meeting attendance of each committee member was disclosed in the Annual Report 2016, under Corporate Governance. The management and external auditor were invited to attend the meeting to discuss various issues of concern. The Audit Committee held a non-management meeting once a year with the external auditor without the presence of the Company's management in order to freely discuss issues concerning the preparation of the financial statements, disclosure of information, internal control and management's cooperation, as well as to review other special items so as to obtain sufficient clarifications from the external auditor. The external auditor did not find significant issues which could impact the financial statements. The management provided full support and information as required by the external auditor to perform its duties.

- **Review of Quarterly and Annual Financial Statements**

Reviewed the financial statements of the Company as well as the consolidated financial statements for the Company and its subsidiaries for ended 2015 and 2016 quarterly reports, in collaboration with the external auditor and management, prior to submission to the Stock Exchange of Thailand and the public. The review covered significant accounting, reporting issues and their impact on the financial statements, including review of compliance with accounting standards, selection of the accounting policies, as well as proper disclosure of financial statements. The Audit Committee expressed its observations, provided recommendations and obtained clarification from the external auditor and the management to ensure that the financial statements were credible, complete in compliance with the generally accepted accounting



principles, and contained adequate information and timely disclosure. The financial information was complete, correct and reliable in compliance with the generally accepted accounting principles and requirements of relevant laws and regulations.

In addition, according to the new requirement of the accounting standards, the Audit Committee acknowledged the new auditor's report. The Audit Committee also discussed Key Audit Matters with the external auditor and the management.

#### • Connected Transaction Review

Reviewed the disclosure of connected transactions and potential conflicts of interest to ensure that the Company has conducted its affairs in full compliance with relevant rules and regulations. Based on the review of commercial transactions undertaken in the normal course of business, no unusual transactions considered material were found.

#### • Internal Control and Risk Management Review

Advised and monitored the adequacy, appropriateness and effectiveness of the Company's internal control systems and risk management in place

Assessed the internal control in accordance with the SEC's internal control checklist form, whereby the Audit Committee found that the internal control system remains satisfactory, adequate and appropriate for the Company's business operations.

In addition, internal control test was conducted annually by Solvay Group's auditors to ensure an efficiency of internal processes particularly those contributing to the protection of its assets and reliability of financial information.

Reviewed the progress status of internal control self-assessment of procurement process as well as the implementation of areas for improvement.

Encouraged the management to focus on promoting all employees' roles and responsibilities through internal control self-assessment.

#### • Internal Audit Review

Reviewed the internal audit reports of the Company's operations and internal auditing processes, including planning, reporting and following up on implementation of the internal auditor's recommendations for improving operational effectiveness and efficiency. Based on its review, the Audit Committee concluded that the Company's internal auditing has been carried out adequately, properly and effectively. All outstanding issues from previous audit reports had been satisfactorily resolved.

Reviewed the annual audit report conducted by internal auditors of Solvay group, of which the audit was extended to its subsidiaries. The auditors concluded that overall control of the Company and its subsidiaries are at satisfactory level.



#### • Corporate Governance Review

Reviewed overall management of corporate governance in line with regulations and recommendations of the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission and the Thai Institute of Directors (IOD). Resulting from continually conforming to the good corporate governance principles, in 2016, the Company has been assessed and received the Very Good level of corporate governance recognition from the SET, the SEC and the Thai IOD. In addition, a scoring result of AGM assessment by the Thai Investors Association was ranked in “Excellent”.

Reviewed reports, submitting via the Company’s website, from stakeholders communicating critical issues and complaints regarding accounting, deficient internal control or unethical behaviors. In 2016, there has been no report of such finding through the Audit Committee.

Reviewed the Company’s self-evaluation for countering bribery prior to Board consideration.

Reviewed the Audit Committee Charter to ensure that the scope of duty and responsibility is in compliance with the requirement of the Stock Exchange of Thailand.

Continued to perform self-assessment of the Audit Committee’s overall performance to evaluate its general effectiveness. Based on 2016 self-assessment, which was assessed by all committee members, the result showed that all performance was highly satisfactory, similar to the previous years.

#### • External Auditor and Audit Fee Review

Evaluated and selected KPMG Phoomchai Audit Ltd. to be the auditor of the Company and its subsidiaries based on the auditor knowledge, expertise, engagement and reasonable audit fee. Consequently, the Audit Committee recommended to the Board of Directors to seek the approval of the shareholders’ meeting to appoint Mr. Waiyawat Kosamarnchaiyakit, or Ms. Sureerat Thongarunsang, or Ms. Pornthip Rimdusit, as the Company’s auditor, and determined the auditor’s remuneration for 2016.

Upon consideration of the above issues, the Company’s Audit Committee is of the opinion that the Company’s financial statements were prepared in accordance with generally accepted accounting principles and adequate disclosure of connected transactions and that the Company conducted its business in compliance with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand and related laws. It is further deemed that the internal audit functions, internal control systems, and suitable risk management are effective in ensuring that the Company’s financial information is complete, correct and reliable with sufficient disclosure.



(Mr. Pipop Pruecksamars)  
Chairman of the Audit Committee

# CORPORATE SOCIAL RESPONSIBILITY

## Sustainable Development - A Progress

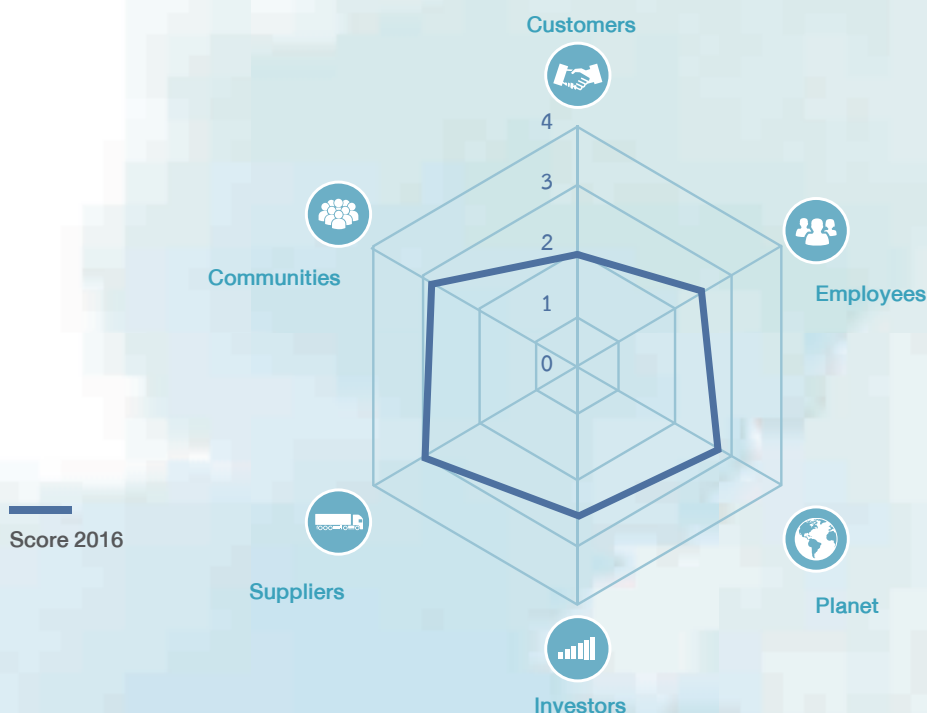
Vinythai Plc has made sustainable development, one of its core business strategies. In this connection, the Company follows guidelines established by its partner, Solvay, addressing economic, societal and environmental aspects of sustainability. At the same time, the strategy integrates the interests of six major stakeholder categories: Customers, Employees, the Planet, Investors, Suppliers, and Community. The main idea is to support business growth while providing solutions to stakeholders, not least by acting with social responsibility and minimizing environmental impacts.

Sustainable development targets for 2015 - 2016 focused on five main issues:

- Reducing the Lost Time Accidents Rate (LTAR) and Medical Treatment Accident Rate (MTAR).
- Raising the Employee Engagement Index.
- Reducing CO<sub>2</sub> emissions.
- Increasing product and service sustainability.
- Operating and participating in social support activities.

In 2016, the Company conducted a Sustainable Development Self-Evaluation covering its six stakeholders which revealed a significant 22% improvement over 2015.

## Sustainable Development Self-Evaluation 2016 Findings



Note: Level 1 = Launch, Level 2 = Deployment, Level 3 = Maturity, Level 4 = Performance

The Company will use the self-evaluation to develop short- and long-term plans to improve performance in relation to each stakeholder category.

## The Board of Directors' Engagement in Corporate Social Responsibility Practices

The Vinythai Plc Board of Directors' engagement in CSR practices exists at the policy and management levels. The Board of Directors analyzes the previous years' operations and gives suggestions on needed improvements.

One aspect of Vinythai's CSR practices that received close attention from the Board in 2016 is anti-corruption efforts. The Chairman of the Board of Directors signed the Declaration of Intent, In View of Establishing Thailand's Private Sector Collective Action Coalition against Corruption (CAC), coordinated by the Thai Institute of Directors (IOD). This significant move emphatically endorses Vinythai's willingness and commitment to strong ethical behavior in all its activities.

The Board of Directors' engagement in this process greatly contributes to the accomplishment of the sustainability goals set by the Company which are prioritized according to its economic, environmental and social responsibilities.

## Integrated Management System Policy

Vinythai Group aims to be a sustainable development reference point. As such, the Company applies management system excellence practices and adheres to the following key principles:

- To make safety the first priority wherever and whenever employees and contractors are working while always striving for improvement and achievement of the Company's ongoing zero accident target.
- To integrate health and environmental principles into its daily activities by continually-reducing the key impacts of its businesses, including energy consumption, natural resources & resources consumption, emission reduction, and product life-cycle perspectives.
- To comply with all applicable legal requirements, business code of conduct and other rules to which the Group subscribes internally and externally.
- To commit to continual improvement, taking a risk-based approach adhering to preventive principles and best practices via established management tools and processes, including innovations & suggestions, knowledge management, excellence programs, and a sustainable development program.
- To enhance employee engagement and foster teamwork practices in order to nurture and maintain a happy work place.
- To enhance and deliver satisfaction to the Group's key stakeholders - customers, suppliers, external providers, communities and investors.



(Mr. Bruno van der Wielen)  
Managing Director



# ECONOMIC RESPONSIBILITY

In addition to strictly complying with local and international laws and regulations, the Company constantly tracks, anticipates, and responds to its customers' ever-evolving needs and expectations. Concerning product sustainability, Vinythai periodically reviews both its primary and processed products using the Sustainable Portfolio Management (SPM) tool. SPM implementation reveals a thorough profile of each product in terms of market sustainability and environmental risk. It also indicates potential new product areas to consider for research and development.

## Managing economic sustainability continuously

In 2016, Management reviewed the Company's sustainability goals and developed plans in line with its vision and mission. At the same time, the Company assessed enterprise risk that may pose obstacles to smooth business operation.

Vinythai has rigorously adhered to good corporate governance principles since its inception. The Company established sustainable good corporate governance guidelines, based on its Corporate Governance Charter, which reflect regulations concerning structure and practices of the Board of Directors, Management, Employees and Shareholders. Moreover, the Charter sets out guidelines that are consistent with international practices and principles recommended by the Stock Exchange of Thailand.

Vinythai believes that corporate governance practices increase management efficiency, strengthening both short- and long-term competitiveness and earning the confidence of investors, financial institution and businesses allied with the company. Thus the results of these practices are beneficial to all stakeholders while perpetually supporting balanced and sustainable social conditions and a healthy environment.

The Company has been annually evaluated by the Corporate Governance Report of Thai Listed Companies and has been designated "Good Level" for 10 consecutive years.

The Company also implements an anti-corruption

plan, including reviewing its Code of Business Conduct and Good Corporate Governance Charter.

The Company also prioritizes Business Continuity Management in case of unexpected events such as natural disasters and epidemics. In 2016, the Company reviewed and continued to implement its Business Continuity Plan with the objective of providing products and services to its customers as per contract, including surmounting difficulties as they might arise.

## Customer Satisfaction Survey

Given Vinythai's stated objective "to be the customers' first choice", the Company continuously works to improve its products and services and tailor them to its customers' needs. Efforts along these lines include providing to customers complimentary instruction around technology, safe usage, handling, storage and delivery.

In monitoring and measuring customer satisfaction, the Company's marketing team surveys domestic and international customers alike in collaboration with independent specialist agencies. Findings from those surveys are used to develop marketing plans closely tailored to individual customers and market trends. Implementation of such plans further strengthens the Company's business dynamic going forward.

The survey questions cover customer perceptions from eight angles: product, price, sales representation, delivery, financial/shipping documentation, credit policy, technical services and corporate social responsibility. Responses in 2016 consistently indicated increasing levels of satisfaction. Nevertheless, Vinythai

remains committed to continuing to raise its customer satisfaction levels in each area in the coming year and beyond.

The Company also tracks customer complaints and takes steps to prevent or resolve any issues or problems. The steps taken include monitoring, comprehending and improving overall performance. In 2016 customer visits both within and outside the country indicated consistently high levels of customer satisfaction.

An additional internal survey of a similar nature conducted inside the Company has further contributed to enhancing levels of customer satisfaction. The objectives of the internal survey are to streamline processes by monitoring such aspects as laboratory production testing service, maintenance and engineering service to production and warehousing, among others.

### Product Stewardship

In an effort to reduce Occupational Health, Safety and Environment impact from the supply chain, the Company in 2016 rigorously applied Solvay Product Stewardship Guidelines. The guidelines are used as references for planning, regulating and controlling raw materials selection, processes, storage, transportation, product use and reuse & disposal. The key associated activities implemented are as follows:

- Improving plant safety documentation in accordance with the Globally Harmonized System of Classification and Labelling of Chemicals (GHS).
- Providing product safety training to customers and transporters.
- Performing risk assessment of product health impact.

### Management Systems

Each department adopts targets set by the Integrated Management System for each year. The head of each department monitors performance in relation to the targets and periodically reports progress to concerned directors. Department heads are also tasked with communicating with staff via

the Company's intranet on matters pertaining to target achievement. The intranet is used to ensure that staff understands what is required of them and to keep them up-to-date with relevant matters.

### Product Licenses

- Thai Industrial Standards Institute license to display a Standard Grade stamp on PVC piping resin.
- Thai Industrial Standards Institute license to display a Standard stamp on 32% & 50% sodium hydroxide, quality level 1.
- Food and Drug Administration (FDA), Ministry of Public Health, Thailand, license to display an FDA stamp on 32% & 50% sodium hydroxide food additives.
- A Central Islamic Committee of Thailand license to display a Halal stamp on 32% & 50% sodium hydroxide food additives.
- Thai Kashrut Services Ltd., the Jewish Community of Thailand, Certification to display a Kosher stamp on Caustic Soda product which meets the requirements of the Jewish law framework.
- Thailand Greenhouse Gas Management Organization (TGO), license to display a Carbon Reduction Label for PVC Suspension, PVC Emulsion, 32% & 50% Sodium Hydroxide, and EPICEROL®.

### Management Standards

- ISO 9001:2008 certification, assessed by Bureau Veritas Certification Thailand, since 1997.
- ISO 14001:2004 certification, assessed by Bureau Veritas Certification Thailand, since 1999.
- OHSAS 18001:2007 certification, assessed by Bureau Veritas Certification Thailand, since 2001.
- ISO/IEC 17025:2005 Laboratory accreditation, certified by the Thai Industrial Standards Institute (TISI), since 2004.
- GMP Certification & HACCP certification of Caustic Soda product, assessed by Bureau Veritas Certification Thailand, since 2014.
- Roundtable on Sustainable Biomaterials (RSB) certification, assessed by SCS Global Services Company, United States, since 2015.

- Carbon Footprint Label issued by the Thailand Greenhouse Gas Management Organization (TGO) for Carbon Dioxide emission reduction during production of PVC Suspension, PVC Emulsion and Sodium Hydroxide, and intermediate products, namely, Vinyl Chloride Monomer, Ethylene Dichloride and Epichlorohydrin, since 2011.

- Green Building Council of Australia (GBCA) - Green Star Credit Best Practice Guidelines PVC as assessed by Lloyds Register Quality Assurance Limited, since 2014.

To ensure effective implementation of the integrated management system in 2016, the Company's Management System Auditor conducted an audit covering ISO 9001, ISO 14001, OHSAS 18001, GMP and HACCP standards and applicable product standards. The results of the audit indicated satisfactory performance throughout.

## Innovation and Suggestion

Total Number of Ideas & Ideas/Person from 2003 - 2016



A committee is nominated to run and promote the Innovation & Excellence activities. Before each year ends, the committee organizes the Innovation & Suggestion event in order to celebrate and recognize those implemented & outstanding innovative ideas.



In 2016, the innovation and suggestion idea ratio reached 2.1 ideas per person (949 ideas), saving approximately a total of 137 MTHB. The results demonstrated continuous development on quality of employees at all levels which made the production gained more profits steadily and sustainably.

On 17 - 19 October 2016, around 350 of Solvay's innovators met in Brussels at Inspiring Innovation. All GBUs were invited to share their learnings, impressions, experiences and new networks with their colleagues. Four Vinythai employees had an opportunity to present 2 innovations and 2 posters to all participants.

Jean-Pierre Clamadieu, Solvay CEO, emphasized the fact that, while Science & Innovation have been at the heart of Solvay since 1863, we need innovation to achieve Solvay's transformation and to reach our sustainability objectives. "There is no better way to create value to our customers than Innovation", said Jean-Pierre insisting on customer centricity.

## ENVIRONMENTAL RESPONSIBILITY

With its strong commitment to environmental governance, the Company seriously implements its environmental management in accordance with stringent legal and regulatory requirements. Regular environmental assessments are thoroughly reviewed. Corrective and preventive measures are implemented to lessen environmental impacts and maximize the efficiency of environmental resources consumption. Moreover, environmental awareness is raised and environmental culture promoted among employees and stakeholders in the Company.

It included:

- **Climate Change and Energy Efficiency:**

Energy efficiency has been improved with respect to optimization and improvement of production processes, machinery and energy savings. The Company could reduce the CO<sub>2</sub> emissions to 31 tons per 1,000 tons/product and energy consumption to 339 gigajoules per 1,000 tons/product. In 2016, Vinythai won "Carbon Footprint Reduction Label" Award given by Thailand Greenhouse gas Management Organization (TGO) because its emission of CO<sub>2</sub> was reduced more than 2% comparing to 2013.

- **Air Emissions:** Since 2002, Vinythai has rigorously implemented Leak Detection and Repair (LDAR) guidelines in performing its VOC management. LDAR is a highly efficient and cutting-edge technology.

- **Waste Management:** Vinythai implements 3Rs (Reduce, Reuse, Recycle) principles according to Department of Industrial Works' guideline in its waste management to reduce solid wastes. Moreover, wherever possible waste is re-used or recycled.





# SOCIAL RESPONSIBILITY

Vinythai's policy regarding its role with respect to community, society and environment, as defined in its Corporate Governance manual, lays the ground-rules for the Company's sustainable operation and contribution to the welfare of society.

The Company conducts itself as a good corporate citizen and operates its business in accordance with its clearly defined duties and responsibilities to community, society and environment. The Company encourages its employees to be aware of their social responsibilities in both their work and daily lives, including:

- Creating business practices and implementing activities that are responsible and beneficial to society, both in the short and long term, and focusing on business transactions with trade partners who share common intentions regarding social and environmental responsibility.
- Supporting learning and skills development among youths and the public and promoting awareness of natural resource and environment preservation in communities and Thai society.
- Providing correct information, creating understanding, and listening to problems and information about impacts on surrounding communities with a view to implementing appropriate solutions, all based on the principle of co-existence between the Company's plants and communities for mutual benefit and without conflict.
- Supporting beneficial activities, especially in areas where the Company's businesses are located, taking into consideration suitability and providing sustainable benefits to society and communities.
- Supporting public activities and national development policy for the country's benefit as a whole.

- Considering how to utilize natural resources with minimum impact on society, the environment and quality of life.

The aim of mutual benefit and harmony between the Company's industrial activities and society is further enhanced as follows:

## 1. Health and Safety of Employees and Surrounding Communities

In 2015, the Company implemented the following health and safety projects:

### Community Health and Safety

- In collaboration with Noenphra Municipality and communities, Vinythai organized the 7<sup>th</sup> Noenphra-Vinythai Super Minimarathon for the HRH Princess Soamsawali Cups. The event involved 2,000 participants from across the country. Organized since 2010, the event celebrated His Majesty the King's 84<sup>th</sup> birthday. The ongoing project is acclaimed for encouraging youngsters and the public to exercise and for promoting the tourism potential of Sangchan-Suchada Beach.
- In collaboration with Map Ta Phut Industrial Estate and the Office of Disaster Prevention and Mitigation, Map Ta Phut Municipality, the Company staged a rehearsal of the Community Emergency Preparedness Plan for Soi Prapa Community and Rayong Wittayakom Nikom Utsahakam School. The objective of this project is to ensure that locals, teachers and students know how to manage crises when they occur and can minimize the risk of loss of life and/or impairment of natural resources.

- On Open House Day, 160 locals from eight communities in Map Ta Phut visited Vinythai's plant to learn how it applies rigorous quality, health, safety, environment and social measures to its production, followed by a guided tour of the plant. Questions raised and suggestions made were answered and noted in a spirit of helpfulness and transparency.

- As a member of the Chlor-Alkali Products Transportation Emergency Mutual Aid Group (CATEMAG), Vinythai led emergency drills in case of chemical leakage from tank trucks during transportation. The drills ensure that concerned parties are ever ready to competently and speedily contain and neutralize any emergency that may occur.

## Health and Safety for Employees and Contractors

### Occupational Safety - from "Zero Injuries" to "Zero Incidents" Organization

The Company promotes systematic risk assessments in relation to activities performed, and monitors for potential hazards at the earliest stage, thereby minimizing risks. Several development programs have been introduced for employees and contractors, including safety management system guidelines, as follows:

- Conducting systematic risk assessment and following plans to avoid or mitigate the impact of such risks. Concerned employees receive continuous training. In 2016, all Vinythai employees received at least 16 hours of safety training.

- Leveraging safety management to avert fatal accidents and accidents with irreversible consequences. With a very simple concept, "Zero Tolerance Project" was rolled out to achieve safety excellence.

- "Behavior Based Safety" (BBS) is implemented to continuously promote a safety culture throughout the Company. In 2016, over 10,000 dialogues were initiated with employees and contractors.

- Reinforcing safety standard reviews by exchanging knowledge and experience with other plants every month.

- HSE Leadership Visits were carried out by top management 16 times in 2016.

- The 21<sup>st</sup> HSE Day was organized with the aims at raising Vinythai employees, contractors and suppliers' awareness in safety.

In 2016, there was one lost time accident recorded. Thorough investigation and root cause analysis were carried out and preventive actions and measures were taken to prevent re-occurrence. This accident ended a tremendous safety record of 8 million hours without any lost time accident.

### Health Risk Assessment

The Company has voluntarily and proactively implemented the Health Risk Management system covering every area and activity. The Company undertook its annual review of the program and the progress with the concerned staff.

Critical Task Exposure Screening is implemented to study and analyze primary risks and impacts to operators' health. The information gained from the analysis is used to compile and plan for advanced risk analysis. Training on Health Protection from Chemicals was organized for every employee and contractor.

### Process Safety Management Program Enhancement

To operate and maintain its plant and asset integrity in such a way that all risks are appropriately managed and contained, the Company implements Process Safety Management. Moreover, the Company conducts Quantitative Risk Analysis to define risk control measures and maintain process safety reliability, as follows:

- Reviewing risks that may impact production processes and safety analysis systems every five year by applying Solvay's risk analysis practices.

- Providing regular training courses on risk assessment, analysis, prevention & control, as well as safety management systems, to all concerned.
  - Sharing cases and experiences from other organizations with employees and designing preventive measures accordingly.
  - Being risk-assessed by an insurance company.
- The Company was designated “Excellence” level risk management of insurance concerns.

In 2016, the Company reported one process accident on a high pressure container at the Chlorovinyls Unit. The accident was quickly brought under control without any environmental impact or injuries. Through investigation and root cause analysis were carried out and preventive actions and measures were taken to avert future risk.

### Transportation Management Risk

In collaboration with transport service providers and expert, the Company established Transportation Safety Committee to start implementing Safety and Quality Assessment System - SQAS in order to ensure reliable delivery to customers. Moreover, Vinythai took several steps to avoid transport accidents. These included: training truck drivers in hazardous chemicals transportation; providing truck check-ups aligned with international standard; installing GPS tracking devices in trucks, and; maintaining an active role in the “Chlor-alkali Agreement for Transportation Emergency Mutual Aid Group, CATEMAG”, the well-recognized organization initiated by chlor-alkali manufacturers and transport service providers in Thailand to inspect Emergency Response Centers while audits and emergency response drills are regularly conducted

## 2. Environmental Conservation and Management

Vinythai has engaged in a wide range of environmental conservation activities, notably:

- The Company management and staff in collaboration with Map Ta Phut Industrial Estate

Authority, 26 industrial enterprises and communities, enthusiastically participated in the 14<sup>th</sup> International Coastal Cleanup along 11.5 kilometers of Mae Rumphueng Beach. The annual cleanup raised over 2,500 people’s awareness of coastal protection and garbage management and helped to improve the local environment.

- Vinythai has for many years been a key supporter of the Starting Coral Cultivation (80,000 branches) for His Majesty the King Project which revives coral beds by cultivating coral on artificial structures and planting them in the sea. This year, the project reached its objective of 80,000 coral branches being cultivated. From 2008 - 2016, 102,978 people participated in these coral cultivation activities during which they were informed about marine and coastal resource conservation.

According to the success of the project, His Royal Highness Crown Prince Maha Vajiralongkorn’s Trophy was bestowed upon Vinythai as an organization who saw importance of youth development and supported activities for youths in Nature and Environment category.



- Vinythai organized an Open House Day to welcome around 160 locals from eight communities in Map Ta Phut to learn how the Company implements rigorous health, safety, environment and social measures in its operations. This was followed by a guided tour of the plant. Questions raised and suggestions made were answered and noted in a spirit of helpfulness and transparency. The party then proceeded to Vinythai’s Coral Cultivation project at the Samaesan community in Chon Buri.

### 3. Educational Support for Youths

STEM (Science, Technology, Engineering, Mathematics) education was brought to the fore of the Company's attention by its Community Perception survey. Besides financial support for students in need, Vinythai organized activities to promote STEM education accordingly:

- In collaboration with Nakhon Sawan Science Center for Education and Nakhon Sawan Provincial Administrative Organization, Vinythai organized a star observation activity by using PVC telescope at Bueng Boraphet, the largest freshwater swamp and lake in central Thailand. The purposes of this activity are to support King Rama IV's wish in raising youths and public's awareness in seeing the importance and benefits of astronomy in daily life. Moreover, this activity encouraged students of the schools that received PVC telescopes to show the public how telescopes work and introduce star observation activities. The event could attract around 400 youngsters and members of the general public to visit Bueng Boraphet.

- From 2008 - 2016, the Company supported the instruction of over 70,000 students and teachers in coral reef life cycles, benefits of coral reefs to ecosystems, and how to cultivate coral with PVC pipes.

### 4. Activities Supporting Religions, Traditions and Important National Days

The Company cooperates with communities, temples, schools and public sector entities in Map Ta Phut, to organize events and activities that respect and celebrate the religions, cultures and traditions of Thailand. In 2016, the Company cooperated with surrounding communities to fund and organize the annual ceremonial presentation of robes at Map Kha temple. Other examples include the pouring of water onto the hands of revered elders and seeking their

blessing during the annual Thai New Year "Songkran" festival, and renovation of a mosque in a Muslim community in Map Ta Phut. In addition, Company staff regularly volunteer for worthy causes undertaken as part of significant national celebrations such as Her Majesty the Queen's Birthday (Mother's Day).

### 5. Occupational Development and Community Well-being

Vinythai staff regularly visit communities around Map Ta Phut to spread awareness and understanding of the Company's operations and synchronize areas of mutual interest. The Company listens and responds to suggestions that help resolve issues and generate income in the communities. Vinythai has formed an occupational group comprised of members of Map Kha - Map Nai, Soi Ruam Pattana and Ban Plong communities and empowered it to develop community members' skills so that they can produce handicrafts of commercial quality and viability. The Company's support includes arranging expertise-raising in-house training courses taught by professionals, and supporting marketing efforts. As an active member of the Community Partnership Association, Vinythai proposed the Map Kha - Map Nai occupational group to join an initiative of the Association's to leverage community enterprise in accordance with the effective Thammasat Model.



Map Kha - Map Nai occupational group introduced and sold their handmade products at Khlong Phadung Krung Kasem



# ANALYSIS AND EXPLANATION

The Company wishes to present the Management Discussion & Analysis (MD&A) on the operating and financial status for the year 2016. The MD&A would enable the investors to better understand the Company and its subsidiaries' 2016 audited financial statements.

## An Analysis of Performance \*

### Analysis of Income

The Company and its subsidiaries recorded the total revenue of 15,887 MTHB of which 15,659 MTHB earned from sales revenue. The sales revenue decreased by 896 MTHB or 5.4% comparing to year 2015. The main reason was the limited sales volume of Caustic Soda and VCM as a consequence of the electricity outage from one energy supplier in July 2016. Moreover, ECH selling price was declined under oversupply market situation throughout the year with slight recovery in the 4<sup>th</sup> quarter. The share of domestic and export sales has no significant change comparing to the previous year.

| Sales Revenues                         | 2016          |             | 2015          |              |
|--|---------------|-------------|---------------|--------------|
|  | MTHB          | %           | MTHB          | %            |
| <b>Domestic Sales</b>                  |               |             |               |              |
| 1. PVC Resins                          | 5,885         | 37.6        | 4,955         | 29.9         |
| 2. Caustic Soda                        | 2,225         | 14.2        | 2,770         | 16.7         |
| 3. VCM                                 | 1,516         | 9.7         | 1,983         | 12.0         |
| 4. ECH                                 | 570           | 3.6         | 739           | 4.5          |
| 5. Others                              | 61            | 0.4         | 55            | 0.3          |
| <b>Total Domestic Sales</b>            | <b>10,258</b> | <b>65.5</b> | <b>10,501</b> | <b>63.4</b>  |
| <b>Export Sales</b>                    |               |             |               |              |
| 1. PVC Resins                          | 3,484         | 22.2        | 3,544         | 21.4         |
| 2. Caustic Soda                        | -             | -           | 79            | 0.5          |
| 3. VCM                                 | -             | -           | -             | -            |
| 4. ECH                                 | 1,917         | 12.2        | 2,430         | 14.7         |
| <b>Total Export Sales</b>              | <b>5,401</b>  | <b>34.5</b> | <b>6,054</b>  | <b>36.6</b>  |
| <b>Domestic and Export Sales</b>       |               |             |               |              |
| 1. PVC Resins                          | 9,369         | 59.8        | 8,499         | 51.3         |
| 2. Caustic Soda                        | 2,225         | 14.2        | 2,849         | 17.2         |
| 3. VCM                                 | 1,516         | 9.7         | 1,983         | 12.0         |
| 4. ECH                                 | 2,488         | 15.9        | 3,169         | 19.1         |
| 5. Others                              | 61            | 0.4         | 55            | 0.3          |
| <b>Total Domestic and Export Sales</b> | <b>15,659</b> | <b>100</b>  | <b>16,555</b> | <b>100.0</b> |

\* Note Please find further information in the consolidated financial statements.

According to the electricity outage incident in July 2016, the Company is able to claim the Business Interruption insurance amounting 111 MTHB in December 2016.

### Analysis of Costs and Expenses

1. In 2016, Cost of Sales amounting to 13,539 MTHB, decreased by 1,203 MTHB comparing to 2015 or 8.2% decrease. This decrement was mainly from the decrease of average Ethylene price in 2016 resulting from the reduction of crude oil price, and lower Glycerin price from the significant increase of its market supply due to greater mandated level of biodiesel blending enacted in many countries. Additionally, lower electricity costs in 2016 also contributed to the lower cost of sales of the year.

Throughout the year, specific Excellence programs have been implemented which could enable the Company to further improve production efficiency and reduce costs. As a result, the Company has been able to increase its Gross Profit margin by 2.6% comparing to 2015.

2. In 2016, Selling & Administrative Expenses was 1,107 MTHB, decreased by 92 MTHB or 8% from 2015. This decrement was mainly due to the reduction of transportation costs resulting from lower sales volume and the management actions to reduce controllable costs.

## An Analysis of Financial Status \*

### Analysis of Assets

As at 31 December 2016, the Company and its subsidiaries had 18,579 MTHB of the total assets, which was decreased 469 MTHB or 2.5% from previous year.

Details of the major changes were following:

1. As at 31 December 2016, the Company and its subsidiaries had net cash and cash equivalents amounting to 3,207 MTHB, increasing 702 MTHB or 28% comparing to 2,505 MTHB at the end of 2015 (see further information in analysis of cash flow).

2. The balance of trade receivables at the end of 2016 was 1,972 MTHB, increasing by 199 MTHB comparing to 1,773 MTHB at the end of 2015. Most of the receivables were not yet due. For the corresponding bad debt, the Company had already set sufficient provision.

3. The balance of other receivables at the end of 2016 was 131 MTHB, increasing by 120 MTHB comparing to 11 MTHB at the end of 2015. The increment mostly came from 111 MTHB insurance claims receivable from electricity blackout incidence in July 2016.

4. The Company and its subsidiaries had net inventories at the end of 2016 amounting to 962 MTHB, decreasing from 1,028 MTHB in year 2015.

5. At the end of 2016, the Company and its subsidiaries had net property, plant and equipment, Intangible assets, and Advance payment for construction in progress amounting to 11,241 MTHB or decreasing by 1,300 MTHB comparing to 12,541 MTHB at the end of 2015, mainly from normal depreciation.

### Analysis of Liabilities

The Company and its subsidiaries had total liabilities at the end of 2016 amounting to 2,415 MTHB which decreased by 1,137 MTHB or 32% comparing to 2015. The major change of the liabilities was the prepayment of long term loan for its subsidiaries' operation.

As at 31 December 2016, the status of loan agreements with commercial banks to finance the investment projects of the Company and its subsidiaries are presented as follow.

- 120 MRMB loan facilities to finance the project of its subsidiary, SBT. The loan is repayable in nine, equal, semi-annual installments commencing from 2016 with fixed interest rate. This loan has been drawn down since 2013. The outstanding balance as at 31 December 2016 is 618 MTHB. However, the Company entered into an amendment to facility agreement with a local financial institution to reschedule the repayment date for remaining amount to be repaid in February 2017 and August 2017.

### Analysis of Shareholders' Equity

As at 31 December 2016, the shareholders' equity was 16,164 MTHB which increased by 668 MTHB or 4% comparing to 15,496 MTHB at the end of 2015. The increment was mainly from the net profit of 2016 offset with dividend paid to its shareholders.

### Analysis of Cash Flow

As of 31 December 2016, the Company and its subsidiaries' Cash Flow Statement presented 3,207 MTHB of cash and cash equivalents. The sources and uses of funds were following:

1. In 2016, the net cash flow from operating activities was 2,545 MTHB which increased by 348 MTHB or 16% comparing to 2015 from Company's better operating results.

2. In 2016, the net cash flow used in investing activities was 206 MTHB which decreased by 174 MTHB comparing to its amount of 380 MTHB in 2015. The reason was less purchase of machinery and equipment by the Company and its subsidiaries in 2016 comparing to last year.

3. In 2016, the net cash flow used in financing activities totaling of 1,679 MTHB mainly from the repayment of long term loan 1,155 MTHB and dividends paid to shareholders 474 MTHB.

|   |            |      |
|---|------------|------|
| Net cash flow from operating activities                     | 2,545      | MTHB |
| Net cash flow used in investing activities                  | (206)      | MTHB |
| Net cash flows used in financing activities                 | (1,679)    | MTHB |
| Increase in translation adjustments of its subsidiary (SBT) | <u>43</u>  | MTHB |
| Net increase in cash and cash equivalents                   | <u>703</u> | MTHB |

### Financial Ratios

|                     | 2016  | 2015  |
|---------------------|-------|-------|
| Gross Profit margin | 13.5% | 11.0% |
| Net Profit margin   | 7.1%  | 3.4%  |
| Debt to Equity      | 0.15  | 0.23  |
| Earnings per share  | 0.95  | 0.48  |
| ROA                 | 6.2%  | 3.4%  |
| ROE                 | 7.1%  | 3.7%  |

|                        |  |
|------------------------|--|
| Gross Profit margin    | = Gross Profit (Total Sales - Costs of Sales) to Sales                 |
| Net Profit margin      | = Net Profit to Total Revenues   |
| Debt to Equity         | = Total Liabilities to Total Equity                                    |
| Return on Assets (ROA) | = Profit before financial costs and income tax to average Total Assets |
| Return on Equity (ROE) | = Net Profit to average Total Equity                                   |

Yours faithfully,



(Mr. Bruno van der Wielen)  
Managing Director

# RESPONSIBILITY STATEMENT FROM THE BOARD OF DIRECTORS ON DISCLOSURE OF THE FINANCIAL REPORT

The Board of Directors recognizes its duties and responsibilities towards the importance of conformity with all applicable rules and regulations in preparing financial statements for each financial year.

The financial statements of Vinythai Public Company Limited and its subsidiaries have been prepared with careful consideration, in compliance with the generally accepted accounting principles in Thailand, under Accounting Act B.E. 2543 (A.D. 2000), the financial reporting requirement of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535, and other appropriate accounting policies.

The Company has disclosed all important information in the Notes under the Financial Statements, in a proper and fully transparent manner.

The Board of Directors provides and maintains appropriate and efficient internal control systems, ensuring that all accounting records are accurate, complete and sufficient to prevent fraud or mismanagement and to protect the Company's assets.

In this regard, the Board of Directors has appointed the Audit Committee to review the financial reporting and internal control. The Audit Committee has monitored, evaluated, commented on, and reported to the Board of Directors the findings of the external auditor, KPMG Phoomchai Audit Limited, and the Internal Audit Department, including the key audit matters presented in the Independent Auditor's Report to the shareholders of Vinythai Public Company Limited, so as to ensure the development of a thorough risk management program. The Committee also ensures that internal control systems are adequate, appropriate and in compliance with all relevant laws and regulations. The Audit Committee's Report is presented accordingly in this Annual Report.

The Board of Directors agrees that the overall internal control systems of the Company are satisfactory. It further concurs that the financial statement of Vinythai Public Company Limited and its subsidiaries for the year ending 31 December 2016 has been prepared in accordance with the generally accepted accounting principles in Thailand and that it complies with all relevant rules and regulations.



## Vinythai Public Company Limited and its Subsidiaries

# Financial statements for the year ended 31 December 2016 and Independent Auditor's Report

## Independent Auditor's Report

### To the Shareholders of Vinythai Public Company Limited

#### *Opinion*

I have audited the consolidated and separate financial statements of Vinythai Public Company Limited and its subsidiaries (the “Group”) and of Vinythai Public Company Limited (the “Company”), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2016, the consolidated and separate 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 consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2016 and their 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 Consolidated and Separate Financial Statements section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King that is relevant to my audit of the consolidated and separate 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 judgement, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

# Vinythai Public Company Limited and its Subsidiaries

## Financial statements for the year ended 31 December 2016

### and Independent Auditor's Report

Valuation of investment in and loans to subsidiaries in the separate financial statements and valuation of property, plant and equipment, intangible assets and assets not used in operation of subsidiaries in the consolidated financial statements

Refer to Note 3 (k), 10, 11 and 12 to the financial statements

| The key audit matter   | How the matter was addressed in the audit   |
|--|---|
| <p>One of the Group's business in Biochemical segment faced a number of challenges in the markets including the volatility of Epichlorohydrin prices as a consequence of low propylene prices and market oversupply. These factors, which the Group expects to persist in the foreseeable future, resulted in the construction project of Epichlorohydrin plant of an indirect subsidiary has been suspended for some certain period and the decision to re-start has been deferred as well as an operating loss of a wholly-owned subsidiary has been incurred which are indicators of impairment.</p> <p>The Group determines the recoverable amounts of assets using the asset's value in use and the fair value less cost of disposal. This involves significant judgements and estimates by management and since the balance of the assets is significant, so this is focus area in my audit.</p> | <p>My audit procedures in this area included, among others:</p> <p>Obtaining an understanding of management's procedures for identifying an indication of impairment, impairment testing process as well as assessing the appropriateness of the identification of cash-generating units based on my knowledge of the client.</p> <p>To challenge the recoverable amounts of assets using the value in use, I:</p> <ul style="list-style-type: none"> <li>checked the calculation of the estimated future cash flows, evaluated the appropriateness of the key assumptions applied by management, and compared these inputs with externally derived data and the business plan;</li> <li>assessed the appropriateness of the forecasts by evaluating historical forecasting with actual results for the year;</li> <li>challenged sensitivity analysis prepared by management around the key drivers of growth rates and discount rate used in the cash flow forecasts.</li> </ul> <p>To challenge the recoverable amounts of assets using the fair value less cost of disposal, I asked KPMG valuation specialist in China to assess the competency of the external appraiser engaged by the Group, to evaluate the assumptions and input used by the external appraiser in the evaluation and to give the conclusion on the appropriateness of the fair value less cost of disposal of the appraised assets.</p> <p>I also evaluated the adequacy of the disclosures in accordance with Thai Financial Reporting Standards.</p> |

#### Recognition of deferred tax assets

Refer to Note 3 (s), 13 and 24 to the financial statements

| The key audit matter   | How the matter was addressed in the audit  |
|--|--|
| <p>The Company has been granted privileges by the Board of Investment resulting the Company has recognised a deferred tax assets of Baht 361 million in respect of a portion of unused tax losses. The recoverability of recognized deferred assets is in part dependent on the Company's ability to generate future taxable profits sufficient to utilize tax losses (before tax losses expire).</p> <p>Future taxable profits involves significant judgements and estimates by management and since the balance of the assets is significant, so this is focus area in my audit.</p> | <p>My audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>Reconciling tax losses and expiry dates to tax report as well as inspecting promotional privileges granted with the promotional certificates.</li> <li>Checking the calculation of forecast future taxable profits, assessing the appropriateness of the forecasts by evaluating historical forecasting with actual results for the year, and comparing the key assumptions applied by management in forecast future taxable profits and business plan.</li> <li>Evaluating the adequacy of the disclosures in accordance with Thai Financial Reporting Standards.</li> </ul> |

# Vinythai Public Company Limited and its Subsidiaries

## Financial statements for the year ended 31 December 2016

### and Independent Auditor's Report

#### *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 consolidated and separate financial statements and my auditor's report thereon.

My opinion on the consolidated and separate 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 consolidated and separate financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report the fact. I have nothing to report in this regard.

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

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and 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 Group and the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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.

## Vinythai Public Company Limited and its Subsidiaries

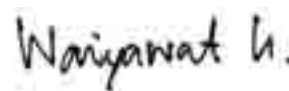
# Financial statements for the year ended 31 December 2016 and Independent Auditor's Report

- 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 Group's and 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 Group's and 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 consolidated and separate 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 Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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 consolidated and separate 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.



(Waiyawat Kosamarnchaiyakij)  
Certified Public Accountant  
Registration No. 6333

KPMG Phoomchai Audit Ltd.  
Bangkok  
22 February 2017



## Vinythai Public Company Limited and its Subsidiaries

### Statement of financial position

| Assets                             | Note | Consolidated<br>financial statements |                       | Separate<br>financial statements |                       |
|------------------------------------|------|--------------------------------------|-----------------------|----------------------------------|-----------------------|
|                                    |      | 31 December                          |                       | 31 December                      |                       |
|                                    |      | 2016                                 | 2015                  | 2016                             | 2015                  |
|                                    |      | <i>(in Baht)</i>                     |                       |                                  |                       |
| <b>Current assets</b>              |      |                                      |                       |                                  |                       |
| Cash and cash equivalents          | 5    | 3,207,225,925                        | 2,504,740,286         | 3,011,735,786                    | 2,103,318,749         |
| Trade accounts receivable          | 4, 6 | 1,972,236,260                        | 1,773,072,383         | 1,731,913,744                    | 1,529,984,841         |
| Other receivables                  | 4, 7 | 130,929,320                          | 10,706,344            | 149,568,737                      | 29,774,572            |
| Short-term loans to subsidiaries   | 4    | -                                    | -                     | 1,411,320,590                    | 1,450,000,000         |
| Current portion of long-term loans |      |                                      |                       |                                  |                       |
| to subsidiaries                    | 4    | -                                    | -                     | 1,238,086,667                    | 595,246,667           |
| Inventories                        | 8    | 962,426,715                          | 1,028,165,846         | 724,467,716                      | 824,572,994           |
| Other current assets               |      | 264,411,860                          | 341,955,467           | 64,019,949                       | 124,251,465           |
| <b>Total current assets</b>        |      | <b>6,537,230,080</b>                 | <b>5,658,640,326</b>  | <b>8,331,113,189</b>             | <b>6,657,149,288</b>  |
| <b>Non-current assets</b>          |      |                                      |                       |                                  |                       |
| Investment in associate            | 9    | 386,064,813                          | 385,935,858           | 397,678,320                      | 397,678,320           |
| Investments in subsidiaries        | 10   | -                                    | -                     | 1,454,097,446                    | 1,454,097,446         |
| Long-term loans to subsidiaries    | 4    | -                                    | -                     | 1,757,054,709                    | 2,492,362,404         |
| Property, plant and equipment      | 11   | 10,666,694,135                       | 11,915,813,554        | 7,645,749,446                    | 8,621,576,820         |
| Intangible assets                  | 12   | 247,664,854                          | 270,737,207           | 44,945,020                       | 48,672,360            |
| Assets not used in operation       | 10   | 326,170,617                          | 354,350,912           | -                                | -                     |
| Deferred arrangement fee for       |      |                                      |                       |                                  |                       |
| long-term loan                     |      | 4,139,285                            | 5,519,046             | -                                | -                     |
| Deferred tax assets                | 13   | 399,503,467                          | 398,886,480           | 399,503,467                      | 398,886,480           |
| Other non-current assets           |      | 11,533,653                           | 58,080,927            | 6,515,919                        | 52,534,144            |
| <b>Total non-current assets</b>    |      | <b>12,041,770,824</b>                | <b>13,389,323,984</b> | <b>11,705,544,327</b>            | <b>13,465,807,974</b> |
| <b>Total assets</b>                |      | <b>18,579,000,904</b>                | <b>19,047,964,310</b> | <b>20,036,657,516</b>            | <b>20,122,957,262</b> |

*The accompanying notes are an integral part of these financial statements.*

## Vinythai Public Company Limited and its Subsidiaries

### Statement of financial position

| Liabilities and equity             | Note  | Consolidated financial statements |                | Separate financial statements |                |
|------------------------------------|-------|-----------------------------------|----------------|-------------------------------|----------------|
|                                    |       | 31 December                       |                | 31 December                   |                |
|                                    |       | 2016                              | 2015           | 2016                          | 2015           |
|                                    |       | (in Baht)                         |                |                               |                |
| Current liabilities                |       |                                   |                |                               |                |
| Trade accounts payable             | 4, 15 | 1,347,829,013                     | 1,343,479,215  | 1,138,479,248                 | 1,179,699,502  |
| Other payables                     | 4, 16 | 180,334,577                       | 175,427,337    | 132,901,978                   | 131,393,619    |
| Current portion of long-term loans | 14    | 618,353,828                       | 112,460,000    | 618,353,828                   | 112,460,000    |
| Other current liabilities          | 17    | 113,026,158                       | 88,488,581     | 93,614,320                    | 66,107,223     |
| Total current liabilities          |       | 2,259,543,576                     | 1,719,855,133  | 1,983,349,374                 | 1,489,660,344  |
|                                    |       |                                   |                |                               |                |
| Non-current liabilities            |       |                                   |                |                               |                |
| Long-term loans                    | 14    | -                                 | 1,714,129,231  | -                             | 1,714,129,232  |
| Employee benefit obligations       | 18    | 155,187,812                       | 118,014,325    | 155,187,812                   | 118,014,325    |
| Total non-current liabilities      |       | 155,187,812                       | 1,832,143,556  | 155,187,812                   | 1,832,143,557  |
|                                    |       |                                   |                |                               |                |
| Total liabilities                  |       | 2,414,731,388                     | 3,551,998,689  | 2,138,537,186                 | 3,321,803,901  |
|                                    |       |                                   |                |                               |                |
| Equity                             |       |                                   |                |                               |                |
| Share capital:                     | 19    |                                   |                |                               |                |
| Authorised share capital           |       | 7,111,160,664                     | 7,111,160,664  | 7,111,160,664                 | 7,111,160,664  |
| Issued and paid-up share capital   |       | 7,111,160,664                     | 7,111,160,664  | 7,111,160,664                 | 7,111,160,664  |
| Additional paid-in capital:        |       |                                   |                |                               |                |
| Premium on ordinary shares         | 19    | 1,303,712,790                     | 1,303,712,790  | 1,303,712,790                 | 1,303,712,790  |
| Retained earnings:                 |       |                                   |                |                               |                |
| Appropriated                       |       |                                   |                |                               |                |
| Legal reserve                      | 20    | 711,116,066                       | 711,116,066    | 711,116,066                   | 711,116,066    |
| Unappropriated                     |       | 6,954,815,427                     | 6,303,486,588  | 8,771,844,892                 | 7,674,685,616  |
| Other components of equity         |       | 83,464,569                        | 66,489,513     | 285,918                       | 478,225        |
| Total equity                       |       | 16,164,269,516                    | 15,495,965,621 | 17,898,120,330                | 16,801,153,361 |
|                                    |       |                                   |                |                               |                |
| Total liabilities and equity       |       | 18,579,000,904                    | 19,047,964,310 | 20,036,657,516                | 20,122,957,262 |
|                                    |       |                                   |                |                               |                |

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

## Vinythai Public Company Limited and its Subsidiaries

### Statement of comprehensive income

|   | Note      | Consolidated<br>financial statements |                       | Separate<br>financial statements |                       |
|---|-----------|--------------------------------------|-----------------------|----------------------------------|-----------------------|
|   |           | Year ended 31 December               |                       | Year ended 31 December           |                       |
|   |           | 2016                                 | 2015                  | 2016                             | 2015                  |
|   |           | <i>(in Baht)</i>                     |                       |                                  |                       |
| <b>Income</b>   | <b>4</b>  |                                      |                       |                                  |                       |
| Revenue from sale of goods                                      | 25        | 15,659,001,556                       | 16,555,114,987        | 13,845,319,322                   | 14,068,868,255        |
| Interest income   |           | 22,669,365                           | 22,973,046            | 165,244,670                      | 177,616,166           |
| Net gain on derivatives   |           | -                                    | 51,789,201            | -                                | 51,789,201            |
| Other income, net   |           | 205,214,569                          | 23,288,813            | 300,683,320                      | 163,046,759           |
| <b>Total income</b>   | <b>21</b> | <b>15,886,885,490</b>                | <b>16,653,166,047</b> | <b>14,311,247,312</b>            | <b>14,461,320,381</b> |
| <b>Expenses</b>   | <b>4</b>  |                                      |                       |                                  |                       |
| Cost of sales of goods  | 8, 23     | 13,538,511,740                       | 14,741,791,837        | 11,787,405,189                   | 12,723,315,913        |
| Selling expenses  | 23        | 739,935,279                          | 797,971,706           | 448,552,160                      | 496,378,061           |
| Administrative expenses   | 23        | 367,375,279                          | 401,193,910           | 366,222,352                      | 392,559,828           |
| Impairment loss on plant and equipment<br>and intangible assets | 11, 12    | 2,994,479                            | 54,048,796            | -                                | -                     |
| Doubtful debt expense   | 4         | -                                    | -                     | 34,267,452                       | 115,943,477           |
| Net loss on derivatives   |           | 62,388,444                           | -                     | 62,388,444                       | -                     |
| Finance costs   |           | 49,021,389                           | 97,465,998            | 40,228,597                       | 89,107,884            |
| <b>Total expenses</b>   |           | <b>14,760,226,610</b>                | <b>16,092,472,247</b> | <b>12,739,064,194</b>            | <b>13,817,305,163</b> |
| <b>Share of profit of investment<br/>in associate</b>           | <b>9</b>  | <b>128,955</b>                       | <b>1,640,125</b>      | <b>-</b>                         | <b>-</b>              |
| <b>Profit before income tax expense</b>                         |           | <b>1,126,787,835</b>                 | <b>562,333,925</b>    | <b>1,572,183,118</b>             | <b>644,015,218</b>    |
| Income tax (expenses) benefits                                  | 24        | (3,084,373)                          | 3,683,537             | (2,649,219)                      | 3,683,537             |
| <b>Profit for the year</b>                                      |           | <b>1,123,703,462</b>                 | <b>566,017,462</b>    | <b>1,569,533,899</b>             | <b>647,698,755</b>    |

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

## Vinythai Public Company Limited and its Subsidiaries

### Statement of comprehensive income

|   | Note | Consolidated<br>financial statements |                     | Separate<br>financial statements |                     |
|---|------|--------------------------------------|---------------------|----------------------------------|---------------------|
|   |      | Year ended 31 December               |                     | Year ended 31 December           |                     |
|   |      | 2016                                 | 2015                | 2016                             | 2015                |
|   |      | <i>(in Baht)</i>                     |                     |                                  |                     |
| <i>Other comprehensive income</i>   |      |                                      |                     |                                  |                     |
| <i>Items that will not be reclassified<br/>to profit or loss</i>                |      |                                      |                     |                                  |                     |
| Defined benefit plan actuarial gains<br>(losses)                                | 24   | 1,702,755                            | (14,320,996)        | 1,702,755                        | (14,320,996)        |
| <i>Items that are or may be reclassified<br/>subsequently to profit or loss</i> |      |                                      |                     |                                  |                     |
| Foreign currency translation<br>differences for foreign operations              |      | 17,505,197                           | (9,975,112)         | -                                | -                   |
| Effective portion of changes in fair value<br>of cash flow hedges               | 24   | (530,141)                            | 1,154,364           | (192,307)                        | 2,069,065           |
|   |      | 16,975,056                           | (8,820,748)         | (192,307)                        | 2,069,065           |
| <b>Other comprehensive income for<br/>the year, net of income tax</b>           |      | <b>18,677,811</b>                    | <b>(23,141,744)</b> | <b>1,510,448</b>                 | <b>(12,251,931)</b> |
| <b>Total comprehensive income for the year</b>                                  |      | <b>1,142,381,273</b>                 | <b>542,875,718</b>  | <b>1,571,044,347</b>             | <b>635,446,824</b>  |
| <b>Profit attributable to:</b>  |      |                                      |                     |                                  |                     |
| Owners of the Company   |      | 1,123,703,462                        | 566,017,462         | 1,569,533,899                    | 647,698,755         |
| <b>Profit for the year</b>  |      | <b>1,123,703,462</b>                 | <b>566,017,462</b>  | <b>1,569,533,899</b>             | <b>647,698,755</b>  |
| <b>Total comprehensive income<br/>attributable to:</b>                          |      |                                      |                     |                                  |                     |
| Owners of the Company   |      | 1,142,381,273                        | 542,875,718         | 1,571,044,347                    | 635,446,824         |
| <b>Total comprehensive income for<br/>the year for the year</b>                 |      | <b>1,142,381,273</b>                 | <b>542,875,718</b>  | <b>1,571,044,347</b>             | <b>635,446,824</b>  |
| <b>Basic earnings per share</b>   | 26   | <b>0.95</b>                          | <b>0.48</b>         | <b>1.32</b>                      | <b>0.55</b>         |

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



# Vinythai Public Company Limited and its Subsidiaries

## Statement of changes in equity

|   | Note | Consolidated financial statements |                            |                   |                |                                  |                  |   |                                  | Total equity   |  |
|---|------|-----------------------------------|----------------------------|-------------------|----------------|----------------------------------|------------------|---|----------------------------------|----------------|--|
|   |      | Issued and paid-up share capital  | Premium on ordinary shares | Retained earnings |                | Other components of equity       |                  |   | Total other components of equity |                |  |
|   |      |                                   |                            | Legal reserve     | Unappropriated | Currency translation differences | Cash flow hedges | Differences on combination of business under common control |                                  |                |  |
|   |      | (in Baht)                         |                            |                   |                |                                  |                  |   |                                  |                |  |
| Year ended 31 December 2015                           |      |                                   |                            |                   |                |                                  |                  |   |                                  |                |  |
| Balance at 1 January 2015                             |      | 7,111,160,664                     | 1,303,712,790              | 711,116,066       | 5,870,309,466  | 91,160,933                       | (1,734,144)      | (14,116,528)  | 75,310,261                       | 15,071,609,247 |  |
| Transactions with owners, recorded directly in equity |      |                                   |                            |                   |                |                                  |                  |   |                                  |                |  |
| Distributions to owners of the Company                |      |                                   |                            |                   |                |                                  |                  |   |                                  |                |  |
| Dividends to owners of the Company                    | 27   | -                                 | -                          | -                 | (118,519,344)  | -                                | -                | -   | -                                | (118,519,344)  |  |
| Total distributions to owners of the Company          |      | -                                 | -                          | -                 | (118,519,344)  | -                                | -                | -   | -                                | (118,519,344)  |  |
| Comprehensive income for the year                     |      |                                   |                            |                   |                |                                  |                  |   |                                  |                |  |
| Profit  |      | -                                 | -                          | -                 | 566,017,462    | -                                | -                | -   | -                                | 566,017,462    |  |
| Other comprehensive income (loss)                     |      | -                                 | -                          | -                 | (14,320,996)   | (9,975,112)                      | 1,154,364        | -   | (8,820,748)                      | (23,141,744)   |  |
| Total comprehensive income for the year               |      | -                                 | -                          | -                 | 551,696,466    | (9,975,112)                      | 1,154,364        | -   | (8,820,748)                      | 542,875,718    |  |
| Balance at 31 December 2015                           |      | 7,111,160,664                     | 1,303,712,790              | 711,116,066       | 6,303,486,588  | 81,185,821                       | (579,780)        | (14,116,528)  | 66,489,513                       | 15,495,965,621 |  |

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

## Vinythai Public Company Limited and its Subsidiaries

### Statement of changes in equity

|   | Note | Consolidated financial statements |                            |                   |                |                                  |                  |   |                                  | Total equity   |
|---|------|-----------------------------------|----------------------------|-------------------|----------------|----------------------------------|------------------|---|----------------------------------|----------------|
|   |      | Issued and paid-up share capital  | Premium on ordinary shares | Retained earnings |                | Other components of equity       |                  |   | Total other components of equity |                |
|   |      |                                   |                            | Legal reserve     | Unappropriated | Currency translation differences | Cash flow hedges | Differences on combination of business under common control |                                  |                |
| (in Baht)   |      |                                   |                            |                   |                |                                  |                  |   |                                  |                |
| Year ended 31 December 2016                           |      |                                   |                            |                   |                |                                  |                  |   |                                  |                |
| Balance at 1 January 2016                             |      | 7,111,160,664                     | 1,303,712,790              | 711,116,066       | 6,303,486,588  | 81,185,821                       | (579,780)        | (14,116,528)  | 66,489,513                       | 15,495,965,621 |
| Transactions with owners, recorded directly in equity |      |                                   |                            |                   |                |                                  |                  |   |                                  |                |
| Distributions to owners of the Company                |      |                                   |                            |                   |                |                                  |                  |   |                                  |                |
| Dividends to owners of the Company                    | 27   | -                                 | -                          | -                 | (474,077,378)  | -                                | -                | -   | -                                | (474,077,378)  |
| Total distributions to owners of the Company          |      | -                                 | -                          | -                 | (474,077,378)  | -                                | -                | -   | -                                | (474,077,378)  |
| Comprehensive income for the year                     |      |                                   |                            |                   |                |                                  |                  |   |                                  |                |
| Profit  |      | -                                 | -                          | -                 | 1,123,703,462  | -                                | -                | -   | -                                | 1,123,703,462  |
| Other comprehensive income (loss)                     |      | -                                 | -                          | -                 | 1,702,755      | 17,505,197                       | (530,141)        | -   | 16,975,056                       | 18,677,811     |
| Total comprehensive income for the year               |      | -                                 | -                          | -                 | 1,125,406,217  | 17,505,197                       | (530,141)        | -   | 16,975,056                       | 1,142,381,273  |
| Balance at 31 December 2016                           |      | 7,111,160,664                     | 1,303,712,790              | 711,116,066       | 6,954,815,427  | 98,691,018                       | (1,109,921)      | (14,116,528)  | 83,464,569                       | 16,164,269,516 |

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

# Vinythai Public Company Limited and its Subsidiaries

## Statement of changes in equity

|   | Note | Separate financial statements    |                            |                   |                |                           |  |                | Total equity |
|---|------|----------------------------------|----------------------------|-------------------|----------------|---------------------------|--|----------------|--------------|
|   |      | Issued and paid-up share capital | Premium on ordinary shares | Retained earnings |                | Other component of equity |  |                |              |
|   |      |                                  |                            | Legal reserve     | Unappropriated | Cash flow hedges          |  |                |              |
|   |      |                                  |                            |                   |                |                           |  |                |              |
| (in Baht)   |      |                                  |                            |                   |                |                           |  |                |              |
| Year ended 31 December 2015                           |      |                                  |                            |                   |                |                           |  |                |              |
| Balance at 1 January 2015                             |      | 7,111,160,664                    | 1,303,712,790              | 711,116,066       | 7,159,827,201  | (1,590,840)               |  | 16,284,225,881 |              |
| Transactions with owners, recorded directly in equity |      |                                  |                            |                   |                |                           |  |                |              |
| <i>Distributions to owners of the Company</i>         |      |                                  |                            |                   |                |                           |  |                |              |
| Dividends to owners of the Company                    | 27   | -                                | -                          | -                 | (118,519,344)  | -                         |  | (118,519,344)  |              |
| Total distributions to owners of the Company          |      | -                                | -                          | -                 | (118,519,344)  | -                         |  | (118,519,344)  |              |
| Comprehensive income for the year                     |      |                                  |                            |                   |                |                           |  |                |              |
| Profit  |      | -                                | -                          | -                 | 647,698,755    | -                         |  | 647,698,755    |              |
| Other comprehensive income (loss)                     |      | -                                | -                          | -                 | (14,320,996)   | 2,069,065                 |  | (12,251,931)   |              |
| Total comprehensive income for the year               |      | -                                | -                          | -                 | 633,377,759    | 2,069,065                 |  | 635,446,824    |              |
| Balance at 31 December 2015                           |      | 7,111,160,664                    | 1,303,712,790              | 711,116,066       | 7,674,685,616  | 478,225                   |  | 16,801,153,361 |              |

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

## Vinythai Public Company Limited and its Subsidiaries

### Statement of changes in equity

|   | Note | Separate financial statements    |                            |                   |                |                           |                  |                | Total equity |
|---|------|----------------------------------|----------------------------|-------------------|----------------|---------------------------|------------------|----------------|--------------|
|   |      | Issued and paid-up share capital | Premium on ordinary shares | Retained earnings |                | Other component of equity | Cash flow hedges |                |              |
|   |      |                                  |                            | Legal reserve     | Unappropriated |                           |                  |                |              |
| (in Baht)   |      |                                  |                            |                   |                |                           |                  |                |              |
| Year ended 31 December 2016                           |      |                                  |                            |                   |                |                           |                  |                |              |
| Balance at 1 January 2016                             |      | 7,111,160,664                    | 1,303,712,790              | 711,116,066       | 7,674,685,616  | 478,225                   |                  | 16,801,153,361 |              |
| Transactions with owners, recorded directly in equity |      |                                  |                            |                   |                |                           |                  |                |              |
| Distributions to owners of the Company                |      |                                  |                            |                   |                |                           |                  |                |              |
| Dividends to owners of the Company                    | 27   | -                                | -                          | -                 | (474,077,378)  | -                         |                  | (474,077,378)  |              |
| Total distributions to owners of the Company          |      | -                                | -                          | -                 | (474,077,378)  | -                         |                  | (474,077,378)  |              |
| Comprehensive income for the year                     |      |                                  |                            |                   |                |                           |                  |                |              |
| Profit  |      | -                                | -                          | -                 | 1,569,533,899  | -                         |                  | 1,569,533,899  |              |
| Other comprehensive income (loss)                     |      | -                                | -                          | -                 | 1,702,755      | (192,307)                 |                  | 1,510,448      |              |
| Total comprehensive income for the year               |      | -                                | -                          | -                 | 1,571,236,654  | (192,307)                 |                  | 1,571,044,347  |              |
| Balance at 31 December 2016                           |      | 7,111,160,664                    | 1,303,712,790              | 711,116,066       | 8,771,844,892  | 285,918                   |                  | 17,898,120,330 |              |

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



## Vinythai Public Company Limited and its Subsidiaries

### Statement of cash flows

|  | Note | Consolidated financial statements |                      | Separate financial statements |                      |
|--|------|-----------------------------------|----------------------|-------------------------------|----------------------|
|  |      | Year ended 31 December            |                      | Year ended 31 December        |                      |
|  |      | 2016                              | 2015                 | 2016                          | 2015                 |
|  |      | (in Baht)                         |                      |                               |                      |
| <b>Cash flows from operating activities</b>                    |      |                                   |                      |                               |                      |
| Profit for the year  |      | 1,123,703,462                     | 566,017,462          | 1,569,533,899                 | 647,698,755          |
| <i>Adjustments for</i>   |      |                                   |                      |                               |                      |
| Depreciation and amortisation                                  |      | 1,491,592,735                     | 1,466,459,125        | 1,161,137,062                 | 1,139,131,142        |
| Amortisation of arrangement fee for long-term loan             |      | 1,379,761                         | 1,379,762            | -                             | -                    |
| Interest income  |      | (22,669,365)                      | (22,973,046)         | (165,244,670)                 | (177,616,166)        |
| Finance costs  |      | 49,021,389                        | 97,465,998           | 40,228,597                    | 89,107,884           |
| Unrealised (gain) loss on foreign exchange                     |      | (51,814,248)                      | 45,966,796           | 5,840,667                     | 12,554,607           |
| Unrealised loss (gain) on derivatives                          |      | 62,388,444                        | (51,789,201)         | 62,388,444                    | (51,789,201)         |
| (Reversal of) allowance for doubtful accounts                  |      | -                                 | (10,000,000)         | 34,267,452                    | 105,943,477          |
| (Reversal of) allowance for decline in value of inventories    |      | (33,875,101)                      | 4,152,979            | (31,479,539)                  | (6,094,527)          |
| Impairment losses on plant and equipment and intangible assets |      | 2,994,479                         | 54,048,796           | -                             | -                    |
| Loss on write-off of plant and equipment                       |      | 13,212,033                        | -                    | 13,150,080                    | -                    |
| (Gain) loss on disposals of property, plant and equipment      |      | (6,936,823)                       | 802,120              | (7,002,323)                   | 802,120              |
| Share of profit of investment in associate                     |      | (128,955)                         | (1,640,125)          | -                             | -                    |
| Income tax expenses (benefits)                                 |      | 3,084,373                         | (3,683,537)          | 2,649,219                     | (3,683,537)          |
| Employee benefit obligations                                   |      | 35,191,855                        | 10,722,941           | 35,191,855                    | 10,722,941           |
|  |      | 2,667,144,039                     | 2,156,930,070        | 2,720,660,743                 | 1,766,777,495        |
| <b>Changes in operating assets and liabilities</b>             |      |                                   |                      |                               |                      |
| Trade accounts receivable                                      |      | (204,374,331)                     | 154,977,569          | (203,018,927)                 | 140,428,092          |
| Other receivables  |      | (119,010,799)                     | 22,977,844           | (119,388,460)                 | 14,372,665           |
| Inventories  |      | 99,614,232                        | (170,025,001)        | 131,584,817                   | (141,535,231)        |
| Other current assets   |      | 62,665,946                        | (79,898,137)         | 42,233,816                    | (22,666,261)         |
| Other non-current assets                                       |      | 2,156,530                         | 2,423,193            | 1,628,265                     | 2,498,032            |
| Trade accounts payable   |      | 5,288,938                         | 115,724,661          | (40,216,501)                  | 84,805,633           |
| Other payables   |      | 7,388,144                         | (11,573,114)         | 4,322,306                     | 17,700,974           |
| Other current liabilities                                      |      | 24,116,579                        | 7,907,804            | 27,507,097                    | (1,182,757)          |
| Employee benefit paid  |      | -                                 | (2,651,034)          | -                             | (2,651,034)          |
| Income tax paid  |      | (14,156)                          | -                    | -                             | -                    |
| <b>Net cash from operating activities</b>                      |      | <b>2,544,975,122</b>              | <b>2,196,793,855</b> | <b>2,565,313,156</b>          | <b>1,858,547,608</b> |

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

## Vinythai Public Company Limited and its Subsidiaries

### Statement of cash flows

|  | Note     | Consolidated financial statements |                        | Separate financial statements |                        |
|--|----------|-----------------------------------|------------------------|-------------------------------|------------------------|
|  |          | Year ended 31 December            |                        | Year ended 31 December        |                        |
|  |          | 2016                              | 2015                   | 2016                          | 2015                   |
|  |          | (in Baht)                         |                        |                               |                        |
| <b>Cash flows from investing activities</b>                            |          |                                   |                        |                               |                        |
| Interest received  |          | 21,468,338                        | 24,364,207             | 164,850,116                   | 177,600,808            |
| Purchase of plant and equipment  |          | (269,424,065)                     | (404,259,091)          | (231,740,473)                 | (289,174,176)          |
| Purchase intangible assets   |          | (760,650)                         | (734,000)              | -                             | (734,000)              |
| Sale of property, plant and equipment                                  |          | 42,714,915                        | 144,711                | 42,714,915                    | 144,711                |
| Net decrease in short-term loans to subsidiaries                       |          | -                                 | -                      | 38,090,000                    | 150,000,000            |
| Net increase in long-term loans to subsidiaries                        |          | -                                 | -                      | -                             | (163,893,121)          |
| Payments for investment in other long-term investment                  |          | -                                 | -                      | (784)                         | -                      |
| <b>Net cash from (used in) investing activities</b>                    |          | <b>(206,001,462)</b>              | <b>(380,484,173)</b>   | <b>13,913,774</b>             | <b>(126,055,778)</b>   |
| <b>Cash flows from financing activities</b>                            |          |                                   |                        |                               |                        |
| Finance costs paid   |          | (49,327,074)                      | (98,917,274)           | (41,611,916)                  | (103,313,002)          |
| Dividends to owners of the Company                                     |          | (474,077,378)                     | (118,519,344)          | (474,077,378)                 | (118,519,344)          |
| Repayment of long-term loans from financial institutions               |          | (1,155,170,866)                   | (1,217,795,631)        | (1,155,170,866)               | (1,217,795,631)        |
| <b>Net cash used in financing activities</b>                           |          | <b>(1,678,575,318)</b>            | <b>(1,435,232,249)</b> | <b>(1,670,860,160)</b>        | <b>(1,439,627,977)</b> |
| <b>Currency translation differences</b>                                |          | <b>42,529,130</b>                 | <b>(25,483,241)</b>    | <b>-</b>                      | <b>-</b>               |
| <b>Net increase in cash and cash equivalents</b>                       |          | <b>702,927,472</b>                | <b>355,594,192</b>     | <b>908,366,770</b>            | <b>292,863,853</b>     |
| Cash and cash equivalents at 1 January                                 |          | 2,504,740,286                     | 2,149,100,554          | 2,103,318,749                 | 1,810,409,356          |
| Effect of exchange rate changes on balances held in foreign currencies |          | (441,833)                         | 45,540                 | 50,267                        | 45,540                 |
| <b>Cash and cash equivalents at 31 December</b>                        | <b>5</b> | <b>3,207,225,925</b>              | <b>2,504,740,286</b>   | <b>3,011,735,786</b>          | <b>2,103,318,749</b>   |
| <b>Non-cash transaction</b>  |          |                                   |                        |                               |                        |
| Purchase of fixed assets for which no cash has been paid               |          | 10,194,748                        | 12,150,258             | 8,585,142                     | 9,880,596              |

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

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

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# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

These notes form an integral part of the financial statements.

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 authorised for issue by the Board of Directors on 22 February 2017.

#### 1 General information

Vinythai Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at No. 2, I-3 Road, Tambon Map Ta Phut, Amphoe Mueang, Rayong 21150.

The Company was listed on the Stock Exchange of Thailand in February 1995.

The Company’s major shareholders during the financial year were Solvay Vinyls Holding AG (59% shareholding) which is incorporated in Switzerland and PTT Global Chemical Public Company Limited (25% shareholding) which is incorporated in Thailand.

The principal activities of the Group are the manufacturing and distributing of Polyvinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), Sodium Hydroxide (caustic soda) and Epichlorohydrin. Details of the Company’s subsidiaries and associate as at 31 December 2016 and 2015 are given in notes 4, 9 and 10.

On 14 December 2016, the Company has been informed by Solvay Group (“Solvay”) that Solvay and its group company, Solvay Vinyls Holding AG, the major shareholder of the Company have entered into a share sale agreement with Asahi Glass Co., Ltd. (“AGC”), a Japanese company listed on the Tokyo Stock Exchange, in respect of the sale of 696,511,059 shares in the Company representing 58.77% of the total issued shares in the Company at a price of Baht 15 per share or totalling approximately Baht 10,448 million. Subsequently on 22 February 2017, the sale of shares has been completed.

#### 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 2016. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.



# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2017 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 31.

#### *(b) Basis of measurement*

The financial statements have been prepared on the historical cost basis except derivative financial instrument are measured at fair value and net defined benefit liability are measured at present value of the defined benefit obligation, as explained in note 3(n).

#### *(c) Functional and presentation currency*

The financial statements presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

#### *(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 significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

|                    |   |
|--------------------|---|
| Note 13 and 24     | Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used; |
| Note 10, 11 and 12 | Impairment test: key assumptions underlying recoverable amounts; and  |
| Note 18            | Measurement of defined benefit obligations: key actuarial assumptions   |

#### *Measurement of fair values*

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

## Vinythai Public Company Limited and its Subsidiaries

### Note to the financial statements

### For the year ended 31 December 2016

The Group 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 such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable 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.

The Group recognises transfers between levels of fair value hierarchy after and of the reporting period during which the change had occurred.

Further information about the assumptions made in measuring fair values is included in note 28 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) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associate.

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

#### *Acquisitions from entities under common control*

Business combinations of entities or businesses under common control are accounted for using a method similar to the pooling of interest method and in accordance with the Guideline issued in 2009 by the FAP.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognised as part of share premium. Any cash paid for the acquisition is recognised directly in equity.

#### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

#### *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

#### *Interests in equity-accounted investees*

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

#### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### (b) *Foreign currencies*

##### *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities 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 that are measured at cost in foreign currencies are translated the functional currency at the exchange rates at the date of the transactions.

Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of qualifying cash flow hedges to the extent that the hedge is effective are recognized in other comprehensive income.

##### *Foreign operations*

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.



# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

#### (c) *Derivative financial instruments*

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate arising from operational and financing activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting recognition of any resultant gain or loss depends on the nature of the item being hedged (see accounting policy 3(d)).

The fair value of interest rate swaps is based on broker quotes at the reporting date. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

#### (d) *Hedging*

##### *Cash flow hedges*

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative financial instrument is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion is recognised immediately in profit or loss.

When a hedged forecast transaction occurs and results in the recognition of a financial asset or financial liability, the gain or loss recognised in other comprehensive income does not adjust the initial carrying amount of the asset or liability but remains in equity and is reclassified from equity to profit or loss consistently with the recognition of gains and losses on the asset or liability as a reclassification adjustment.

##### *Discontinuing hedge accounting*

Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument existing in equity is retained in equity and is recognised when the forecast transaction is ultimately recognised

## Vinythai Public Company Limited and its Subsidiaries

### Note to the financial statements

### For the year ended 31 December 2016

in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is recognised in profit or loss immediately.

#### (e) *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. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

#### (f) *Trade and other receivables*

Trade and other receivables 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.

#### (g) *Inventories*

Inventories are stated 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.

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.

#### (h) *Investments*

##### *Investments in subsidiaries and associate*

Investments in subsidiaries and associate in the separate financial statements of the Company are accounted for using the cost method. Investment in associate in the consolidated financial statements is accounted for using the equity method.

##### *Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

If the Group 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.

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

##### *Recognition and measurement*

##### *Owned assets*

Property, plant and equipment are stated at cost less accumulated depreciation and 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.

Gains and losses on disposal of an 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 net within other income 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 Group 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:

|                                     |         |       |
|-------------------------------------|---------|-------|
| Lease land improvements             | 50      | years |
| Buildings and building improvements | 10 - 50 | years |
| Machinery and equipment             | 5 - 30  | years |

## Vinythai Public Company Limited and its Subsidiaries

### Note to the financial statements

### For the year ended 31 December 2016

|  |        |       |
|--|--------|-------|
| Furniture, fixtures and office equipment | 3 - 30 | years |
| Vehicle                                  | 5 - 10 | years |

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

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

#### (j) *Intangible assets*

Intangible assets that are acquired by the Group 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 are 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.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets 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:

|                          |         |       |
|--------------------------|---------|-------|
| Patents                  | 15 - 20 | years |
| Software licenses        | 5 - 10  | years |
| Leasehold right for land | 50      | years |

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

#### (k) *Impairment*

The carrying amounts of the Group'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.



# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

#### *Calculation of recoverable amount*

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*

Impairment losses recognised in prior periods in respect of other 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.

#### **(l) Interest-bearing liabilities**

Interest-bearing liabilities are recognised at cost.

#### **(m) Trade and other payables**

Trade and other payables are stated at cost.

#### **(n) Employee benefits**

##### *Defined contribution plans*

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

##### *Defined benefit plans*

The Group'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. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

## Vinythai Public Company Limited and its Subsidiaries

### Note to the financial statements

### For the year ended 31 December 2016

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in other comprehensive income. The Group 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 Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### *Other long-term employee benefits*

The Group'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 Group 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.

#### **(o) Provisions**

A provision is recognised if, as a result of a past event, the Group 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 finance cost.

#### **(p) Revenue**

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

#### *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. Service income is recognised as services are provided.

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

#### *Dividend income*

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

#### *Interest income*

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

#### **(q)** *Finance costs*

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of time to be prepared for its intended use or sale.

#### **(r)** *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.

#### **(s)** *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.

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 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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

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 tax and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group 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 Group 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. 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.

#### (t) *Earnings per share*

The Group presents basic 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 outstanding during the period.

#### (u) *Segment reporting*

Segment results that are reported to the Group's Managing Director (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

## 4 *Related parties*

For the purposes of these financial statements, parties are considered to be related to the Group if the Group 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 Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries and associate are described in notes 9 and 10. Relationship with key management and other related parties were as follows:



## Vinythai Public Company Limited and its Subsidiaries

### Note to the financial statements

### For the year ended 31 December 2016

| Name of entities                                | Country of Incorporation / Nationality  | Nature of relationships  |
|---|---|--|
| Solvay Vinyls Holding AG                        | Switzerland   | Major shareholder, 59% shareholding  |
| PTT Global Chemical Public Company Limited      | Thailand  | Major shareholder, 25% shareholding  |
| Advanced Biochemical (Thailand) Company Limited | Thailand  | Subsidiary, 100% shareholding  |
| Vinythai Holding Pte. Limited                   | Singapore   | Subsidiary, 100% shareholding  |
| Solvay Biochemicals (Taixing) Limited           | China   | Indirect subsidiary, 100% shareholding by subsidiary   |
| Advanced Biochemical Europe                     | Belgium   | Indirect subsidiary, 99.9% shareholding by subsidiary and 0.1% shareholding by the Company   |
| Pimai Salt Company Limited                      | Thailand  | Associate  |
| Solvay Peroxythai Limited                       | Thailand  | Related company  |
| Solvay S.A. and Solvay Group companies          | Belgium, Japan, America, Korea, China, India, France, Italy, Singapore, Germany, Russia, South Africa and Spain | Related company  |
| Thai Tank Terminal Limited                      | Thailand  | Related company  |
| Solvay Asia Pacific Company Limited             | Thailand  | Related company  |
| MTP HP JV (Thailand) Company Limited            | Thailand  | Related company  |
| Key management personnel                        | Thailand, Belgian, Italian, German and French   | 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 Group |

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

| Transactions                              | Pricing policies               |
|---|--------------------------------|
| <b>Subsidiaries</b>                       |                                |
| Revenue from sale of goods                | With reference to market price |
| Interest income                           | Contract rate and market rate  |
| Service income, net                       | Contract price                 |
| Revenue from sale of spare parts          | With reference to market price |
| Purchase of raw materials                 | Market price                   |
| Purchase of spare parts and other service | Net book value                 |

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

| Transactions  | Pricing policies   |
|---|--|
| <b>Associate</b>  |  |
| Purchase of raw materials   | Contract price of salt which approximate production cost                   |
| <b>Other related parties</b>  |  |
| Revenue from sale of goods  | With reference to market price   |
| Interest income   | Contract rate and market rate  |
| Service income  | Contract rate  |
| Purchase of raw materials   | Average Ethylene market prices in major regions worldwide and market price |
| Purchase of spare parts, services expenses and other manufacturing expenses | Contract rate  |
| License and technical assistance service expenses                           | Contract rate  |
| Insurance premium, commission expenses and other operating expenses         | Contract rate  |

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

| Year ended 31 December                    | Consolidated financial statements |           | Separate financial statements |         |
|---|-----------------------------------|-----------|-------------------------------|---------|
|   | 2016                              | 2015      | 2016                          | 2015    |
|   | (in thousand Baht)                |           |                               |         |
| <b>Subsidiaries</b>                       |                                   |           |                               |         |
| Revenue from sale of goods                | -                                 | -         | 674,083                       | 682,498 |
| Interest income                           | -                                 | -         | 144,494                       | 158,104 |
| Service income, net                       | -                                 | -         | 107,201                       | 112,112 |
| Revenue from sale of spare parts          | -                                 | -         | 4,252                         | 5,724   |
| Purchase of raw materials                 | -                                 | -         | 174,973                       | 171,386 |
| Purchase of spare parts and other service | -                                 | -         | 582                           | 115     |
| <b>Associate</b>                          |                                   |           |                               |         |
| Purchase of raw materials                 | 383,276                           | 469,339   | 383,276                       | 469,339 |
| <b>Other related parties</b>              |                                   |           |                               |         |
| Revenue from sale of goods                | 1,042,201                         | 1,270,296 | 131,798                       | 114,501 |
| Interest income                           | 1                                 | 23        | 1                             | 23      |
| Service income                            | 20,966                            | 18,951    | 16,360                        | 18,951  |

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2016

| Year ended 31 December  | Consolidated financial statements |           | Separate financial statements |           |
|---|-----------------------------------|-----------|-------------------------------|-----------|
|   | 2016                              | 2015      | 2016                          | 2015      |
|   | (in thousand Baht)                |           |                               |           |
| Purchase of raw materials   | 5,360,165                         | 6,393,125 | 5,201,301                     | 6,239,607 |
| Purchase of spare parts, services expenses and other manufacturing expenses | 96,602                            | 94,055    | 96,602                        | 94,055    |
| License and technical assistance service expenses                           | 10,176                            | 10,544    | 3,643                         | 10,544    |
| Insurance premium, commission expenses and other operating expenses         | 132,028                           | 136,761   | 1,718                         | 3,006     |
|   |                                   |           |                               |           |
| <b>Key management personnel</b>   |                                   |           |                               |           |
| Key management personnel compensation                                       |                                   |           |                               |           |
| Short-term employee benefit   | 89,853                            | 94,231    | 78,693                        | 75,953    |
| Post-employment benefits and other long-term benefits                       | 1,595                             | 1,789     | 1,595                         | 1,789     |

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

| Trade accounts receivable from related parties | Consolidated financial statements |                | Separate financial statements |               |
|--|-----------------------------------|----------------|-------------------------------|---------------|
|  | 2016                              | 2015           | 2016                          | 2015          |
|  | (in thousand Baht)                |                |                               |               |
| Subsidiaries                                   | -                                 | -              | 40,745                        | 28,353        |
| Other related parties                          | 146,830                           | 143,868        | 28,900                        | 15,870        |
| <b>Total</b>                                   | <b>146,830</b>                    | <b>143,868</b> | <b>69,645</b>                 | <b>44,223</b> |

| Other receivables from related parties | Consolidated financial statements |              | Separate financial statements |               |
|--|-----------------------------------|--------------|-------------------------------|---------------|
|  | 2016                              | 2015         | 2016                          | 2015          |
|  | (in thousand Baht)                |              |                               |               |
| Subsidiaries                           | -                                 | -            | 19,713                        | 19,494        |
| Other related parties                  | 8,865                             | 9,307        | 8,287                         | 9,306         |
| <b>Total</b>                           | <b>8,865</b>                      | <b>9,307</b> | <b>28,000</b>                 | <b>28,800</b> |

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

| Loans to related parties                | Interest rate              |                            | Consolidated financial statements |      | Separate financial statements |           |
|---|----------------------------|----------------------------|-----------------------------------|------|-------------------------------|-----------|
|   | 2016                       | 2015                       | 2016                              | 2015 | 2016                          | 2015      |
|   | (% per annum)              |                            | (in thousand Baht)                |      |                               |           |
| <i>Short-term loans</i>                 |                            |                            |                                   |      |                               |           |
| Subsidiaries                            | 1.80 and 2.99              | 1.94                       | -                                 | -    | 1,411,321                     | 1,450,000 |
| <i>Long-term loans</i>                  |                            |                            |                                   |      |                               |           |
| Subsidiaries                            |                            |                            |                                   |      |                               |           |
| Long-term loans                         | 4.7 and THBFIx +fixed rate | 4.7 and THBFIx +fixed rate | -                                 | -    | 3,246,752                     | 3,304,952 |
| Less allowance for doubtful accounts    |                            |                            | -                                 | -    | (251,610)                     | (217,343) |
|   |                            |                            | -                                 | -    | 2,995,142                     | 3,087,609 |
| Less current portion of long-term loans |                            |                            | -                                 | -    | (1,238,087)                   | (595,247) |
|   |                            |                            | -                                 | -    | 1,757,055                     | 2,492,362 |
| Total loans to related parties-net      |                            |                            | -                                 | -    | 4,406,463                     | 4,537,609 |
| Doubtful debts expense for the year     |                            |                            | -                                 | -    | 34,267                        | 115,943   |

The Company recorded an allowance for doubtful accounts of long-term loan to subsidiary of Baht 34.3 million in the separate statement of comprehensive income for the year ended 31 December 2016 (2015: Baht 115.9 million) (see note 10).

Movements during the years ended 31 December of loans to related parties were as follows:

| Short-term loans to related parties | Consolidated financial statements |      | Separate financial statements |             |
|-------------------------------------|-----------------------------------|------|-------------------------------|-------------|
|                                     | 2016                              | 2015 | 2016                          | 2015        |
|                                     | (in thousand Baht)                |      |                               |             |
| <i>Subsidiary</i>                   |                                   |      |                               |             |
| At 1 January                        | -                                 | -    | 1,450,000                     | 1,600,000   |
| Increase                            | -                                 | -    | 11,910                        | 2,850,000   |
| Decrease                            | -                                 | -    | (50,000)                      | (3,000,000) |
| Effect of exchange rate             | -                                 | -    | (589)                         | -           |
| At 31 December                      | -                                 | -    | 1,411,321                     | 1,450,000   |

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

| <i>Long-term loans to related parties</i> | Consolidated financial statements |          | Separate financial statements |                  |
|---|-----------------------------------|----------|-------------------------------|------------------|
|   | 2016                              | 2015     | 2016                          | 2015             |
|   | <i>(in thousand Baht)</i>         |          |                               |                  |
| <b>Subsidiaries</b>                       |                                   |          |                               |                  |
| At 1 January                              | -                                 | -        | 3,304,952                     | 3,107,949        |
| Increase                                  | -                                 | -        | -                             | 163,893          |
| Effect of exchange rate                   | -                                 | -        | (58,200)                      | 33,110           |
| <b>At 31 December</b>                     | <b>-</b>                          | <b>-</b> | <b>3,246,752</b>              | <b>3,304,952</b> |

| <i>Trade accounts payable to related parties</i> | Consolidated financial statements |                | Separate financial statements |                |
|--|-----------------------------------|----------------|-------------------------------|----------------|
|  | 2016                              | 2015           | 2016                          | 2015           |
|  | <i>(in thousand Baht)</i>         |                |                               |                |
| <b>Subsidiaries</b>                              | -                                 | -              | 10,801                        | 7,198          |
| Associate  | 35,319                            | 39,463         | 35,319                        | 39,463         |
| Other related parties                            | 557,972                           | 690,328        | 544,242                       | 676,557        |
| <b>Total</b>                                     | <b>593,291</b>                    | <b>729,791</b> | <b>590,362</b>                | <b>723,218</b> |

| <i>Other payables to related parties</i> | Consolidated financial statements |               | Separate financial statements |               |
|--|-----------------------------------|---------------|-------------------------------|---------------|
|  | 2016                              | 2015          | 2016                          | 2015          |
|  | <i>(in thousand Baht)</i>         |               |                               |               |
| <b>Subsidiaries</b>                      | -                                 | -             | 51                            | 51            |
| Other related parties                    | 42,861                            | 35,980        | 11,870                        | 13,872        |
| <b>Total</b>                             | <b>42,861</b>                     | <b>35,980</b> | <b>11,921</b>                 | <b>13,923</b> |

#### *Significant agreements with related parties*

##### *Short-term loans to subsidiaries*

As at 31 December 2016, the outstanding balances of EUR 0.3 million or equivalent to Baht 11.3 million and Baht 1,400 million represented loans to subsidiaries, carrying interest at money market rates quoted by the commercial banks and they shall be repayable on 16 June 2017 and 29 December 2017, respectively.

##### *Long-term loans to subsidiaries*

On 22 July 2010, the Company has entered into a loan agreement of Baht 4,500 million with its subsidiary, Advanced Biochemical (Thailand) Company Limited, to finance the investment project. The loan is repayable



## Vinythai Public Company Limited and its Subsidiaries

### Note to the financial statements

### For the year ended 31 December 2016

in 14 semi-annual installments commencing from 2013 carrying interest at a floating rate based on THBFIx plus a certain percentage. The subsidiary may prepay all or any part of any loan with the amount and condition as specified in the loan agreements. On 2 June 2016, the Company issued a memorandum to subsidiary to postpone the repayment date for all amount due in 2016 of Baht 595.2 million to be repaid in June 2017 and the remaining amount will be repaid at Baht 321.4 million each from June 2017 to December 2019.

On 17 June 2013, the Company has entered into a loan agreement of RMB 180 million with its subsidiary, Solvay Biochemicals (Taixing) Limited, to finance the investment project. Up to 31 December 2016, the subsidiary has drawn down a total of RMB 140 million or equivalent to Baht 723 million from this facility. The loan is repayable in 7 semi-annual installments commencing from October 2016 carrying interest at a fixed rate of 4.7% per annum. On 1 June 2016, the Company entered into an amendment agreement to extend the first installment date to be August 2020.

#### *Lease agreement*

On 1 December 2005, the Company and its subsidiaries entered into the inventory tank lease agreements with a related company. Thereafter, on 2 November 2011, both parties had agreed to amend the certain stipulated terms of the original contract. In consideration thereof, the Company and its subsidiaries shall pay the service fee as specified in the agreement. The term of agreement is for a period of 15 years starting from January 2012 to January 2027.

#### *License and technical assistance services agreement*

As at 31 December 2016, the Company and its subsidiaries entered into license and technical assistance services agreements with Solvay S.A. for the purpose of construction of a new plant and expansion of production capacity. The Company and its subsidiaries shall pay the service fee as specified in the agreements.

#### *Right of way and service agreement*

On 1 May 2010, the Company entered into a right of way and service agreement with its subsidiary, Advanced Biochemical (Thailand) Company Limited, whereby the Company agrees to provide rights of way over the Company's land and the Company agrees to provide services, equipment, facilities, space and access to the subsidiary, and the subsidiary hereby agrees and accepts the services and right of way from the Company. In consideration thereof, the subsidiary shall pay service fee as specified in the agreement. This agreement is for a period of 3 years after which this agreement shall be automatically renewed for successive periods of 3 years. Either party may terminate this agreement by giving notice in writing not less than 6 months before the date of expiry.

#### *Service contracts*

On 10 March 2014, the Company entered into service contracts with certain related parties whereby the Company agreed to provide various treasury services to those related parties. In consideration thereof, the Company shall receive service incomes as specified in the contracts. These contracts are for a period of 1 year commencing

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

on 1 April 2014 and shall be automatically renewed for another 1 year each. Either party may terminate these contracts by giving notice in writing not less than 3 months before the date of expiry.

#### 5 Cash and cash equivalents

|  | Consolidated<br>financial statements |                  | Separate<br>financial statements |                  |
|--|--------------------------------------|------------------|----------------------------------|------------------|
|  | 2016                                 | 2015             | 2016                             | 2015             |
|  | <i>(in thousand Baht)</i>            |                  |                                  |                  |
| Cash on hand                                 | 148                                  | 187              | 143                              | 167              |
| Cash at banks - current and savings accounts | 2,706,520                            | 2,504,553        | 2,511,035                        | 2,103,152        |
| Cash at bank - fixed deposit                 | 500,558                              | -                | 500,558                          | -                |
| <b>Total</b>                                 | <b>3,207,226</b>                     | <b>2,504,740</b> | <b>3,011,736</b>                 | <b>2,103,319</b> |

The currency denomination of cash and cash equivalents as at 31 December was as follows:

|                             | Consolidated<br>financial statements |                  | Separate<br>financial statements |                  |
|-----------------------------|--------------------------------------|------------------|----------------------------------|------------------|
|                             | 2016                                 | 2015             | 2016                             | 2015             |
|                             | <i>(in thousand Baht)</i>            |                  |                                  |                  |
| Thai Baht (THB)             | 3,120,637                            | 2,361,917        | 3,004,359                        | 2,087,057        |
| Euro (EUR)                  | 42,161                               | 36,079           | -                                | -                |
| United States Dollars (USD) | 28,248                               | 35,838           | 7,377                            | 16,262           |
| Chinese Yuan (CNY)          | 16,180                               | 70,906           | -                                | -                |
| <b>Total</b>                | <b>3,207,226</b>                     | <b>2,504,740</b> | <b>3,011,736</b>                 | <b>2,103,319</b> |

#### 6 Trade accounts receivable

|  | Note | Consolidated<br>financial statements |                  | Separate<br>financial statements |                  |
|--|------|--------------------------------------|------------------|----------------------------------|------------------|
|  |      | 2016                                 | 2015             | 2016                             | 2015             |
|  |      | <i>(in thousand Baht)</i>            |                  |                                  |                  |
| Related parties  | 4    | 146,830                              | 143,868          | 69,645                           | 44,223           |
| Other parties  |      | 2,259,807                            | 2,063,605        | 2,096,670                        | 1,920,163        |
| <b>Total</b>   |      | <b>2,406,637</b>                     | <b>2,207,473</b> | <b>2,166,315</b>                 | <b>1,964,386</b> |
| Less allowance for doubtful accounts                   |      | (434,401)                            | (434,401)        | (434,401)                        | (434,401)        |
| <b>Net</b>   |      | <b>1,972,236</b>                     | <b>1,773,072</b> | <b>1,731,914</b>                 | <b>1,529,985</b> |
| Bad and doubtful debts expense (reversal) for the year |      | -                                    | (10,000)         | -                                | (10,000)         |

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

#### Accounts receivable purchase agreement

As at 31 December 2016, the Group and the Company had assigned its rights over collection from account receivable amounted of Baht 272.2 million (2015: Baht 387.7 million) in the consolidated financial statements and Baht 243.1 million (2015: Baht 299.1 million) in the separate financial statements to a financial institution according to the accounts receivable purchase agreement with the rate as stipulated in the agreement. In this regards, the purchaser shall not have any right of recourse against the seller.

Aging analyses for trade accounts receivable were as follows:

|                                      | Consolidated<br>financial statements |                  | Separate<br>financial statements |                  |
|--------------------------------------|--------------------------------------|------------------|----------------------------------|------------------|
|                                      | 2016                                 | 2015             | 2016                             | 2015             |
| <i>(in thousand Baht)</i>            |                                      |                  |                                  |                  |
| <b>Related parties</b>               |                                      |                  |                                  |                  |
| Within credit terms                  | 146,374                              | 139,099          | 69,189                           | 40,623           |
| Overdue:                             |                                      |                  |                                  |                  |
| Less than 3 months                   | 456                                  | 4,769            | 456                              | 3,600            |
|                                      | <b>146,830</b>                       | <b>143,868</b>   | <b>69,645</b>                    | <b>44,223</b>    |
| <b>Other parties</b>                 |                                      |                  |                                  |                  |
| Within credit terms                  | 1,756,291                            | 1,572,090        | 1,593,520                        | 1,428,889        |
| Overdue:                             |                                      |                  |                                  |                  |
| Less than 3 months                   | 72,619                               | 55,931           | 72,253                           | 55,931           |
| 3 - 6 months                         | 39                                   | 1,183            | 39                               | 942              |
| Over 12 months                       | 430,858                              | 434,401          | 430,858                          | 434,401          |
|                                      | <b>2,259,807</b>                     | <b>2,063,605</b> | <b>2,096,670</b>                 | <b>1,920,163</b> |
| Less allowance for doubtful accounts | (434,401)                            | (434,401)        | (434,401)                        | (434,401)        |
|                                      | <b>1,825,406</b>                     | <b>1,629,204</b> | <b>1,662,269</b>                 | <b>1,485,762</b> |
| <b>Net</b>                           | <b>1,972,236</b>                     | <b>1,773,072</b> | <b>1,731,914</b>                 | <b>1,529,985</b> |

The normal credit term granted by the Group ranges from 15 days to 90 days.

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

The currency denomination of trade accounts receivable as at 31 December was as follows:

|                             | Consolidated<br>financial statements |                  | Separate<br>financial statements |                  |
|-----------------------------|--------------------------------------|------------------|----------------------------------|------------------|
|                             | 2016                                 | 2015             | 2016                             | 2015             |
|                             | <i>(in thousand Baht)</i>            |                  |                                  |                  |
| Thai Baht (THB)             | 1,971,127                            | 1,713,567        | 1,967,680                        | 1,700,465        |
| United States Dollars (USD) | 414,335                              | 478,391          | 198,635                          | 263,921          |
| Japanese Yen (JPY)          | 10,929                               | 6,975            | -                                | -                |
| Euro (EUR)                  | 10,246                               | 8,540            | -                                | -                |
| <b>Total</b>                | <b>2,406,637</b>                     | <b>2,207,473</b> | <b>2,166,315</b>                 | <b>1,964,386</b> |

## 7 Other receivables

|                 | Note | Consolidated<br>financial statements |               | Separate<br>financial statements |               |
|-----------------|------|--------------------------------------|---------------|----------------------------------|---------------|
|                 |      | 2016                                 | 2015          | 2016                             | 2015          |
|                 |      | <i>(in thousand Baht)</i>            |               |                                  |               |
| Related parties | 4    | 8,865                                | 9,307         | 28,000                           | 28,800        |
| Other parties   |      | 122,065                              | 1,399         | 121,569                          | 975           |
| <b>Total</b>    |      | <b>130,930</b>                       | <b>10,706</b> | <b>149,569</b>                   | <b>29,775</b> |

The currency denominations of other receivables as at 31 December was as follows:

|                             | Consolidated<br>financial statements |               | Separate<br>financial statements |               |
|-----------------------------|--------------------------------------|---------------|----------------------------------|---------------|
|                             | 2016                                 | 2015          | 2016                             | 2015          |
|                             | <i>(in thousand Baht)</i>            |               |                                  |               |
| Thai Baht (THB)             | 124,653                              | 4,691         | 136,833                          | 16,518        |
| Chinese Yuan (CNY)          | 4,440                                | 4,776         | 10,120                           | 10,786        |
| United States Dollars (USD) | 942                                  | 1,034         | 939                              | 1,034         |
| Euro (EUR)                  | 895                                  | 205           | 1,677                            | 1,437         |
| <b>Total</b>                | <b>130,930</b>                       | <b>10,706</b> | <b>149,569</b>                   | <b>29,775</b> |

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

#### 8 Inventories

|   | Consolidated<br>financial statements |                   | Separate<br>financial statements |                   |
|---|--------------------------------------|-------------------|----------------------------------|-------------------|
|   | 2016                                 | 2015              | 2016                             | 2015              |
|   | <i>(in thousand Baht)</i>            |                   |                                  |                   |
| Finished goods  | 511,424                              | 573,089           | 358,809                          | 488,448           |
| Raw materials   | 192,234                              | 210,585           | 171,609                          | 162,281           |
| Packaging   | 23,280                               | 3,271             | 2,321                            | 3,271             |
| Spare parts   | 199,879                              | 229,868           | 199,879                          | 210,202           |
| Goods in transit  | 52,310                               | 61,928            | -                                | -                 |
| <b>Total</b>  | <b>979,127</b>                       | <b>1,078,741</b>  | <b>732,618</b>                   | <b>864,202</b>    |
| Less allowance for decline in value and<br>slow-moving            | (16,700)                             | (50,575)          | (8,150)                          | (39,629)          |
| <b>Net</b>  | <b>962,427</b>                       | <b>1,028,166</b>  | <b>724,468</b>                   | <b>824,573</b>    |
| Inventories recognised as an expense in<br>cost of sale of goods: |                                      |                   |                                  |                   |
| - Cost  | 13,572,387                           | 14,737,819        | 11,818,885                       | 12,729,411        |
| - (Reversal of) write-down to net realisable value                | (33,875)                             | 4,153             | (31,480)                         | (6,095)           |
| <b>Net total</b>  | <b>13,538,512</b>                    | <b>14,741,972</b> | <b>11,787,405</b>                | <b>12,723,316</b> |

#### 9 Investment in associate

|  | Consolidated<br>financial statements |                | Separate<br>financial statements |                |
|--|--------------------------------------|----------------|----------------------------------|----------------|
|  | 2016                                 | 2015           | 2016                             | 2015           |
|  | <i>(in thousand Baht)</i>            |                |                                  |                |
| At 1 January                               | 385,936                              | 384,296        | 397,678                          | 397,678        |
| Share of profit of investment in associate | 129                                  | 1,640          | -                                | -              |
| <b>At 31 December</b>                      | <b>386,065</b>                       | <b>385,936</b> | <b>397,678</b>                   | <b>397,678</b> |



# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

Investment in associate as at 31 December 2016 and 2015, and dividend income from this investment for the years then ended were as follows:

|                            | Consolidated financial statements |       |                 |         |         |         |            |         |                 |      |
|----------------------------|-----------------------------------|-------|-----------------|---------|---------|---------|------------|---------|-----------------|------|
|                            | Ownership interest                |       | Paid-up capital |         | Cost    |         | Equity     |         | Dividend income |      |
|                            | 2016                              | 2015  | 2016            | 2015    | 2016    | 2015    | 2016       | 2015    | 2016            | 2015 |
|                            | (in thousand Baht)                |       |                 |         |         |         |            |         |                 |      |
| <b>Associate</b>           |                                   |       |                 |         |         |         |            |         |                 |      |
| Pimal Salt Company Limited | 28.49                             | 28.49 | 193,892         | 193,892 | 397,678 | 397,678 | 386,065    | 385,936 | -               | -    |
|                            | Separate financial statements     |       |                 |         |         |         |            |         |                 |      |
|                            | (in thousand Baht)                |       |                 |         |         |         |            |         |                 |      |
|                            | Ownership interest                |       | Paid-up capital |         | Cost    |         | Impairment |         | At cost - net   |      |
|                            | 2016                              | 2015  | 2016            | 2015    | 2016    | 2015    | 2016       | 2015    | 2016            | 2015 |
| <b>Associate</b>           |                                   |       |                 |         |         |         |            |         |                 |      |
| Pimal Salt Company Limited | 28.49                             | 28.49 | 193,892         | 193,892 | 397,678 | 397,678 | -          | -       | 397,678         | -    |

The Company's associate was incorporated in Thailand. The principal activity of the associate is industrial salt production.

## Vinythai Public Company Limited and its Subsidiaries

### Note to the financial statements

### For the year ended 31 December 2016

#### *Immaterial associate*

The following is summarised financial information for the Group's interest in immaterial associate based on the amounts reported in the Group's consolidated financial statements:

|   | Immaterial associate      |         |
|---|---------------------------|---------|
|   | 2016                      | 2015    |
|   | <i>(in thousand Baht)</i> |         |
| Carrying amount of interests in immaterial associates | 386,065                   | 385,936 |
| Group's share of profit from continuing operations    | 129                       | 1,640   |

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

#### 10 Investments in subsidiaries

Investments in subsidiaries as at 31 December 2016 and 2015, and dividend income from those investments for the years then ended were as follows:

|  | Type of business                                | Ownership interest |      | Paid-up capital    |                    | Cost method      |                  | Impairment         |                    | At cost - net    |                  | Dividend income |          |
|--|---|--------------------|------|--------------------|--------------------|------------------|------------------|--------------------|--------------------|------------------|------------------|-----------------|----------|
|  |   | 2016               | 2015 | 2016               | 2015               | 2016             | 2015             | 2016               | 2015               | 2016             | 2015             | 2016            | 2015     |
|  |   | (%)                |      |                    |                    |                  |                  |                    |                    |                  |                  |                 |          |
|  |   |                    |      |                    |                    |                  |                  |                    |                    |                  |                  |                 |          |
|  | Advanced Biochemical (Thailand) Company Limited | 100                | 100  | Baht 1,500 million | Baht 1,500 million | 1,454,097        | 1,454,097        | -                  | -                  | 1,454,097        | 1,454,097        | -               | -        |
|  |   |                    |      |                    |                    |                  |                  |                    |                    |                  |                  |                 |          |
|  | Vinythai Holding Pte. Limited                   | 100                | 100  | RMB 287 million    | RMB 287 million    | 1,416,400        | 1,416,400        | (1,416,400)        | (1,416,400)        | -                | -                | -               | -        |
|  |   |                    |      |                    |                    | <b>2,870,497</b> | <b>2,870,497</b> | <b>(1,410,400)</b> | <b>(1,416,400)</b> | <b>1,454,097</b> | <b>1,454,097</b> | <b>-</b>        | <b>-</b> |

## Vinythai Public Company Limited and its Subsidiaries

### Note to the financial statements

### For the year ended 31 December 2016

One of the Group's business in Biochemical segment faced a number of challenges in the markets including the volatility of Epichlorohydrin prices as a consequence of low propylene prices and market oversupply. These factors, which the Group expects to persist in the foreseeable future, resulted in the followings:

- 1) On 29 August 2013, the Board of Director's meeting of the Company had unanimously approved to suspend the construction project of Epichlorohydrin plant, located in Taixing Economic Development Zone, Jiangsu province, People's Republic of China, of Solvay Biochemicals (Taixing) Limited ("SBT"), which is the indirect subsidiary of the Company via Vinythai Holding Pte. Limited ("VNTH"), for some certain period and the decision to re-start has been deferred for some additional time as the business conditions in China had not improved. These are the indicator that the value of investment in VNTH and loans to SBT, which presented in the separate financial statement, the net book value of property, plant and equipment, intangible assets and advance payment for construction in progress, which presented in the consolidated financial statement might be impaired.

In 2014, the management of SBT assessed the recoverable amount of the assets based on the fair value less cost of disposal by the independent appraiser using the market comparison approach for leasehold right for land and intangible assets and the replacement cost approach for plant and equipment and advance payment for construction in progress, and reassessed the recoverable amount of those assets on an annual basis in 2015 and 2016. Based on the result of the assessment and valuation in independent appraisal report, the Group recorded an allowance for impairment loss of the assets totalling of Baht 1,365.1 million, Baht 54.0 million and Baht 3.0 million in the consolidated financial statements for the years 2014, 2015 and 2016, respectively, and the Company recorded an allowance for impairment loss of investment in VNTH of Baht 1,416.4 million in the separate financial statements for the year 2014 and recorded an allowance for impairment loss of loans to SBT totalling of Baht 101.4 million, Baht 115.9 million, Baht 34.3 million in the separate financial statements for the years 2014, 2015 and 2016, respectively. As of 31 December 2016, the net carrying amount of temporarily idle construction in progress and intangible assets of SBT presented as assets not used in operation in the consolidated financial statement were Baht 326.2 million (2015: Baht 354.4 million)

- 2) Advanced Biochemical (Thailand) Company Limited ("ABT"), a wholly-owned subsidiary of the Company, incurred net operating losses for the year ended 31 December 2016 of Baht 440.8 million. The management believed that the value of investment in and loans to ABT, which presented in the separate financial statement, the net book value of property, plant and equipment and intangible assets, which presented in the consolidated financial statement might be impaired and prepared discounted cash flow projections ("DCF") to determine the value in use of investment in ABT. The key assumptions included budgeted EBITDA and discount rate. The discount rate was estimated based on the industry average weighted-average cost of capital. Based on the result of the assessment and management judgement, there was no impairment loss recorded.

The records of an allowance for impairment loss of the assets and allowance for doubtful accounts resulted in the reduction of the Group's financial performance, but would have no cash flow consequences and no effect on any covenants in the debt facility.

Vinythai Public Company Limited and its Subsidiaries  
Note to the financial statements  
For the year ended 31 December 2016

11 Property, plant and equipment

|                         | Consolidated financial statements |                        |                                   |                         |  |         |   |            |
|-------------------------|-----------------------------------|------------------------|-----------------------------------|-------------------------|--|---------|---|------------|
|                         | Land                              | Lease land improvement | Building and building improvement | Machinery and equipment | Furniture, fixtures and office equipment | Vehicle | Asset under construction and machinery under installation | Total      |
| <i>Cost</i>             |                                   |                        |                                   |                         |  |         |   |            |
| At 1 January 2015       | 2,909                             | 589,882                | 2,159,519                         | 22,145,545              | 293,286                                  | 6,468   | 340,091   | 25,537,700 |
| Additions               | -                                 | -                      | -                                 | -                       | -  | -       | 343,382   | 343,382    |
| Transfers               | -                                 | -                      | 15,681                            | 453,746                 | 2,191                                    | -       | (529,488)   | (57,870)   |
| Disposals               | -                                 | -                      | (872)                             | (45,595)                | (27,887)                                 | (6)     | -   | (74,360)   |
| At 31 December 2015 and |                                   |                        |                                   |                         |  |         |   |            |
| 1 January 2016          | 2,909                             | 589,882                | 2,174,328                         | 22,553,696              | 267,590                                  | 6,462   | 153,985   | 25,748,852 |
| Additions               | -                                 | -                      | 1,686                             | 105,992                 | 1,757                                    | -       | 158,033   | 267,468    |
| Transfers               | -                                 | -                      | 10,986                            | 134,538                 | 3,806                                    | -       | (149,330)   | -          |
| Disposals               | (2,909)                           | (1,050)                | (64,009)                          | (51,520)                | (26,424)                                 | -       | -   | (145,912)  |
| At 31 December 2016     | -                                 | 588,832                | 2,122,991                         | 22,742,706              | 246,729                                  | 6,462   | 162,688   | 25,870,408 |
|                         |                                   |                        |                                   |                         |  |         |   |            |

(in thousand Baht)



# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

|                                  | Consolidated financial statements |                        |                                   |                         |  |         |   |            |
|----------------------------------|-----------------------------------|------------------------|-----------------------------------|-------------------------|--|---------|---|------------|
|                                  | Land                              | Lease land improvement | Building and building improvement | Machinery and equipment | Furniture, fixtures and office equipment | Vehicle | Asset under construction and machinery under installation | Total      |
| <i>(in thousand Baht)</i>        |                                   |                        |                                   |                         |  |         |   |            |
| <b>Depreciation</b>              |                                   |                        |                                   |                         |  |         |   |            |
| At 1 January 2015                | -                                 | 238,291                | 616,124                           | 11,343,720              | 259,731                                  | 6,468   | -   | 12,464,334 |
| Depreciation charge for the year | -                                 | 11,798                 | 68,948                            | 1,352,878               | 8,497                                    | -       | -   | 1,442,121  |
| Disposals                        | -                                 | -                      | (855)                             | (45,308)                | (27,248)                                 | (6)     | -   | (73,417)   |
| <b>At 31 December 2015 and</b>   |                                   |                        |                                   |                         |  |         |   |            |
| <b>1 January 2016</b>            | -                                 | 250,089                | 684,217                           | 12,651,290              | 240,980                                  | 6,462   | -   | 13,833,038 |
| Depreciation charge for the year | -                                 | 12,418                 | 69,221                            | 1,379,588               | 6,561                                    | -       | -   | 1,467,788  |
| Disposals                        | -                                 | (1,050)                | (31,519)                          | (38,757)                | (25,786)                                 | -       | -   | (97,112)   |
| <b>At 31 December 2016</b>       | -                                 | 261,457                | 721,919                           | 13,992,121              | 221,755                                  | 6,462   | -   | 15,203,714 |
| <b>Net book value</b>            |                                   |                        |                                   |                         |  |         |   |            |
| At 1 January 2015                | 2,909                             | 351,591                | 1,543,395                         | 10,801,825              | 33,555                                   | -       | 340,091   | 13,073,366 |
| <b>At 31 December 2015 and</b>   |                                   |                        |                                   |                         |  |         |   |            |
| <b>1 January 2016</b>            | 2,909                             | 339,793                | 1,490,111                         | 9,902,406               | 26,610                                   | -       | 153,985   | 11,915,814 |
| <b>At 31 December 2016</b>       | -                                 | 327,375                | 1,401,072                         | 8,750,585               | 24,974                                   | -       | 162,688   | 10,666,694 |

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2016

|                                | Separate financial statements |                        |                                   |                         |  |         |   |            |
|--------------------------------|-------------------------------|------------------------|-----------------------------------|-------------------------|--|---------|---|------------|
|                                | Land                          | Lease land improvement | Building and building improvement | Machinery and equipment | Furniture, fixtures and office equipment | Vehicle | Asset under construction and machinery under installation | Total      |
| <b>Cost</b>                    |                               |                        |                                   |                         |  |         |   |            |
| At 1 January 2015              | 2,909                         | 589,882                | 1,611,970                         | 18,246,041              | 291,545                                  | 6,468   | 305,906   | 21,054,721 |
| Additions                      | -                             | -                      | -                                 | -                       | -  | -       | 289,946   | 289,946    |
| Transfers                      | -                             | -                      | 13,410                            | 436,803                 | 2,191                                    | -       | (452,404)   | -          |
| Disposals                      | -                             | -                      | (872)                             | (45,595)                | (27,887)                                 | (6)     | -   | (74,360)   |
| <b>At 31 December 2015 and</b> |                               |                        |                                   |                         |  |         |   |            |
| <b>1 January 2016</b>          | 2,909                         | 589,882                | 1,624,508                         | 18,637,249              | 265,849                                  | 6,462   | 143,448   | 21,270,307 |
| Additions                      | -                             | -                      | 1,686                             | 105,992                 | 1,757                                    | -       | 121,010   | 230,445    |
| Transfers                      | -                             | -                      | 4,257                             | 104,955                 | 3,806                                    | -       | (113,018)   | -          |
| Disposals                      | (2,909)                       | (1,050)                | (64,009)                          | (51,520)                | (26,424)                                 | -       | -   | (145,912)  |
| <b>At 31 December 2016</b>     | -                             | 588,832                | 1,566,442                         | 18,796,676              | 244,988                                  | 6,462   | 151,440   | 21,354,840 |

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements For the year ended 31 December 2016

|   | Separate financial statements |                        |                                   |                         |  |         |   | Total      |
|---|-------------------------------|------------------------|-----------------------------------|-------------------------|--|---------|---|------------|
|   | Land                          | Lease land improvement | Building and building improvement | Machinery and equipment | Furniture, fixtures and office equipment | Vehicle | Asset under construction and machinery under installation |            |
|   | <i>(in thousand Baht)</i>     |                        |                                   |                         |  |         |   |            |
| <b>Depreciation</b>                               |                               |                        |                                   |                         |  |         |   |            |
| At 1 January 2015                                 | -                             | 238,291                | 554,574                           | 10,529,550              | 258,018                                  | 6,468   | -   | 11,586,901 |
| Depreciation charge for the year                  | -                             | 11,798                 | 47,620                            | 1,067,355               | 8,469                                    | -       | -   | 1,135,242  |
| Disposals   | -                             | -                      | (855)                             | (45,304)                | (27,248)                                 | (6)     | -   | (73,413)   |
| <b>At 31 December 2015 and<br/>1 January 2016</b> | -                             | 250,089                | 601,339                           | 11,551,601              | 239,239                                  | 6,462   | -   | 12,648,730 |
| Depreciation charge for the year                  | -                             | 12,418                 | 47,797                            | 1,090,697               | 6,561                                    | -       | -   | 1,157,473  |
| Disposals   | -                             | (1,050)                | (31,519)                          | (38,757)                | (25,786)                                 | -       | -   | (97,112)   |
| <b>At 31 December 2016</b>                        | -                             | 261,457                | 617,617                           | 12,603,541              | 220,014                                  | 6,462   | -   | 13,709,091 |
| <b>Net book value</b>                             |                               |                        |                                   |                         |  |         |   |            |
| At 1 January 2015                                 | 2,909                         | 351,591                | 1,057,396                         | 7,716,491               | 33,527                                   | -       | 305,906   | 9,467,820  |
| <b>At 31 December 2015 and<br/>1 January 2016</b> | 2,909                         | 339,793                | 1,023,169                         | 7,085,648               | 26,610                                   | -       | 143,448   | 8,621,577  |
| At 31 December 2016                               | -                             | 327,375                | 948,825                           | 6,193,135               | 24,974                                   | -       | 151,440   | 7,645,748  |

## Vinythai Public Company Limited and its Subsidiaries

### Note to the financial statements

### For the year ended 31 December 2016

The gross amount of the Group's and the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2016 amounted to Baht 2,752.2 million and Baht 2,750.4 million, respectively (2015: Baht 548.2 million and Baht 546.4 million, respectively).

The Group recorded a reversal of allowance for impairment loss of Baht 0.3 million in the consolidated statement of comprehensive income for the year ended 31 December 2016 (2015: an allowance for impairment loss of Baht 54.0 million) (see note 10).

#### 12 Intangible assets

|   | Consolidated financial statements |                   |                          |                          |                |
|---|-----------------------------------|-------------------|--------------------------|--------------------------|----------------|
|   | Patents                           | Software licenses | Leasehold right for land | Asset under installation | Total          |
|   | <i>(in thousand Baht)</i>         |                   |                          |                          |                |
| <b>Cost</b>                                   |                                   |                   |                          |                          |                |
| At 1 January 2015                             | 356,245                           | 63,227            | -                        | -                        | 419,472        |
| Additions                                     | -                                 | -                 | -                        | 734                      | 734            |
| Transfer                                      | 359                               | 375               | -                        | (734)                    | -              |
| Disposals                                     | -                                 | (18,353)          | -                        | -                        | (18,353)       |
| <b>At 31 December 2015 and 1 January 2016</b> | <b>356,604</b>                    | <b>45,249</b>     | <b>-</b>                 | <b>-</b>                 | <b>401,853</b> |
| Additions                                     | -                                 | -                 | 761                      | -                        | 761            |
| Disposals                                     | -                                 | (29,472)          | -                        | -                        | (29,472)       |
| Foreign currency translation                  | -                                 | -                 | (25)                     | -                        | (25)           |
| <b>At 31 December 2016</b>                    | <b>356,604</b>                    | <b>15,777</b>     | <b>736</b>               | <b>-</b>                 | <b>373,117</b> |
| <b>Amortisation</b>                           |                                   |                   |                          |                          |                |
| At 1 January 2015                             | 65,388                            | 60,154            | -                        | -                        | 125,542        |
| Amortisation charge for the year              | 22,828                            | 1,099             | -                        | -                        | 23,927         |
| Disposals                                     | -                                 | (18,353)          | -                        | -                        | (18,353)       |
| <b>At 31 December 2015 and 1 January 2016</b> | <b>88,216</b>                     | <b>42,900</b>     | <b>-</b>                 | <b>-</b>                 | <b>131,116</b> |
| Amortisation charge for the year              | 22,831                            | 872               | 44                       | -                        | 23,747         |
| Disposals                                     | -                                 | (29,410)          | -                        | -                        | (29,410)       |
| Foreign currency translation                  | -                                 | -                 | (1)                      | -                        | (1)            |
| <b>At 31 December 2016</b>                    | <b>111,047</b>                    | <b>14,362</b>     | <b>43</b>                | <b>-</b>                 | <b>125,452</b> |
| <b>Net book value</b>                         |                                   |                   |                          |                          |                |
| At 1 January 2015                             | 290,857                           | 3,073             | -                        | -                        | 293,930        |
| At 31 December 2015 and 1 January 2016        | 268,388                           | 2,349             | -                        | -                        | 270,737        |
| At 31 December 2016                           | 245,557                           | 1,415             | 693                      | -                        | 247,665        |

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

|   | Separate financial statements |                   |                          |                |
|---|-------------------------------|-------------------|--------------------------|----------------|
|   | Patents                       | Software licenses | Asset under installation | Total          |
|   | <i>(in thousand Baht)</i>     |                   |                          |                |
| <b>Cost</b>                                   |                               |                   |                          |                |
| At 1 January 2015                             | 55,729                        | 63,227            | -                        | 118,956        |
| Additions                                     | -                             | -                 | 734                      | 734            |
| Transfers                                     | 359                           | 375               | (734)                    | -              |
| Disposals                                     | -                             | (18,353)          | -                        | (18,353)       |
| <b>At 31 December 2015 and 1 January 2016</b> | <b>56,088</b>                 | <b>45,249</b>     | <b>-</b>                 | <b>101,337</b> |
| Disposals                                     | -                             | (29,472)          | -                        | (29,472)       |
| <b>At 31 December 2016</b>                    | <b>56,088</b>                 | <b>15,777</b>     | <b>-</b>                 | <b>71,865</b>  |
| <b>Amortisation</b>                           |                               |                   |                          |                |
| At 1 January 2015                             | 6,975                         | 60,154            | -                        | 67,129         |
| Amortisation charge for the year              | 2,790                         | 1,099             | -                        | 3,889          |
| Disposals                                     | -                             | (18,353)          | -                        | (18,353)       |
| <b>At 31 December 2015 and 1 January 2016</b> | <b>9,765</b>                  | <b>42,900</b>     | <b>-</b>                 | <b>52,665</b>  |
| Amortisation charge for the year              | 2,794                         | 871               | -                        | 3,665          |
| Disposals                                     | -                             | (29,410)          | -                        | (29,410)       |
| <b>At 31 December 2016</b>                    | <b>12,559</b>                 | <b>14,361</b>     | <b>-</b>                 | <b>26,920</b>  |
| <b>Net book value</b>                         |                               |                   |                          |                |
| At 1 January 2015                             | 48,754                        | 3,073             | -                        | 51,827         |
| At 31 December 2015 and 1 January 2016        | 46,323                        | 2,349             | -                        | 48,672         |
| <b>At 31 December 2016</b>                    | <b>43,529</b>                 | <b>1,416</b>      | <b>-</b>                 | <b>44,945</b>  |

The Group recorded an allowance for impairment loss of Baht 3.3 million in the consolidated statement of comprehensive income for the year ended 31 December 2016 (2015: nil) (see note 10).

### 13 Deferred tax

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



Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2016

|                                | Consolidated / Separate financial statements |                |             |          |
|--------------------------------|--|----------------|-------------|----------|
|                                | Assets                                       |                | Liabilities |          |
|                                | 2016   | 2015           | 2016        | 2015     |
|                                | <i>(in thousand Baht)</i>                    |                |             |          |
| Total                          | 399,630                                      | 398,886        | (127)       | -        |
| Set off of tax                 | (127)  | -              | 127         | -        |
| <b>Net deferred tax assets</b> | <b>399,503</b>                               | <b>398,886</b> | <b>-</b>    | <b>-</b> |

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

|   | Consolidated / Separate financial statements |                         |                                  |                           |
|---|--|-------------------------|----------------------------------|---------------------------|
|   | At 1 January<br>2016                         | (Charged) / credited to |                                  | At 31<br>December<br>2016 |
|   |  | Profit or loss          | Other<br>comprehensive<br>income |                           |
|   | (in thousand Baht)                           |                         |                                  |                           |
| Deferred tax assets                           |  |                         |                                  |                           |
| Allowance for impairment loss on assets       | 5,963  | -                       | -                                | 5,963                     |
| Allowance for decline in value of inventories | 7,926  | (6,296)                 | -                                | 1,630                     |
| Employee benefit obligations                  | 23,603                                       | 3,750                   | 3,684                            | 31,037                    |
| Loss carry forward                            | 361,000                                      | -                       | -                                | 361,000                   |
| Derivative liabilities                        | 394  | (103)                   | (291)                            | -                         |
| Total   | 398,886                                      | (2,649)                 | 3,393                            | 399,630                   |
|   |  |                         |                                  |                           |
| Deferred tax liabilities                      |  |                         |                                  |                           |
| Derivative assets                             | -  | -                       | (127)                            | (127)                     |
| Total   | -  | -                       | (127)                            | (127)                     |
| Net   | 398,886                                      | (2,649)                 | 3,266                            | 399,503                   |
|   |  |                         |                                  |                           |
| Deferred tax assets                           |  |                         |                                  |                           |
| Allowance for impairment loss on assets       | 5,963  |                         | -                                | 5,963                     |
| Allowance for decline in value of inventories | 9,145  | (1,219)                 | -                                | 7,926                     |
| Employee benefit obligations                  | 19,230                                       | 4,903                   | (530)                            | 23,603                    |
| Loss carry forward                            | 361,000                                      | -                       | -                                | 361,000                   |
| Derivative liabilities                        | 788  | -                       | (394)                            | 394                       |
| Total   | 396,126                                      | 3,684                   | (924)                            | 398,886                   |
| Net   | 396,126                                      | 3,684                   | (924)                            | 398,886                   |

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

Deferred tax assets have not been recognised in respect of the following items:

|  | Consolidated              |                  | Separate       |                |
|--|---------------------------|------------------|----------------|----------------|
|  | 2016                      | 2015             | 2016           | 2015           |
|  | <i>(in thousand Baht)</i> |                  |                |                |
| Allowance for doubtful account of trade accounts receivable  | 86,880                    | 86,880           | 86,880         | 86,880         |
| Allowance for doubtful account of long-term loans to subsidiary  | -                         | -                | 50,322         | 43,469         |
| Allowance for decline in value of inventories  | 1,710                     | 2,189            | -              | -              |
| Allowance for impairment loss on investment in subsidiary  | -                         | -                | 283,280        | 283,280        |
| Allowance for impairment loss on plant and equipment, intangible assets and advance payment for construction in progress | 346,683                   | 357,882          | -              | -              |
| Provision for trade discount   | 25,227                    | 25,309           | 25,227         | 25,309         |
| Loss carry forward   | 898,099                   | 799,022          | 506,621        | 502,957        |
| <b>Total</b>   | <b>1,358,599</b>          | <b>1,271,282</b> | <b>952,330</b> | <b>941,895</b> |

The tax losses expire during 2019 to 2025. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group and the Company can utilise the benefits therefrom.

As of 31 December 2016 and 2015, the Company has been granted privileges by the Board of Investment resulting the Company has recognised deferred tax assets in respect of a portion of unused tax losses. The management believes that it is probable that future taxable profits arising from the improvement of the Company's operations and the expiration of double deducting expenses for certain promotional certificates will be available against which such losses can be used and, therefore, the related deferred tax asset can be realised.

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

#### 14 Interest-bearing liabilities

|   | Consolidated<br>financial statements |                  | Separate<br>financial statements |                  |
|---|--------------------------------------|------------------|----------------------------------|------------------|
|   | 2016                                 | 2015             | 2016                             | 2015             |
|   | <i>(in thousand Baht)</i>            |                  |                                  |                  |
| <b>Current</b>                            |                                      |                  |                                  |                  |
| Current portion of long-term loans from   |                                      |                  |                                  |                  |
| financial institutions - unsecured        | 618,354                              | 112,460          | 618,354                          | 112,460          |
| <b>Non-current</b>                        |                                      |                  |                                  |                  |
| Long-term loans from                      |                                      |                  |                                  |                  |
| financial institutions - unsecured        | -                                    | 1,714,129        | -                                | 1,714,129        |
| <b>Total interest-bearing liabilities</b> | <b>618,354</b>                       | <b>1,826,589</b> | <b>618,354</b>                   | <b>1,826,589</b> |

The periods to maturity of interest-bearing liabilities as at 31 December were as follows:

|                                      | Consolidated<br>financial statements |                  | Separate<br>financial statements |                  |
|--------------------------------------|--------------------------------------|------------------|----------------------------------|------------------|
|                                      | 2016                                 | 2015             | 2016                             | 2015             |
|                                      | <i>(in thousand Baht)</i>            |                  |                                  |                  |
| Within one year                      | 618,354                              | 112,460          | 618,354                          | 112,460          |
| After one year but within five years | -                                    | 1,714,129        | -                                | 1,714,129        |
| <b>Total</b>                         | <b>618,354</b>                       | <b>1,826,589</b> | <b>618,354</b>                   | <b>1,826,589</b> |

As at 31 December 2016, the Group and the Company has unutilised credit facilities totalling amount Baht 200 million (2015: nil).

The currency denomination of interest-bearing liabilities as at 31 December was as follows:

|                    | Consolidated<br>financial statements |                  | Separate<br>financial statements |                  |
|--------------------|--------------------------------------|------------------|----------------------------------|------------------|
|                    | 2016                                 | 2015             | 2016                             | 2015             |
|                    | <i>(in thousand Baht)</i>            |                  |                                  |                  |
| Thai Baht (THB)    | -                                    | 1,047,100        | -                                | 1,047,100        |
| Chinese Yuan (CNY) | 618,354                              | 779,489          | 618,354                          | 779,489          |
| <b>Total</b>       | <b>618,354</b>                       | <b>1,826,589</b> | <b>618,354</b>                   | <b>1,826,589</b> |

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

#### *Long term loans from financial institutions*

The Company entered into long-term agreements with financial institutions for the projects of the Group. Long-term loans presented as follows.

| Date of loan agreement | Currency     | Loan facility   |       | Balance as at 31 December |              | Interest rate      | Guarantee | Payment schedule  |
|------------------------|--------------|-----------------|-------|---------------------------|--------------|--------------------|-----------|---|
|                        |              | 2016            | 2015  | 2016                      | 2015         |                    |           |   |
|                        |              | (unit: million) |       | (in million Baht)         |              | %                  |           |   |
| 11 February 2010       | Baht         | -               | 3,300 | -                         | 1,047        | THBFIx +fixed rate | Unsecured | 14 semi-annual instalments commencing from the eighty forth month after the initial utilisation (30 June 2013)  |
| 17 June 2013           | Chinese Yuan | 120             | 140   | 618                       | 780          | 4.7                | Unsecured | 9 semi-annual instalments commencing from the fifty forth month after the initial utilisation (1 November 2013) |
|                        |              |                 |       | <b>618</b>                | <b>1,827</b> |                    |           |   |

The Company may prepay all or any part of any loan with the amount and condition as specified in the loan agreements. The Company is required to comply with certain covenants pertaining to maintenance of certain financial ratios, percentage of share held by the major shareholder and other conditions as specified in the agreements.

On 3 March 2015, the Company entered into a currency and interest rate swap contract with a local financial institution to protect the volatility of the foreign exchange rate for loan principal and interest rate which swap loan principal from loan in Chinese Yuan (CNY) of CNY 140 million to be loan in Baht of Baht 721.3 million and interest rates from CNY fixed interest rate of 4.7% per annum to Baht fixed interest rate of 2.96% per annum.

On 9 December 2016, the Company entered into an amendment to facility agreement dated 17 June 2013 with a local financial institution to reschedule the repayment date for remaining amount of loan principal for CNY 120 million be repaid in February 2017 and August 2017.

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

#### 15 Trade accounts payable

|                 | Note | Consolidated financial statements |           | Separate financial statements |           |
|-----------------|------|-----------------------------------|-----------|-------------------------------|-----------|
|                 |      | 2016                              | 2015      | 2016                          | 2015      |
|                 |      | (in thousand Baht)                |           |                               |           |
| Related parties | 4    | 593,291                           | 729,791   | 590,362                       | 723,218   |
| Other parties   |      | 754,539                           | 613,688   | 548,118                       | 456,482   |
| Total           |      | 1,347,830                         | 1,343,479 | 1,138,480                     | 1,179,700 |

The currency denomination of trade accounts payable as at 31 December were as follows:

|                             | Consolidated financial statements |                  | Separate financial statements |                  |
|-----------------------------|-----------------------------------|------------------|-------------------------------|------------------|
|                             | 2016                              | 2015             | 2016                          | 2015             |
| <i>(in thousand Baht)</i>   |                                   |                  |                               |                  |
| Thai Baht (THB)             | 1,048,876                         | 1,173,431        | 970,260                       | 1,109,547        |
| United States Dollars (USD) | 296,613                           | 157,049          | 165,946                       | 59,977           |
| Euro (EUR)                  | 1,586                             | 9,294            | 1,519                         | 6,596            |
| Japanese Yen (JPY)          | 715                               | 3,580            | 715                           | 3,580            |
| Pound Sterling (GBP)        | 25                                | 125              | 25                            | -                |
| Singapore Dollars (SGD)     | 15                                | -                | 15                            | -                |
| <b>Total</b>                | <b>1,347,830</b>                  | <b>1,343,479</b> | <b>1,138,480</b>              | <b>1,179,700</b> |

#### 16 Other payables

|                                     | Note | Consolidated financial statements |         | Separate financial statements |         |
|-------------------------------------|------|-----------------------------------|---------|-------------------------------|---------|
|                                     |      | 2016                              | 2015    | 2016                          | 2015    |
|                                     |      | (in thousand Baht)                |         |                               |         |
| Related parties                     | 4    | 42,861                            | 35,980  | 11,921                        | 13,923  |
|                                     |      |                                   |         |                               |         |
| Other parties                       |      |                                   |         |                               |         |
| Other payables                      |      | 100,151                           | 107,066 | 85,269                        | 87,359  |
| Accrued operating expenses          |      | 27,128                            | 20,231  | 27,127                        | 20,231  |
| Payables for fixed assets purchased |      | 10,195                            | 12,150  | 8,585                         | 9,881   |
|                                     |      | 137,474                           | 139,447 | 120,981                       | 117,471 |
| Total                               |      | 180,335                           | 175,427 | 132,902                       | 131,394 |



# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

The currency denominations of other payables as at 31 December were as follows:

|                             | Consolidated<br>financial statements |                | Separate<br>financial statements |                |
|-----------------------------|--------------------------------------|----------------|----------------------------------|----------------|
|                             | 2016                                 | 2015           | 2016                             | 2015           |
|                             | <i>(in thousand Baht)</i>            |                |                                  |                |
| Thai Baht (THB)             | 130,270                              | 126,607        | 116,551                          | 113,321        |
| United States Dollars (USD) | 21,871                               | 30,395         | 10,097                           | 16,659         |
| Euro (EUR)                  | 19,716                               | 4,968          | 1,264                            | 1,414          |
| Chinese Yuan (CNY)          | 8,473                                | 13,457         | 4,985                            | -              |
| Japanese Yens (JPY)         | 5                                    | -              | 5                                | -              |
| <b>Total</b>                | <b>180,335</b>                       | <b>175,427</b> | <b>132,902</b>                   | <b>131,394</b> |

## 17 Other current liabilities

|               | Consolidated<br>financial statements |               | Separate<br>financial statements |               |
|---------------|--------------------------------------|---------------|----------------------------------|---------------|
|               | 2016                                 | 2015          | 2016                             | 2015          |
|               | <i>(in thousand Baht)</i>            |               |                                  |               |
| Accrued bonus | 83,265                               | 62,836        | 81,186                           | 60,384        |
| Others        | 29,761                               | 25,653        | 12,428                           | 5,723         |
| <b>Total</b>  | <b>113,026</b>                       | <b>88,489</b> | <b>93,614</b>                    | <b>66,107</b> |

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

#### 18 Employee benefit obligations

|   | Consolidated<br>financial statements |                | Separate<br>financial statements |                |
|---|--------------------------------------|----------------|----------------------------------|----------------|
|   | 2016                                 | 2015           | 2016                             | 2015           |
|   | <i>(in thousand Baht)</i>            |                |                                  |                |
| <b>Statement of financial position</b>          |                                      |                |                                  |                |
| obligations for:                                |                                      |                |                                  |                |
| Post-employment benefits                        | 150,223                              | 113,799        | 150,223                          | 113,799        |
| Other long-term employment benefits             | 4,965                                | 4,215          | 4,965                            | 4,215          |
| <b>Total</b>                                    | <b>155,188</b>                       | <b>118,014</b> | <b>155,188</b>                   | <b>118,014</b> |
|   |                                      |                |                                  |                |
| <i>Year ended 31 December</i>                   |                                      |                |                                  |                |
| <b>Statement of comprehensive income:</b>       |                                      |                |                                  |                |
| Recognised in profit or loss                    |                                      |                |                                  |                |
| Post-employment benefits                        | 34,442                               | 10,407         | 34,442                           | 10,407         |
| Other long-term employment benefits             | 751                                  | 316            | 751                              | 316            |
| <b>Total</b>                                    | <b>35,193</b>                        | <b>10,723</b>  | <b>35,193</b>                    | <b>10,723</b>  |
|   |                                      |                |                                  |                |
| <b>Recognised in other comprehensive income</b> |                                      |                |                                  |                |
| Actuarial losses recognised in the year         | 1,981                                | 13,791         | 1,981                            | 13,791         |
| Cumulative actuarial losses recognised          | 32,212                               | 30,231         | 32,212                           | 30,231         |

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

The statement of financial position obligation was determined as follows:

|  | Consolidated<br>financial statements |                | Separate<br>financial statements |                |
|--|--------------------------------------|----------------|----------------------------------|----------------|
|  | 2016                                 | 2015           | 2016                             | 2015           |
|  | <i>(in thousand Baht)</i>            |                |                                  |                |
| <b>Present value of unfunded obligations</b> | <b>155,188</b>                       | <b>118,014</b> | <b>155,188</b>                   | <b>118,014</b> |

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

Movement in the present value of the defined benefit obligations:

|   | Consolidated<br>financial statements |                | Separate<br>financial statements |                |
|---|--------------------------------------|----------------|----------------------------------|----------------|
|   | 2016                                 | 2015           | 2016                             | 2015           |
|   | <i>(in thousand Baht)</i>            |                |                                  |                |
| Defined benefit obligations at 1 January          | 118,014                              | 96,151         | 118,014                          | 96,151         |
|   |                                      |                |                                  |                |
| <b>Included in profit or loss</b>                 |                                      |                |                                  |                |
| Current service cost                              | 9,046                                | 7,207          | 9,046                            | 7,207          |
| Past service cost                                 | 21,663                               | -              | 21,663                           | -              |
| Interest on obligation                            | 4,199                                | 3,833          | 4,199                            | 3,833          |
| Actuarial (gain) loss                             | 285                                  | (317)          | 285                              | (317)          |
|   | <b>35,193</b>                        | <b>10,723</b>  | <b>35,193</b>                    | <b>10,723</b>  |
|   |                                      |                |                                  |                |
| <b>Included in other comprehensive income</b>     |                                      |                |                                  |                |
| Actuarial loss                                    | 1,981                                | 13,791         | 1,981                            | 13,791         |
|   |                                      |                |                                  |                |
| <b>Other</b>                                      |                                      |                |                                  |                |
| Benefits paid                                     | -                                    | (2,651)        | -                                | (2,651)        |
|   |                                      |                |                                  |                |
| <b>Defined benefit obligations at 31 December</b> | <b>155,188</b>                       | <b>118,014</b> | <b>155,188</b>                   | <b>118,014</b> |

Actuarial losses recognised in other comprehensive income arising from:

|                       | Consolidated<br>financial statements |               | Separate<br>financial statements |               |
|-----------------------|--------------------------------------|---------------|----------------------------------|---------------|
|                       | 2016                                 | 2015          | 2016                             | 2015          |
|                       | <i>(in thousand Baht)</i>            |               |                                  |               |
| Financial assumptions | 7,746                                | 9,494         | 7,746                            | 9,494         |
| Experience adjustment | (5,765)                              | 4,297         | (5,765)                          | 4,297         |
| <b>Total</b>          | <b>1,981</b>                         | <b>13,791</b> | <b>1,981</b>                     | <b>13,791</b> |

#### *Actuarial assumptions*

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

## Vinythai Public Company Limited and its Subsidiaries

### Note to the financial statements

### For the year ended 31 December 2016

|                         | Consolidated<br>financial statements |      | Separate<br>financial statements |      |
|-------------------------|--------------------------------------|------|----------------------------------|------|
|                         | 2016                                 | 2015 | 2016                             | 2015 |
|                         | <i>(in thousand Baht)</i>            |      |                                  |      |
| Discount rate           | 3.0                                  | 3.5  | 3.0                              | 3.5  |
| Future salary increases | 6.0                                  | 6.0  | 6.0                              | 6.0  |

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

At 31 December 2016, the weighted-average duration of the defined benefit obligation was 12 years (2015: 13 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:

|   | Consolidated<br>financial statements |          | Separate<br>financial statements |          |
|---|--------------------------------------|----------|----------------------------------|----------|
|   | (in thousand Baht)                   |          |                                  |          |
| Defined benefit obligation 31 December 2016 | Increase                             | Decrease | Increase                         | Decrease |
| Discount rate (0.25% movement)              | (120)                                | 634      | (120)                            | 634      |
| Future salary growth (0.25% movement)       | 643                                  | (111)    | 643                              | (111)    |

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.

## 19 Share capital

|                       | Par value<br>per share | 2016                                     |           | 2015      |           |
|-----------------------|------------------------|--|-----------|-----------|-----------|
|                       |                        | Number                                   | Amount    | Number    | Amount    |
|                       | <i>(in Baht)</i>       | <i>(thousand shares / thousand Baht)</i> |           |           |           |
| <b>Authorised</b>     |                        |  |           |           |           |
| At 1 January          |                        |  |           |           |           |
| - ordinary shares     | 6                      | 1,185,193                                | 7,111,161 | 1,185,193 | 7,111,161 |
| <b>At 31 December</b> |                        |  |           |           |           |
| - ordinary shares     | 6                      | 1,185,193                                | 7,111,161 | 1,185,193 | 7,111,161 |

## Vinythai Public Company Limited and its Subsidiaries

### Note to the financial statements

### For the year ended 31 December 2016

|                        | Par value<br>per share | 2016                              |                  | 2015             |                  |
|------------------------|------------------------|-----------------------------------|------------------|------------------|------------------|
|                        |                        | Number                            | Amount           | Number           | Amount           |
|                        | (in Baht)              | (thousand shares / thousand Baht) |                  |                  |                  |
| <i>Issued and paid</i> |                        |                                   |                  |                  |                  |
| At 1 January           |                        |                                   |                  |                  |                  |
| - ordinary shares      | 6                      | 1,185,193                         | 7,111,161        | 1,185,193        | 7,111,161        |
| At 31 December         |                        |                                   |                  |                  |                  |
| - ordinary shares      | 6                      | <u>1,185,193</u>                  | <u>7,111,161</u> | <u>1,185,193</u> | <u>7,111,161</u> |

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.

#### *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.

## 20 Reserves

Reserves comprise:

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

##### Legal reserve

Section 116 of the Public Companies Act B.E. 2535 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*

##### Currency translation differences

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign operation.



# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

#### Cash flow hedges

The cash flow hedges account within equity comprises the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

#### *Movements in reserves*

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

## 23 Segment information

The Group has two reportable segments, as described below, which are the Group'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 Group's reportable segments.

- Segment 1      Vinyl segment
- Segment 2      Biochemical segment

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 Group'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.

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

#### Information about reportable segments

|  | Vinyl segment             |                   | Biochemical segment |                  | Total reportable segments |                   |
|--|---------------------------|-------------------|---------------------|------------------|---------------------------|-------------------|
|  | 2016                      | 2015              | 2016                | 2015             | 2016                      | 2015              |
|  | <i>(in thousand Baht)</i> |                   |                     |                  |                           |                   |
| External revenue   | 13,171,236                | 13,386,370        | 2,487,765           | 3,168,745        | 15,659,001                | 16,555,115        |
| Inter-segment revenue  | 674,083                   | 682,498           | 178,655             | 98,586           | 852,738                   | 781,084           |
| <b>Total segment revenue</b>                                 | <b>13,845,319</b>         | <b>14,068,868</b> | <b>2,666,420</b>    | <b>3,267,331</b> | <b>16,511,739</b>         | <b>17,336,199</b> |
| Other revenue  |                           |                   |                     |                  | 227,884                   | 98,051            |
| Elimination of inter-segment revenue                         |                           |                   |                     |                  | (852,738)                 | (781,084)         |
| <b>Consolidated revenue</b>                                  |                           |                   |                     |                  | <b>15,886,885</b>         | <b>16,653,166</b> |
| Finance costs  | 15,551                    | 16,883            | 33,470              | 80,583           | 49,021                    | 97,466            |
| Depreciation and amortisation                                | 1,161,137                 | 1,139,131         | 330,456             | 327,328          | 1,491,593                 | 1,466,459         |
| Capital expenditure  | 230,445                   | 290,680           | 37,022              | 112,484          | 267,467                   | 403,164           |
| Segment profit (loss)  |                           |                   |                     |                  |                           |                   |
| before income tax  | 1,606,709                 | 761,599           | (491,468)           | (201,533)        | 1,115,241                 | 560,066           |
| Elimination of inter-segment losses                          |                           |                   |                     |                  | 11,547                    | 2,268             |
| <b>Consolidated profit before income tax</b>                 |                           |                   |                     |                  | <b>1,126,788</b>          | <b>562,334</b>    |
| <b>Other material non-cash item:</b>                         |                           |                   |                     |                  |                           |                   |
| Impairment loss on plant and equipment and intangible assets | -                         | -                 | 2,994               | 54,049           | 2,994                     | 54,049            |
| <b>Reportable segment assets as at 31 December</b>           | <b>14,100,601</b>         | <b>14,071,660</b> | <b>4,478,400</b>    | <b>4,976,304</b> | <b>18,579,001</b>         | <b>19,047,964</b> |
| <b>Reportable segment liabilities as at 31 December</b>      | <b>1,509,331</b>          | <b>1,487,966</b>  | <b>905,400</b>      | <b>2,064,033</b> | <b>2,414,731</b>          | <b>3,551,999</b>  |

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

#### *Geographical information*

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based principally in Thailand.

|                  | Revenues                  |                   |
|------------------|---------------------------|-------------------|
|                  | 2016                      | 2015              |
|                  | <i>(in thousand Baht)</i> |                   |
| <b>Thailand</b>  |                           |                   |
| External revenue | 10,257,777                | 10,501,062        |
| Other revenue    | 227,884                   | 98,051            |
|                  | 10,485,661                | 10,599,113        |
| India            | 813,361                   | 1,262,084         |
| South Korea      | 845,019                   | 986,704           |
| Malaysia         | 535,756                   | 600,018           |
| Others           | 3,207,088                 | 3,205,247         |
| <b>Total</b>     | <b>15,886,885</b>         | <b>16,653,166</b> |

#### *Major customer*

Revenues from one customer of the Group's segments represents approximately Baht 1,959.2 million (2015: from certain customers of Baht 3,907.4 million) of the Group's total revenues.

## 22 Employee benefit expense

|  | Consolidated financial statements |                | Separate financial statements |                |
|--|-----------------------------------|----------------|-------------------------------|----------------|
|  | 2016                              | 2015           | 2016                          | 2015           |
|  | <i>(in thousand Baht)</i>         |                |                               |                |
| Wages and salaries                         | 554,268                           | 525,479        | 527,226                       | 488,607        |
| Director's remuneration                    | 9,067                             | 10,215         | 9,067                         | 10,215         |
| Contribution to defined contribution plans | 4,939                             | 5,874          | 4,255                         | 4,382          |
| Others                                     | 97,878                            | 78,879         | 90,585                        | 69,083         |
| <b>Total</b>                               | <b>666,152</b>                    | <b>620,447</b> | <b>631,133</b>                | <b>572,287</b> |

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

#### *Defined contribution plans*

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 15% of their basic salaries and by the Group at rates ranging from 5% to 15% 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.

## 23 Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

|   | Consolidated<br>financial statements |                   | Separate<br>financial statements |                   |
|---|--------------------------------------|-------------------|----------------------------------|-------------------|
|   | 2016                                 | 2015              | 2016                             | 2015              |
|   | <i>(in thousand Baht)</i>            |                   |                                  |                   |
| Changes in inventories of finished goods            | 481,696                              | (262,358)         | 1,029,548                        | 234,277           |
| Raw materials and consumables used                  | 8,233,188                            | 9,354,561         | 6,462,544                        | 7,515,800         |
| Electricity and fuel expense                        | 2,856,812                            | 3,792,529         | 2,670,375                        | 3,447,587         |
| Depreciation and amortisation                       | 1,491,593                            | 1,466,459         | 1,161,137                        | 1,139,131         |
| Employee benefit expenses                           | 666,152                              | 620,447           | 631,133                          | 572,287           |
| Transportation expenses                             | 369,150                              | 427,684           | 243,495                          | 286,378           |
| Rental expenses                                     | 30,486                               | 33,517            | 26,241                           | 28,520            |
| (Reversal of) write-down to net realisable value    | (33,875)                             | 4,153             | (31,480)                         | (6,095)           |
| Others  | 550,620                              | 503,965           | 409,187                          | 394,369           |
| <b>Total cost of sales of goods,</b>                |                                      |                   |                                  |                   |
| <b>selling expenses and administrative expenses</b> | <b>14,645,822</b>                    | <b>15,940,957</b> | <b>12,602,180</b>                | <b>13,612,254</b> |

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

#### 24 Income tax

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

|                                    | Note | Consolidated financial statements |         | Separate financial statements |         |
|------------------------------------|------|-----------------------------------|---------|-------------------------------|---------|
|                                    |      | 2016                              | 2015    | 2016                          | 2015    |
|                                    |      | (in thousand Baht)                |         |                               |         |
| Current tax expense                |      |                                   |         |                               |         |
| Current year                       |      | 435                               | -       | -                             | -       |
| Adjustment for prior years         |      | -                                 | -       | -                             | -       |
|                                    |      | 435                               | -       | -                             | -       |
| Deferred tax expense               |      |                                   |         |                               |         |
| Movements in temporary differences | 13   | 2,649                             | (3,684) | 2,649                         | (3,684) |
| Total                              |      | 3,084                             | (3,684) | 2,649                         | (3,684) |

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

|                           | Consolidated financial statements |                       |              |                 |                       |                 |
|---------------------------|-----------------------------------|-----------------------|--------------|-----------------|-----------------------|-----------------|
|                           | 2016                              |                       |              | 2015            |                       |                 |
|                           | Before tax                        | Tax (expense) benefit | Net of tax   | Before tax      | Tax (expense) benefit | Net of tax      |
| <i>(in thousand Baht)</i> |                                   |                       |              |                 |                       |                 |
| Cash flow hedges          | (112)                             | (418)                 | (530)        | 1,548           | (394)                 | 1,154           |
| Defined benefit plan      |                                   |                       |              |                 |                       |                 |
| actuarial gains (losses)  | (1,981)                           | 3,684                 | 1,703        | (13,791)        | (530)                 | (14,321)        |
| <b>Total</b>              | <b>(2,093)</b>                    | <b>3,266</b>          | <b>1,173</b> | <b>(12,243)</b> | <b>(924)</b>          | <b>(13,167)</b> |

|                               | Separate financial statements |                       |              |                 |                       |                 |
|-------------------------------|-------------------------------|-----------------------|--------------|-----------------|-----------------------|-----------------|
|                               | 2016                          |                       |              | 2015            |                       |                 |
|                               | Before tax                    | Tax (expense) benefit | Net of tax   | Before tax      | Tax (expense) benefit | Net of tax      |
| <i>(in thousand Baht)</i>     |                               |                       |              |                 |                       |                 |
| Cash flow hedges              | 226                           | (418)                 | (192)        | 2,463           | (394)                 | 2,069           |
| Defined benefit               |                               |                       |              |                 |                       |                 |
| plan actuarial gains (losses) | (1,981)                       | 3,684                 | 1,703        | (13,791)        | (530)                 | (14,321)        |
| <b>Total</b>                  | <b>(1,755)</b>                | <b>3,266</b>          | <b>1,511</b> | <b>(11,328)</b> | <b>(924)</b>          | <b>(12,252)</b> |



# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

#### Reconciliation of effective tax rate

|  | Consolidated financial statements |                    |            |                    |
|--|-----------------------------------|--------------------|------------|--------------------|
|  | 2016                              |                    | 2558       |                    |
|  | Rate                              |                    | Rate Rate  |                    |
|  | (%)                               | (in thousand Baht) | (%)        | (in thousand Baht) |
| Profit before income tax expense                                   |                                   | 1,126,788          |            | 562,334            |
| Income tax using the Thai corporation tax rate                     | 20                                | 225,358            | 20         | 112,467            |
| Effect of different tax rates in foreign jurisdictions             |                                   | 150                |            | 2,702              |
| Expenses not deductible for tax purposes                           |                                   | 32,422             |            | 15,489             |
| Expenses additionally deductible for tax purposes                  |                                   | (5,578)            |            | (5,578)            |
| Expenses additionally deductible from promotional privileges       |                                   | (327,141)          |            | (398,821)          |
| Current year losses for which no deferred tax asset was recognised |                                   | 133,888            |            | 270,057            |
| Recognition of previously unrecognised tax losses                  |                                   | (56,015)           |            | -                  |
| <b>Total</b>   | <b>-</b>                          | <b>3,084</b>       | <b>(1)</b> | <b>(3,684)</b>     |

Vinythai Public Company Limited and its Subsidiaries

**Note to the financial statements**

**For the year ended 31 December 2016**

|  | Separate financial statements |                    |            |                    |
|--|-------------------------------|--------------------|------------|--------------------|
|  | 2016                          |                    | 2558       |                    |
|  | Rate                          |                    | Rate       | Rate               |
|  | (%)                           | (in thousand Baht) | (%)        | (in thousand Baht) |
| Profit before income tax expense                                   |                               | 1,572,183          |            | 644,015            |
| Income tax using the Thai corporation tax rate                     | 20                            | 314,437            | 20         | 128,803            |
| Expenses not deductible for tax purposes                           |                               | 32,688             |            | 13,366             |
| Expenses additionally deductible for tax purposes                  |                               | (5,578)            |            | (5,578)            |
| Expenses additionally deductible from promotional privileges       |                               | (311,570)          |            | (379,021)          |
| Current year losses for which no deferred tax asset was recognised |                               | 28,687             |            | 238,746            |
| Recognition of previously unrecognised tax losses                  |                               | (56,015)           |            | -                  |
| <b>Total</b>   | <b>-</b>                      | <b>2,649</b>       | <b>(1)</b> | <b>(3,684)</b>     |

*Income tax reduction*

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

## Vinythai Public Company Limited and its Subsidiaries

### Note to the financial statements

### For the year ended 31 December 2016

#### 25 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520, the Group has been granted privileges by the Board of Investment relating to various operations which included:

|  | The Company  |  |   |  |   | A subsidiary in Thailand       |
|--|--|--|---|--|---|--------------------------------|
| 1. Promotional certificate No.   | 1579/2541  | 1166(2)/2548   | 1164(2)/2550                            | 9010(2)/2553   | 2012(2)/2553  | 1694(2)/2551                   |
| 2. Operations for which the privileges have been granted   | Manufacture of additional volumes of PVC and VCM, and caustic soda | Manufacture of additional volume of VCM and caustic soda | Manufacture of additional volume of PVC | Manufacture of additional volumes of PVC, VCM and caustic soda, and chlorine gas | Manufacture of additional volumes of caustic soda, and hydrogen gas | Manufacture of Epichlorohydrin |
| 3. The privileges granted include:   |  |  |   |  |   |                                |
| 3.1 exemption from payment of income tax from the date on which the income is first derived from such operations   | 8 years  | 8 years  | 8 years                                 | 8 years  | 8 years   | 8 years                        |
| 3.2 A 50% reduction in the normal income tax rate on the net profit derived from certain operations for a period of 5 years, commencing from the expiry date in 3.1                            | Granted  | Granted  | Granted                                 | Not granted  | Granted   | Granted                        |
| 3.3 Permission to double deduct the amount expended on transportation, electricity and water for a period of 10 years from the date on which the income is first derived from such operations. | Granted  | Granted  | Granted                                 | Not granted  | Granted   | Granted                        |
| 4. Date on which the income is first derived from operations   | 1 June 2002  | 1 January 2007   | 1 August 2008                           | 1 January 2011   | 1 July 2012   | 7 February 2012                |

As a promoted company, the Group must comply with certain terms and conditions prescribed in the promotional certificates.

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

Summary of revenue from promoted and non-promoted businesses:

|                       | Consolidated financial statements |                       |                   |                   |                       |                   |
|-----------------------|-----------------------------------|-----------------------|-------------------|-------------------|-----------------------|-------------------|
|                       | 2016                              |                       |                   | 2015              |                       |                   |
|                       | Promoted business                 | Non-promoted business | Total             | Promoted business | Non-promoted Business | Total             |
|                       | <i>(in thousand Baht)</i>         |                       |                   |                   |                       |                   |
| Export sales          | 3,089,194                         | 2,312,030             | 5,401,224         | 3,623,428         | 2,430,385             | 6,053,813         |
| Local sales           | 5,866,866                         | 4,390,911             | 10,257,777        | 6,285,410         | 4,215,892             | 10,501,302        |
| <b>Total revenues</b> | <b>8,956,060</b>                  | <b>6,702,941</b>      | <b>15,659,001</b> | <b>9,908,838</b>  | <b>6,646,277</b>      | <b>16,555,115</b> |

|                       | Separate financial statements |                       |                   |                   |                       |                   |
|-----------------------|-------------------------------|-----------------------|-------------------|-------------------|-----------------------|-------------------|
|                       | 2016                          |                       |                   | 2015              |                       |                   |
|                       | Promoted business             | Non-promoted business | Total             | Promoted business | Non-promoted Business | Total             |
|                       | <i>(in thousand Baht)</i>     |                       |                   |                   |                       |                   |
| Export sales          | 1,729,839                     | 1,754,106             | 3,483,945         | 1,834,865         | 1,789,072             | 3,623,937         |
| Local sales           | 5,144,603                     | 5,216,771             | 10,361,374        | 5,288,458         | 5,156,473             | 10,444,931        |
| <b>Total revenues</b> | <b>6,874,442</b>              | <b>6,970,877</b>      | <b>13,845,319</b> | <b>7,123,323</b>  | <b>6,945,545</b>      | <b>14,068,868</b> |

## 26 Basic earnings per share

The calculations of basic earnings per share for years ended 31 December 2016 and 2015 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

|   | Consolidated financial statements           |           | Separate financial statements |           |
|---|---|-----------|-------------------------------|-----------|
|   | 2016  | 2015      | 2016                          | 2015      |
|   | <i>(in thousand Baht / thousand shares)</i> |           |                               |           |
| Profit attributable to ordinary shareholders of the Company (basic) | 1,123,703                                   | 566,017   | 1,569,534                     | 647,699   |
| Number of ordinary shares outstanding                               | 1,185,193                                   | 1,185,193 | 1,185,193                     | 1,185,193 |
| Basic earnings per share <i>(in Baht)</i>                           | 0.95  | 0.48      | 1.32                          | 0.55      |

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

#### 27 Dividends

At the annual general meeting of the shareholders of the Company held on 28 April 2016, the shareholders approved the appropriation of dividends of Baht 0.4 per share, amounting to Baht 474.1 million. The dividend was paid to shareholders in May 2016.

At the annual general meeting of the shareholders of the Company held on 30 April 2015, the shareholders approved the appropriation of dividends of Baht 0.1 per share, amounting to Baht 118.5 million. The dividend was paid to shareholders in May 2015.

#### 28 Financial instruments

##### *Financial risk management policies*

The Group 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 Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group 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 Group'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 Group defines as result from operating activities divided by total shareholder's equity, excluding non-controlling interests and also monitors the level of dividends or ordinary shareholders.

##### *Interest rate risk*

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings (see note 14). The Group mitigates this risk by using derivative financial instruments, principally interest rate swaps, to manage exposure to fluctuations in interest rates on specific borrowings and by matching the same interest rate between some loan receivables and interest-bearing liabilities to ensure the natural hedge of the loans.



## Vinythai Public Company Limited and its Subsidiaries

### Note to the financial statements

### For the year ended 31 December 2016

The effective interest rates of loan receivables as at 31 December and the periods in which loan receivables mature or re-price were as follows:

|                    | Effective Interest Rates | Separate financial statements |                                 |               |                  |
|--------------------|--------------------------|-------------------------------|---------------------------------|---------------|------------------|
|                    |                          | Within 1 year                 | After 1 year but within 5 years | After 5 years | Total            |
|                    | (% per annum)            | (in thousand Baht)            |                                 |               |                  |
| <b>2016</b>        |                          |                               |                                 |               |                  |
| • Short-term loans | 1.8 and 2.99             | 1,411,321                     | -                               | -             | 1,411,321        |
| • Long-term loans  | 3.3 and 4.7              | 1,238,087                     | 2,008,665                       | -             | 3,246,752        |
|                    |                          | <b>2,649,408</b>              | <b>2,008,665</b>                | <b>-</b>      | <b>4,658,073</b> |
| <b>2015</b>        |                          |                               |                                 |               |                  |
| • Short-term loans | 1.94                     | 1,450,000                     | -                               | -             | 1,450,000        |
| • Long-term loans  | 3.1 and 4.7              | 707,707                       | 2,597,246                       | -             | 3,304,953        |
|                    |                          | <b>2,157,707</b>              | <b>2,597,246</b>                | <b>-</b>      | <b>4,754,953</b> |

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

|                   | Effective Interest Rates | Consolidated/Separate financial statements |                                 |               |                  |
|-------------------|--------------------------|--|---------------------------------|---------------|------------------|
|                   |                          | Within 1 year                              | After 1 year but within 5 years | After 5 years | Total            |
|                   | (% per annum)            | (in thousand Baht)                         |                                 |               |                  |
| <b>2016</b>       |                          |  |                                 |               |                  |
| • Long-term loans | 3.1                      | <b>618,354</b>                             | -                               | -             | <b>618,354</b>   |
| <b>2015</b>       |                          |  |                                 |               |                  |
| • Long-term loans | 3.1 and 4.7              | <b>112,460</b>                             | <b>1,714,129</b>                | -             | <b>1,826,589</b> |

#### Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilises 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.

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

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

|  | Note | Consolidated financial statements |           | Separate financial statements |           |
|--|------|-----------------------------------|-----------|-------------------------------|-----------|
|  |      | 2016                              | 2015      | 2016                          | 2015      |
|  |      | (in thousand Baht)                |           |                               |           |
| United States Dollars                          |      |                                   |           |                               |           |
| Cash and cash equivalents                      | 5    | 28,248                            | 35,838    | 7,377                         | 16,262    |
| Trade accounts receivable                      | 6    | 414,335                           | 478,391   | 198,635                       | 263,921   |
| Other receivables                              | 7    | 942                               | 1,034     | 939                           | 1,034     |
| Trade accounts payable                         | 15   | (296,613)                         | (157,049) | (165,946)                     | (59,977)  |
| Other payables                                 | 16   | (21,871)                          | (30,395)  | (10,097)                      | (16,659)  |
| Gross statement of financial position exposure |      | 125,041                           | 327,819   | 30,908                        | 204,581   |
|  |      |                                   |           |                               |           |
| Estimated of forecast sales                    |      | 276,946                           | 190,588   | 228,237                       | 170,363   |
| Estimated of forecast purchases                |      | (173,270)                         | (127,645) | (54,496)                      | (41,683)  |
| Gross exposure                                 |      | 228,717                           | 390,762   | 204,649                       | 333,261   |
|  |      |                                   |           |                               |           |
| Currency forwards                              |      | (310,508)                         | (380,733) | (153,739)                     | (298,296) |
| Net exposure                                   |      | (81,791)                          | 10,029    | 50,910                        | 34,965    |
|  |      |                                   |           |                               |           |
| Euro   |      |                                   |           |                               |           |
| Cash and cash equivalents                      | 5    | 42,161                            | 36,079    | -                             | -         |
| Trade accounts receivable                      | 6    | 10,246                            | 8,540     | -                             | -         |
| Other receivables                              | 7    | 895                               | 205       | 1,677                         | 1,437     |
| Short-term loans                               | 4    | -                                 | -         | 11,321                        | -         |
| Trade accounts payable                         | 15   | (1,586)                           | (9,294)   | (1,519)                       | (6,596)   |
| Other payables                                 | 16   | (19,716)                          | (4,968)   | (1,264)                       | (1,414)   |
| Gross statement of financial position exposure |      | 32,000                            | 30,562    | 10,215                        | (6,573)   |
|  |      |                                   |           |                               |           |
| Estimated of forecast purchases                |      | -                                 | (2,812)   | -                             | (631)     |
| Gross exposure                                 |      | 32,000                            | 27,750    | 10,215                        | (7,204)   |
|  |      |                                   |           |                               |           |
| Currency forwards                              |      | (18,406)                          | 216       | -                             | 3,552     |
| Net exposure                                   |      | 13,594                            | 27,966    | 10,215                        | (3,652)   |

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2016

|   | Note | Consolidated<br>financial statements |                  | Separate<br>financial statements |                |
|---|------|--------------------------------------|------------------|----------------------------------|----------------|
|   |      | 2016                                 | 2015             | 2016                             | 2015           |
|   |      | <i>(in thousand Baht)</i>            |                  |                                  |                |
| <i>Chinese Yuan</i>                                       |      |                                      |                  |                                  |                |
| Cash and cash equivalents                                 | 5    | 16,180                               | 70,906           | -                                | -              |
| Other receivables   | 7    | 4,440                                | 4,776            | 10,120                           | 10,786         |
| Long-term loans to subsidiary                             | 4    | -                                    | -                | 722,986                          | 779,897        |
| Other payables  | 16   | (8,473)                              | (13,457)         | (4,985)                          | -              |
| Long-term loans from financial institution                | 14   | (618,354)                            | (779,489)        | (618,354)                        | (779,489)      |
| <b>Gross statement of financial<br/>position exposure</b> |      | <b>(606,207)</b>                     | <b>(717,264)</b> | <b>109,767</b>                   | <b>11,194</b>  |
| Currency swap   |      | 618,240                              | 721,280          | 618,240                          | 721,280        |
| <b>Net exposure</b>                                       |      | <b>12,033</b>                        | <b>4,016</b>     | <b>728,007</b>                   | <b>732,474</b> |
| <i>Japanese Yens</i>                                      |      |                                      |                  |                                  |                |
| Trade accounts receivable                                 | 6    | 10,929                               | 6,975            | -                                | -              |
| Trade accounts payable                                    | 15   | (715)                                | (3,580)          | (715)                            | (3,580)        |
| Other accounts payable                                    | 16   | (5)                                  | -                | (5)                              | -              |
| <b>Gross statement of financial<br/>position exposure</b> |      | <b>10,209</b>                        | <b>3,395</b>     | <b>(720)</b>                     | <b>(3,580)</b> |
| Currency forwards   |      | (10,987)                             | (1,875)          | -                                | 2,418          |
| <b>Net exposure</b>                                       |      | <b>(778)</b>                         | <b>1,520</b>     | <b>(720)</b>                     | <b>(1,162)</b> |
| <i>Other currencies</i>                                   |      |                                      |                  |                                  |                |
| Trade accounts payable                                    | 15   | (40)                                 | (125)            | (40)                             | -              |
| <b>Gross statement of financial<br/>position exposure</b> |      | <b>(40)</b>                          | <b>(125)</b>     | <b>(40)</b>                      | <b>-</b>       |

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

#### *Credit risk*

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group 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 Group's customer base, management does not anticipate material losses from its debt collection.

#### *Liquidity risk*

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

#### *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. 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.

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements

For the year ended 31 December 2016

|   | Note | Consolidated financial statements |                    | Separate financial statements |                    |
|---|------|-----------------------------------|--------------------|-------------------------------|--------------------|
|   |      | Carrying amount                   | Fair value level 2 | Carrying amount               | Fair value level 2 |
|   |      | <i>(in thousand Baht)</i>         |                    |                               |                    |
| <b>31 December 2016</b>                       |      |                                   |                    |                               |                    |
| <i>Financial assets/Financial liabilities</i> |      |                                   |                    |                               |                    |
| <i>measured at fair value</i>                 |      |                                   |                    |                               |                    |
| <i>Current</i>                                |      |                                   |                    |                               |                    |
| Derivatives (forward contracts and currency   |      |                                   |                    |                               |                    |
| and interest rate swap)                       |      | (11,880)                          | (11,880)           | (10,484)                      | (10,484)           |
| <i>Financial assets/Financial liabilities</i> |      |                                   |                    |                               |                    |
| <i>not measured at fair value</i>             |      |                                   |                    |                               |                    |
| <i>Current</i>                                |      |                                   |                    |                               |                    |
| Current portion of long-term loans            |      |                                   |                    |                               |                    |
| to subsidiaries - gross                       | 4    | -                                 | -                  | 1,238,087                     | 1,309,433          |
| Current portion of long-term loans            |      |                                   |                    |                               |                    |
| from financial institutions                   | 14   | (618,354)                         | (639,891)          | (618,354)                     | (639,891)          |
| <i>Non-current</i>                            |      |                                   |                    |                               |                    |
| Long-term loans to subsidiaries - gross       | 4    | -                                 | -                  | 2,008,665                     | 2,039,268          |



Vinythai Public Company Limited and its Subsidiaries  
**Note to the financial statements**  
**For the year ended 31 December 2016**

|   | Note | Consolidated financial statements |                    | Separate financial statements |                    |
|---|------|-----------------------------------|--------------------|-------------------------------|--------------------|
|   |      | Carrying amount                   | Fair value level 2 | Carrying amount               | Fair value level 2 |
|   |      | (in thousand Baht)                |                    |                               |                    |
| 31 December 2015                              |      |                                   |                    |                               |                    |
| Financial assets/Financial liabilities        |      |                                   |                    |                               |                    |
| measured at fair value                        |      |                                   |                    |                               |                    |
| Current                                       |      |                                   |                    |                               |                    |
| Derivatives (forward contracts and            |      |                                   |                    |                               |                    |
| currency and interest rate swap)              |      | 5,092                             | 5,092              | 5,092                         | 5,092              |
| Non-current                                   |      |                                   |                    |                               |                    |
| Derivatives (currency and interest rate swap) |      | 44,391                            | 44,391             | 44,391                        | 44,391             |
| Financial assets/Financial liabilities        |      |                                   |                    |                               |                    |
| not measured at fair value                    |      |                                   |                    |                               |                    |
| Current                                       |      |                                   |                    |                               |                    |
| Current portion of long-term loans            |      |                                   |                    |                               |                    |
| to subsidiaries - gross                       | 4    | -                                 | -                  | 707,707                       | 795,833            |
| Current portion of long-term loans            |      |                                   |                    |                               |                    |
| from financial institutions                   | 14   | (112,460)                         | (116,264)          | (112,460)                     | (116,264)          |
| Non-current                                   |      |                                   |                    |                               |                    |
| Long-term loans to subsidiaries - gross       | 4    | -                                 | -                  | 2,597,245                     | 2,619,873          |
| Long-term loans from financial institutions   | 14   | (1,714,129)                       | (1,665,513)        | (1,714,129)                   | (1,665,513)        |

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

#### Measurement of fair values

##### *Financial instruments measured at fair value*

| Type  | Valuation technique   | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|---|---------------------------------|---|
| Forward contracts and currency and interest rate swap | Market comparison technique:<br>The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments. | Not applicable                  | Not applicable  |

##### *Financial instruments not measured at fair value*

| Type  | Valuation technique   |
|---|-----------------------|
| Long-term loans to subsidiaries             | Discounted cash flows |
| Long-term loans from financial institutions | Discounted cash flows |

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

#### 29 Commitments

|  | Consolidated<br>financial statements |                  | Separate<br>financial statements |                |
|--|--------------------------------------|------------------|----------------------------------|----------------|
|  | 2016                                 | 2015             | 2016                             | 2015           |
|  | <i>(in thousand Baht)</i>            |                  |                                  |                |
| <b>Capital commitments</b>   |                                      |                  |                                  |                |
| Contracted but not provided for  |                                      |                  |                                  |                |
| Building and building improvement  | -                                    | 30,030           | -                                | -              |
| Machinery and equipment  | 333,410                              | 407,117          | 26,013                           | 2,591          |
| <b>Total</b>   | <b>333,410</b>                       | <b>437,147</b>   | <b>26,013</b>                    | <b>2,591</b>   |
| <b>Future minimum lease payment under<br/>non-cancellable operating leases</b> |                                      |                  |                                  |                |
| Within one year  | 142,564                              | 143,493          | 64,663                           | 65,991         |
| After one year but within five years   | 474,251                              | 476,373          | 165,502                          | 168,602        |
| After five years   | 412,087                              | 524,392          | -                                | 38,752         |
| <b>Total</b>   | <b>1,028,902</b>                     | <b>1,144,258</b> | <b>230,165</b>                   | <b>273,345</b> |
| <b>Other commitments</b>   |                                      |                  |                                  |                |
| Purchase orders for raw material and spare parts                               | 327,084                              | 139,905          | 82,312                           | 65,398         |
| Bank guarantees  | 20,592                               | 20,537           | 17,646                           | 17,592         |
| <b>Total</b>   | <b>347,676</b>                       | <b>160,442</b>   | <b>99,958</b>                    | <b>82,990</b>  |

As at 31 December 2016, the Group had:

- operating lease agreements with both related and non-related parties covering the land, inventory tank, vehicles and office equipment for periods ranging from 0.5 years to 30 years expiring on various dates up to March 2040. However, the Company can renew the land rental agreement for another 20 years given the written notice to the counterparty not less than 6 months before the expiration of the agreement.
- bank guarantees issued by banks on behalf of the Company and its subsidiaries for leasehold right for land use, payment for pipeline placement, storage and electricity.
- commitments to purchase raw materials, packaging and spare parts from related parties and external suppliers at agreed prices.
- commitments to pay the final payment of technology license agreement to parent Company amounted to Euro 1.54 million.

## Vinythai Public Company Limited and its Subsidiaries

### Note to the financial statements

### For the year ended 31 December 2016

(e) forward contract with local financial institution and branch of certain foreign financial institutions for protect import purchase transaction and export sale transaction which forecast that will be occurred as follows:

|                           | Currency | Consolidated financial statements |        | Separate financial statements |       |
|---------------------------|----------|-----------------------------------|--------|-------------------------------|-------|
|                           |          | 2016                              | 2015   | 2016                          | 2015  |
|                           |          | (in thousand Baht)                |        |                               |       |
| Estimated sales export    | USD      | 5,282                             | 14,249 | 2,781                         | 9,527 |
|                           | EUR      | -                                 | 127    | -                             | -     |
|                           | JPY      | -                                 | 14,693 | -                             | -     |
| Estimated import purchase | USD      | 14,151                            | 3,632  | 7,173                         | 1,218 |
|                           | EUR      | 494                               | 130    | -                             | 93    |
|                           | JPY      | 35,884                            | 8,064  | -                             | 8,064 |

### 30 Events after the reporting period

At the Board of Directors' Meeting hold on 22 February 2017, the directors resolved to propose the dividend payment of Baht 0.45 per share. The dividend payment shall be approved by its shareholders at the annual general meeting of the shareholders.

At the same aforementioned the Board of Directors' meeting, the directors approved the termination of the EPICEROL<sup>®</sup> project in China and the liquidation of Solvay Biochemicals (Taixing) Limited and Vinythai Holding Pte. Limited, a company which held 100% ordinary shares of Solvay Biochemical (Taixing) Limited. Due to complexity of the related statutory process and procedures and such concerning local regulations, the management foreseen the liquidation may take longer than one year after the reporting date.

# Vinythai Public Company Limited and its Subsidiaries

## Note to the financial statements

### For the year ended 31 December 2016

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

A number of revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those revised TFRS that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January 2017, are set out below. The Group does not plan to adopt these TFRS early.

| TFRS                       | Topic   |
|----------------------------|---|
| TAS 1 (revised 2016)       | Presentation of Financial Statements  |
| TAS 2 (revised 2016)       | Inventories   |
| TAS 7 (revised 2016)       | Statement of Cash Flows   |
| TAS 8 (revised 2016)       | Accounting Policies, Changes in Accounting Estimates and Errors                     |
| TAS 10 (revised 2016)      | Events after the Reporting Period   |
| TAS 12 (revised 2016)      | Income Taxes  |
| TAS 16 (revised 2016)      | Property, Plant and Equipment   |
| TAS 17 (revised 2016)      | Leases  |
| TAS 18 (revised 2016)      | Revenue   |
| TAS 19 (revised 2016)      | Employee Benefits   |
| TAS 21 (revised 2016)      | The Effects of Changes in Foreign Exchange Rates                                    |
| TAS 23 (revised 2016)      | Borrowing Costs   |
| TAS 24 (revised 2016)      | Related Party Disclosures   |
| TAS 26 (revised 2016)      | Accounting and Reporting by Retirement Benefit Plans                                |
| TAS 27 (revised 2016)      | Separate Financial Statements   |
| TAS 28 (revised 2016)      | Investments in Associates and Joint Ventures  |
| TAS 33 (revised 2016)      | Earnings per Share  |
| TAS 34 (revised 2016)      | Interim Financial Reporting   |
| TAS 36 (revised 2016)      | Impairment of Assets  |
| TAS 37 (revised 2016)      | Provisions, Contingent Liabilities and Contingent Assets                            |
| TAS 38 (revised 2016)      | Intangible Assets   |
| TFRS 8 (revised 2016)      | Operating Segments  |
| TFRS 10 (revised 2016)     | Consolidated Financial Statements   |
| TFRS 13 (revised 2016)     | Fair Value Measurement  |
| TFRIC 1 (revised 2016)     | Changes in Existing Decommissioning, Restoration and Similar Liabilities            |
| TFRIC 4 (revised 2016)     | Determining whether an Arrangement contains a Lease                                 |
| TFRIC 10 (revised 2016)    | Interim Financial Reporting and Impairment  |
| FAP Announcement no.5/2559 | Accounting Guidance for Derecognition of Financial Assets and Financial Liabilities |

## Vinythai Public Company Limited and its Subsidiaries

### Note to the financial statements

### For the year ended 31 December 2016

The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

#### 32 Reclassification of accounts

Certain accounts in the statement of comprehensive income for the year ended 31 December 2015, which are included in the 2016 financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2016 financial statements as follows:

|   | 2015                              |           |                |                               |          |                |
|---|-----------------------------------|-----------|----------------|-------------------------------|----------|----------------|
|   | Consolidated financial statements |           |                | Separate financial statements |          |                |
|   | Before reclass.                   | Reclass.  | After reclass. | Before reclass.               | Reclass. | After reclass. |
|   | <i>(in thousand Baht)</i>         |           |                |                               |          |                |
| <b><i>Statement of financial position</i></b>   |                                   |           |                |                               |          |                |
| Property, plant and equipment                   | 12,224,103                        | (308,289) | 11,915,814     | -                             | -        | -              |
| Intangible assets                               | 316,799                           | (46,062)  | 270,737        | -                             | -        | -              |
| Assets not used in operation                    | -                                 | 354,351   | 354,351        | -                             | -        | -              |
|   |                                   | -         |                |                               | -        |                |
| <b><i>Statement of comprehensive income</i></b> |                                   |           |                |                               |          |                |
| Cost of sales of goods                          | 14,769,366                        | (27,574)  | 14,741,792     | 12,751,182                    | (27,866) | 12,723,316     |
| Selling expenses                                | 868,030                           | (70,058)  | 797,972        | 576,583                       | (80,205) | 496,378        |
| Administrative expenses                         | 303,562                           | 97,632    | 401,194        | 284,488                       | 108,071  | 392,559        |
|   |                                   | -         |                |                               | -        |                |

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



# GENERAL INFORMATION AND OTHER INFORMATION

## General Information

### (1) Information of Listed Company

|                                  |   |
|----------------------------------|---|
| Name of the Listed Company       | : <b>Vinythai Public Company Limited</b>  |
| Address of Head Office and Plant | : No.2, I-3 Road, Map Ta Phut Industrial Estate, Tambon Map Ta Phut, Amphoe Mueang, Rayong Province 21150 Thailand        |
| Telephone No.                    | : +66-3868-3112, +66-3892-5000  |
| Fax No.                          | : +66-3868-3048   |
| Address of Business Office       | : Wave Place, 11 <sup>th</sup> and 16 <sup>th</sup> Floor, 55 Wireless Road, Lumpini, Pathum Wan, Bangkok 10330, Thailand |
| Telephone No.                    | : +66-2030-6800   |
| Fax No.                          | : +66-2030-6801   |
| Type of Business                 | : Production and supply of petrochemical products: PVC resins, VCM, Caustic Soda and other products from PVC production   |
| Company's Registration No.       | : 0107536000846   |
| Home Page                        | : <a href="http://www.vinythai.co.th">www.vinythai.co.th</a>  |
| Registered Capital               | : 7,111,160,664 Baht  |
| Number of Ordinary Shares        | : 1,185,193,444 Shares  |
| Number of Fully Paid-up Shares   | : 1,185,193,444 shares  |

### (2) Information concerning Juristic Person in which Vinythai holds at least 10% of issued shares

#### (a) Advanced Biochemical (Thailand) Company Limited

|                                  |   |
|----------------------------------|---|
| Address of Head Office and Plant | : No. 2/1, I-3 Road, Map Ta Phut Industrial Estate, Tambon Map Ta Phut, Amphoe Mueang, Rayong Province 21150, Thailand    |
| Telephone No.                    | : +66-3868-3112, +66-3892-5000  |
| Fax No.                          | : +66-3868-3048   |
| Address of Business Office       | : Wave Place, 11 <sup>th</sup> and 16 <sup>th</sup> Floor, 55 Wireless Road, Lumpini, Pathum Wan, Bangkok 10330, Thailand |
| Telephone No.                    | : +66-2030-6800   |
| Fax No.                          | : +66-2030-6801   |
| Type of Business                 | : Manufacturing and trading of chemical product   |
| Company's Registration No.       | : 0105551033847   |

Home Page : -

Registered Capital : 1,500,000,000 Baht

Number of Ordinary Shares : 15,000,000 Shares

Number of Fully Paid-up Shares : 15,000,000 Shares

***(b) Vinythai Holding Pte. Ltd.***

Address of Business Office : No. 10 Collyer Quay #10-01 Ocean Financial Centre, Singapore (049315)  
Telephone No. : +65-6531-4187

Type of Business : Holding company

Company's Registration No. : 201221341H

Home Page : -

Registered Capital : 286,690,007 RMB

Number of Ordinary Shares : 286,690,007 Shares

Number of Fully Paid-up Shares : 286,690,007 Shares

***(c) Solvay Biochemicals (Taixing) Co., Ltd.***

Address of Business Office : No.1, Futai Road, Taixing Economic Development Zone, Jiangsu Province, the People's Republic of China

Type of Business : Manufacturing and trading of chemical product

Company's Registration No. : 321200400016994

Home Page : -

Registered Capital : 286,599,387 RMB

***(d) Advanced Biochemicals Europe***

Address of Business Office : 310, Rue de Ransbeek, Brussels, 1120 Belgium

Type of Business : Distribution of products in Europe

Company's Registration No. : 2016003

Home Page : -

Registered Capital : 20,000 EUR

***(e) Pimai Salt Co., Ltd.***

Address of Business Office : 1<sup>st</sup> Floor Room A, Srifuengfung Building, 1016 Rama 4 Road, Silom Sub-district, Bangrak District, Bangkok 10500  
Telephone No. : +66-2633-9380-3  
Fax No. : +66-2633-9390

Type of Business : Manufacturing of salt

Company's Registration No. : 0105537097221

|                                |  |
|--------------------------------|--|
| Home Page                      | : <a href="http://www.psc.co.th">www.psc.co.th</a> |
| Registered Capital             | : 193,891,500 Baht                                 |
| Number of Ordinary Shares      | : 1,938,915 Shares                                 |
| Number of Fully Paid-up Shares | : 1,938,915 Shares                                 |

### (3) Other Referenced Information

|                          |   |
|--------------------------|---|
| Ordinary Share Registrar | : Thailand Securities Depository Co., Ltd. 93 Ratchadaphisek Road, Din Daeng, Bangkok 10400, Thailand   |
|                          | Telephone No. : +66-2009-9000   |
|                          | Fax No. : +66-2009-9991   |
|                          | TSD Call Center : +66-2009-9999   |
|                          | Website : <a href="http://www.set.or.th/tsd">http://www.set.or.th/tsd</a>                               |
|                          | E-mail : SETContactCenter@set.or.th   |
| Auditor                  | : Mr. Waiyawat Kosamarnchaiyakit /or<br>Ms. Sureerat Thongarunsang /or<br>Ms. Pornthip Rimdusit         |
|                          | KPMG Phoomchai Audit Limited 48 <sup>th</sup> Floor, Empire Tower 195 South Sathorn Road, Bangkok 10120 |
|                          | Telephone No. : +66-2677-2000   |
|                          | Fax No. : +66-2677-2222   |
| Legal Counsel Limited    | : Chandler and Thong-Ek Law Offices   |
|                          | 7 <sup>th</sup> Floor, Bubhajit Building 20 North Sathorn Road, Bangkok 10500                           |
|                          | Telephone No. : +66-2266-6485   |
|                          | Fax No. : +66-2266-6483-4   |

### Other Important Information

None

# SHAREHOLDERS AND DIVIDEND POLICY

## Number of Common Shares and Paid-up Capital

- (a) Registered capital and Paid-up capital was Baht 7,111,160,664 consist of 1,185,193,444 ordinary shares of 6 Baht each.
- (b) Other Shares:  
none

## Shareholders

- (a) Major Shareholders:

| No. | Names of Shareholders                                | 8 December 2016              |         |
|-----|--|------------------------------|---------|
|     |  | Number of Shares<br>(Shares) | %       |
| 1   | SOLVAY VINYL HOLDING AG                              | 696,511,059                  | 58.7677 |
| 2   | PTT GLOBAL CHEMICAL PUBLIC COMPANY LIMITED           | 296,038,689                  | 24.9781 |
| 3   | MR. YANYONG PHATRALAOHA                              | 10,165,735                   | 0.8577  |
| 4   | MS. WANNAM KITTHANAMONGKONCHAI                       | 8,000,000                    | 0.6750  |
| 5   | THAI NVDR COMPANY LIMITED                            | 7,903,273                    | 0.6668  |
| 6   | JPMORGAN THAILAND FUND                               | 7,413,600                    | 0.6255  |
| 7   | MR. NARONG PHATRALAOHA                               | 6,803,645                    | 0.5741  |
| 8   | MR. KITTI PHATRALAOHA                                | 6,797,930                    | 0.5736  |
| 9   | EAST FOURTEEN LIMITED-DIMENSIONAL EMER MKTS VALUE FD | 6,688,917                    | 0.5644  |
| 10  | MR. CHAVENG APATA                                    | 5,750,000                    | 0.4852  |

- (b) At the above-mentioned latest closing date of the share register, the group of major shareholders who can significantly influence and determine the policy, management and operations of the Company are as follows:

- Solvay Group held a total of 696,511,059 shares, or 58.7677%, in the Company:

SOLVAY VINYL HOLDING AG      58.7677%

- PTT Global Chemical Public Company Limited holds a total of 296,038,689 shares, or 24.9781%, in the Company.

PTT Global Chemical Public Company Limited      24.9781%

- (c) Shareholder's Support Agreement  
none

## Other Securities

none

## Dividend Policy

It is the policy of the Company to pay an annual dividend of not less than 30 percent of net profit after tax and legal reserve.

## The Dividend Payment Policy for VNT's Subsidiaries

The payment of dividends by the subsidiaries shall be considered and proposed by the Board of Directors of each subsidiary for approval at the Annual General Meeting of each subsidiary. The dividend payment of subsidiaries shall be calculated based on the investment plans and other requirements and considerations, such as the adequacy of cash flow of each subsidiary after deducting reserve funds in accordance with the law.

# 2016 SIGNIFICANT RELATED TRANSACTIONS

The Company had significant business transactions with subsidiary, associated and related parties as following:

|  | Product or nature of business  | Nature of relationship and connected transactions                       | Transaction between companies                      | 2016<br>Thousand Baht |
|--|--|---|--|-----------------------|
| Transaction with subsidiaries                |  |   |  |                       |
| 1. Advanced Biochemical (Thailand) Co., Ltd. | Production of Epichlorohydrin (ECH)  | Vinythai holds 100 percent of its shares.                               | Service income                                     | 144,169               |
|  |  |   | Interest income                                    | 109,609               |
|  |  |   | Sale of Caustic Soda and CL2                       | 674,083               |
|  |  |   | Purchase of raw materials                          | 174,973               |
|  |  |   | Reimbursement expense                              | 203                   |
|  |  |   | Reimbursement income                               | 10                    |
|  |  |   | Spare part income                                  | 4,252                 |
|  |  |   | Spare part expense                                 | 379                   |
|  |  |   | Interest income                                    | 34,700                |
| 2. Solvay Biochemicals (Taixing) Co., Ltd.   |  |   |  |                       |
| Transaction with associated company          |  |   |  |                       |
| 1. Pimai Salt Co., Ltd.                      | Manufactured and trading of industrial salt  | Vinythai holds 28.49 percent.   | Purchase of raw materials                          | 383,276               |
| Transactions with related Companies          |  |   |  |                       |
| 1. Solvay S.A. and Solvay’s Subsidiaries     | Production and distribution of products in 2 core businesses: Chemical and Plastic.  | Solvay S.A. holds 100 percent of Solvay Vinyls Holding AG’s shares.     | Interest income                                    | 186                   |
|  |  |   | Purchase of raw materials                          | 8,241                 |
|  |  |   | Services expenses and others                       | 5,615                 |
|  |  |   | SIS service charge                                 | 23,044                |
|  |  |   | License expenses and technical assistance services | 3,643                 |
|  |  |   | Commission expenses                                | 1,718                 |
|  |  |   | Sale of PVC  | -                     |
|  |  |   | Other service income                               | 4,903                 |
|  |  |   |  |                       |
| 2. Solvay Peroxythai Co., Ltd.               | Production and distribution of Hydrogen peroxide   | Company owned by Solvay’s subsidiaries holds 100 percent of its shares. | Sales of Hydrogen                                  | 47,086                |
|  |  |   | Service income                                     | 1,841                 |
|  |  |   | Purchase of Hydrogen peroxide 50%                  | 1,915                 |
|  |  |   | Reimbursement income                               | 150                   |
| 3. PTT Global Chemical Public Co., Ltd.      | Production and distribution of petrochemical products, by-products and the provision of support services                           | Holds 24.98 percent.  | Sales of NaOH 50%                                  | 66,812                |
|  |  |   | Purchase of ethylene                               | 5,191,146             |
|  |  |   | Throughput fee and services                        | 559                   |
| 4. Thai Tank Terminal Limited                | Provides storage and transport services for liquid chemicals, oil and gas.   | Company owned by PTT Global Chemical Public Co., Ltd.                   | Rental tank and services                           | 57,084                |
| 5. Solvay Asia Pacific Co., Ltd.             | Regional Office Headquater to provide services and consulting for business administration and technical assistances to affiliates. | Solvay S.A. holds 100 percent of Solvay Asia Pacific’s shares.          | Service income                                     | 9,368                 |
|  |  |   | Service expense                                    | 10,300                |
|  |  |   | Reimbursement income                               | 97                    |
| 6. MTP HP JV (Thailand) Co., Ltd.            | Production and distribution of Hydrogen peroxide   | Company owned by Solvay’s subsidiaries                                  | Sale of Caustic Soda                               | 17,900                |
| Total  |  |   |  | 6,977,262             |

Remark: The above related party transactions are in the ordinary course of business. The amounts shown above were already included in the Statements of Earning. There are additional explanations in Notes no. 4 to the 2016 financial statements as examined and reported by the auditor under his audit report dated 15 February 2017.

# AWARDS & CSR 2016



# Awards



His Royal Highness Crown Prince Maha Vajiralongkorn's Trophy for outstanding companies who supported activities for youths (Nature and Environment category)



Vinythai received "Carbon Footprint Reduction Label" Award organized by Thailand Greenhouse Gas Management Organization (Public Organization)



Suriya Sasithorn Award for Notebook with concept "3Rs for all"

# CSR



## Health and Safety of Employees and Surrounding Communities







## Environmental Conservation and Management



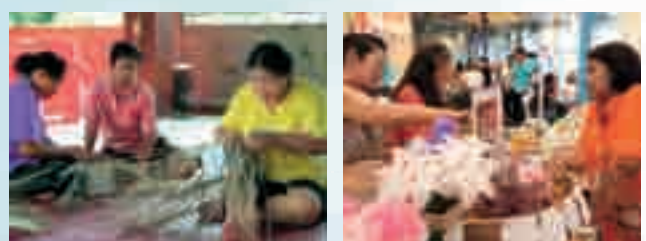
## Educational Support for Youths







## Activities Supporting Religions, Traditions and Important National Days



## Occupational Development and Community Well-being



Annual Report 2016



Annual Report 2015



Annual Report 2014



Annual Report 2013



Annual Report 2012



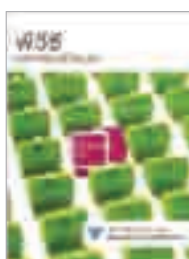
Annual Report 2011



Annual Report 2010



Annual Report 2009



Annual Report 2008



Annual Report 2007



Annual Report 2006



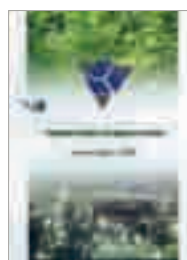
Annual Report 2005



Annual Report 2004



Annual Report 2003



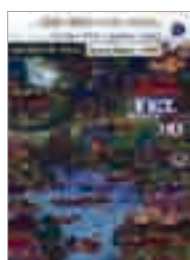
Annual Report 2002



Annual Report 2001



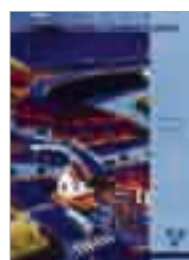
Annual Report 2000



Annual Report 1999



Annual Report 1998



Annual Report 1997



Annual Report 1996

## Vinythai Public Company Limited

**BKK Office:** Wave Place, 11<sup>th</sup> and 16<sup>th</sup> Floor, 55 Wireless Road, Lumpini, Pathum Wan, Bangkok 10330, Thailand

**Tel:** (66) 0-2030-6800 **Fax:** (66) 0-2030-6801

**Head Office (Plant):** No. 2, I-3 Road, Map Ta Phut Industrial Estate, Tambon Map Ta Phut,

Amphoe Mueang, Rayong 21150 **Tel:** (66) 0-3892-5000 **Fax:** (66) 0-3868-3048

**Website:** [www.vinythai.co.th](http://www.vinythai.co.th), [www.vinythaicoral.org](http://www.vinythaicoral.org)

