



VINYTHAI

AGC Group

ANNUAL REPORT

2018

VINYTHAI

**Growing
with You**

- As a Trusted and
Innovative Partner



Innovation &
Operational Excellence



Integrity



Environment



Diversity



People
Development



Growing with You

- As a Trusted and
Innovative Partner

Vinythai Public Company Limited
Annual Report 2018



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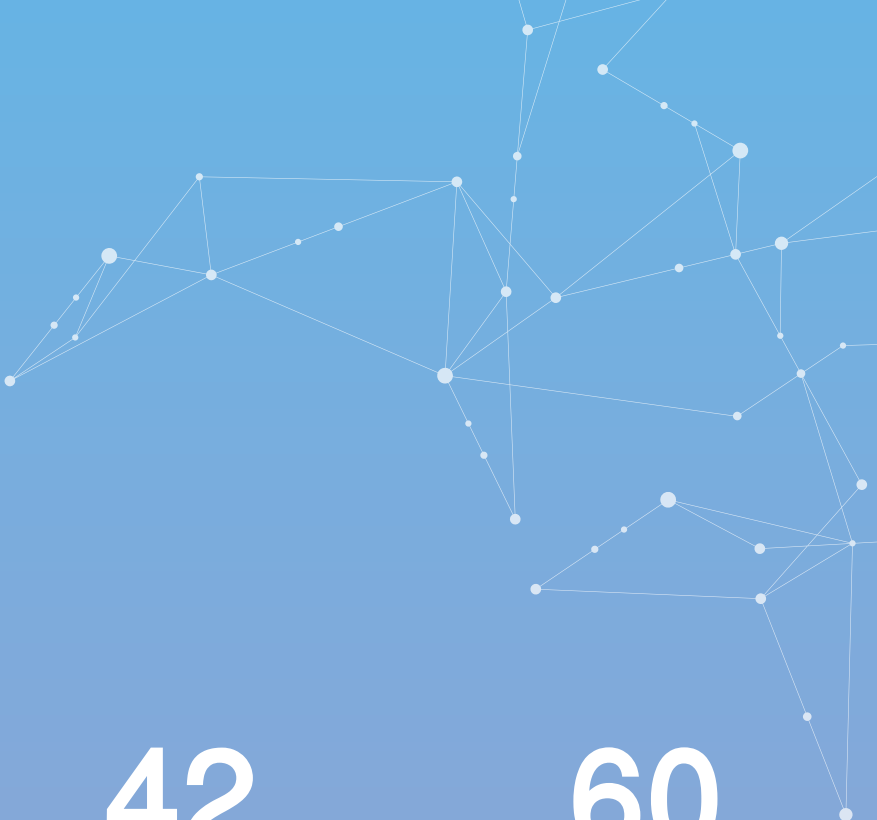
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Awards & CSR 2018



Financial Highlights

Unit : Million Baht	2016 [#]	2017 [#]	2018 [#]
Sales Revenues	15,659	19,282	19,946
Total Revenues	15,887	19,403	20,171
Gross Profit	2,120	3,841	4,297
Income before Financial Cost	1,176	2,368	3,270
Net Profit	1,124	2,248	3,059
Depreciation	1,492	1,278	1,241
Cash Flow from Operating Activities	2,545	3,409	3,960
Capital Expenditures	269	338	604
Total Assets	18,579	19,879	21,596
Total Liabilities	2,415	2,011	1,828
Total Loan	618	-	-
Shareholders' Equity	16,164	17,868	19,768
Persons Employed as of Year End	453	469	506

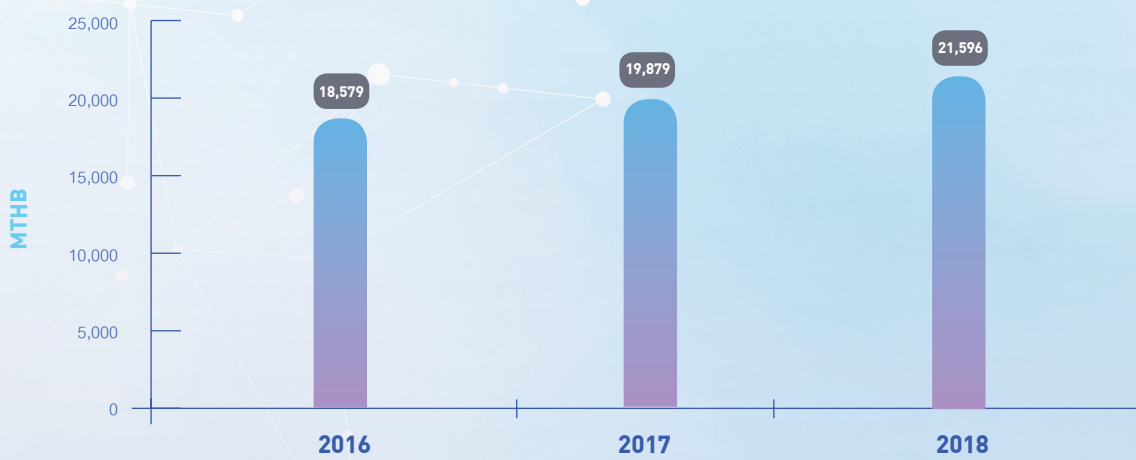
Information per Share & Financial Ratio

Unit : Baht	2016 [#]	2017 [#]	2018 [#]
Earning per Share	0.95	1.90	2.58
Book Value per Share	13.64	15.08	16.68
Dividend per Share (baht/share)	0.450	0.900	1.300
Net Profit Margin	7.1%	11.6%	15.2%
Return on average equity (ROE)	7.1%	13.2%	16.3%
Return on average assets (ROA)	6.2%	12.3%	15.8%

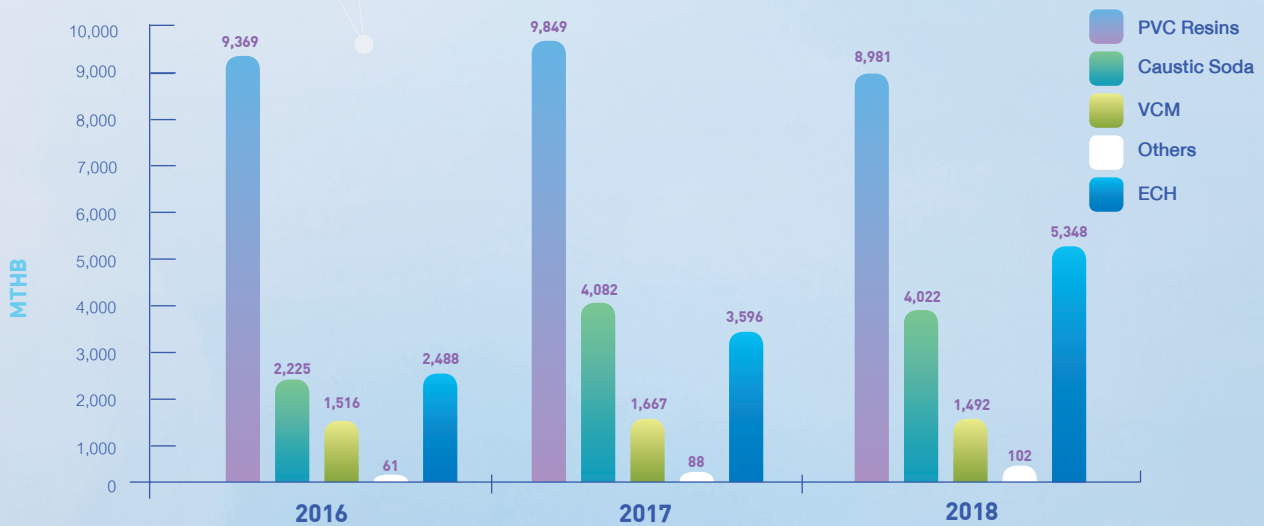
Information above were extracted from consolidated financial statements.

* The Board of Directors' Meeting resolved to propose the Annual Ordinary General Meeting of Shareholders to consider and approve in April 2019.

Total Assets



Sales By Products



Gross Profit and Net Profit



MESSAGE FROM THE CHAIRMAN



2018: An Opportunity for Growth

In 2018, Vinythai officially launched its new vision, mission and shared values which were developed in active collaboration among the people of the company. They will become the backbone of our corporate culture, and all the members of Vinythai are making the utmost efforts towards realization of these vision, mission and shared values.

We continued to press ahead to improve our operational performance. Safe and stable operation concept has been transformed into concrete actions through “ME *plus*” initiative, integrating Manufacturing Excellence (ME) and Total Productive Maintenance (TPM) activities. It leverages our capacity by eliminating all losses with three main targets; zero defect, zero breakdown and zero accident, and thus, enhances competitiveness of our products and services in terms of cost and quality.

Another high priority resolutely pursued is compliance. We enhanced comprehensive measures to comply with our Code of Conduct, including anti-corruption practices, among all employees.

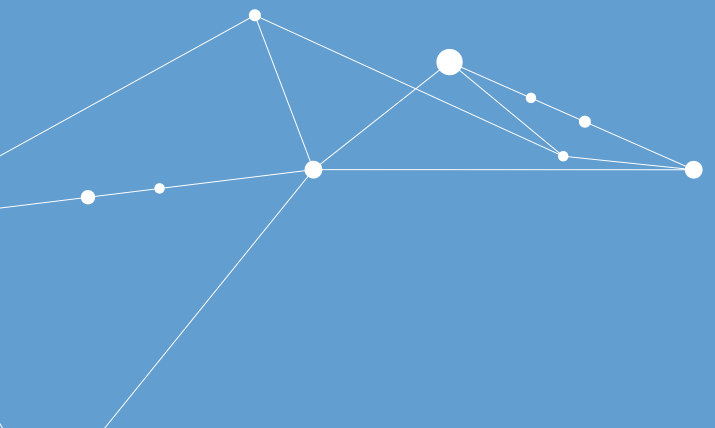
Under the favorable market conditions, Vinythai was able to achieve good performance results in 2018. It was achieved thanks to the continued and strong supports of all the stakeholders, as well as

the efforts of our employees. With its excellent safety record, including no lost-time accidents, coupled with stable operations, supply chain synergies and sales and marketing efforts, Vinythai was well placed to take advantage, as in fact it did.

This year, our reputation was further enhanced by awards and accolades, notably: Zero Accident Campaign 2018 Bronze Award; Green Industry Award Level 4 (Green Culture), and so forth. Our CSR programs have also been doing well. For instance, the next phase of Vinythai Coral Cultivation project will be expanded across the country.

In order to prepare for further growth, we are studying potential expansion projects. Environmental Health Impact Assessment process with public scoping meetings is being held with satisfactory results because of long-term relationship with stakeholders.

On behalf of the Company, I would like to thank all our stakeholders for your much-valued support throughout the year. We will try our best to grow the business on the solid operating foundations, continuous innovation, and the trust we earn from our stakeholders as per our new vision statement: “Growing with You — As a Trusted and Innovative Partner”.



古賀利朗

(Mr. Kazuaki Koga)

Chairman of the Board of Directors

BUSINESS OVERVIEW



VISION, MISSION AND SHARED VALUES

Vision

Growing with You - As a Trusted and Innovative Partner

Vinythai grows its business on its solid operating foundations, continuous innovation, and the trust it earns from its stakeholders. The company prides itself on always acting ethically and responsibly towards environment and its stakeholders.

Mission

Vinythai, the first choice in chlor-alkali and biochemicals for better living and sustainability.

Vinythai aims to always provide the best solutions for customers.

With its unique materials, the company builds long-term relationships grounded in outstanding product performance and service support.

We will continue producing and delivering the PVC, Caustic Soda, Bio-based Epichlorohydrin and solutions that our customers seek and society needs, thereby making people's lives better every day.

Shared Values

Innovation & Operational Excellence

- We will continuously seek innovations in the technology, products and services we provide by thinking beyond conventional ideas and frameworks.
- We will continuously create new value which satisfies the needs of our potential and future customers by thinking from the customer's perspective and accurately forecasting the changes in society and markets.
- We will continuously improve our operations for maximum efficiency and quality in every activity and will strive for the highest possible standard of performance.

Diversity

- We will respect individuals with different capabilities and personalities, and our management will operate without regard to nationality, gender or background.
- We will respect cultural diversity regardless of race, ethnicity, religion, language, and nationality.
- We will respect different perspectives and opinions at all times.

Environment

- We, as good global citizens, will contribute to the creation of a sustainable society in harmony with nature.
- We will strive to ensure and further improve occupational health and safety in our working environment.

Integrity

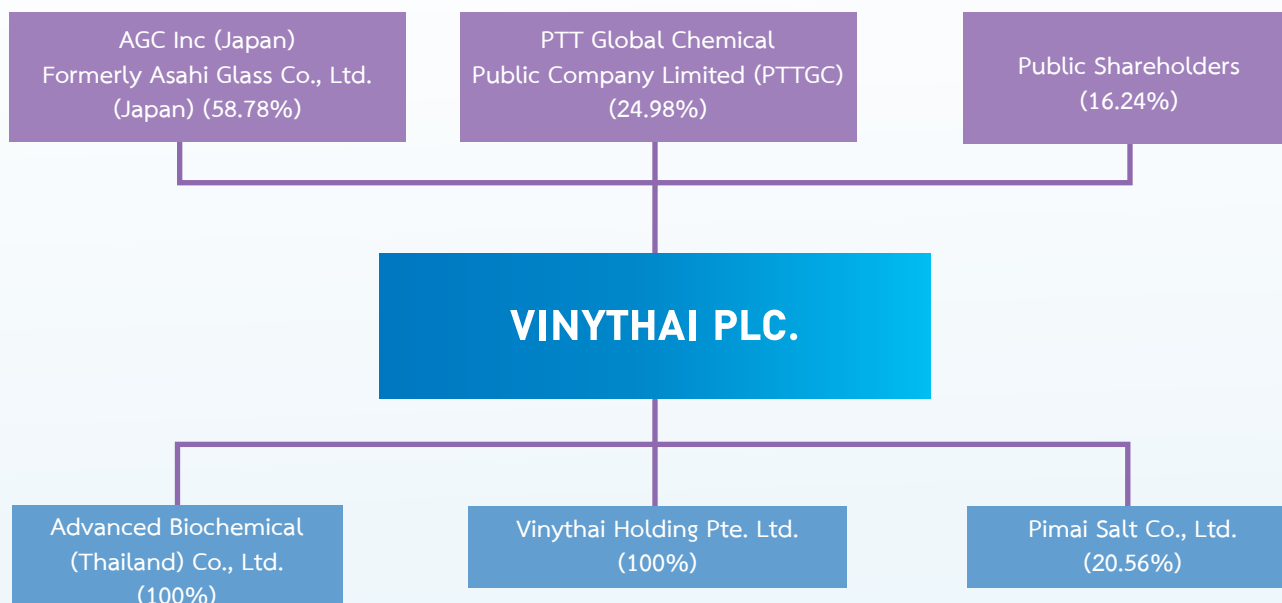
- We will build open and fair relationships with all of our stakeholders based on the highest ethical standards.
- We will strictly comply with applicable laws and regulations.
- We will fulfill our responsibilities in relation to all the products and services we provide to achieve customer satisfaction and trust.

People Development

- We will unleash and leverage the full potential talent of each employee.
- We will empower all our employees to demonstrate "can do" spirit, commitment and accountability.



SHAREHOLDING STRUCTURE



Advanced Biochemical (Thailand) Co., Ltd.

Advanced Biochemical (Thailand) Limited [formerly known as “Solvay Biochemical (Thailand) Limited”] is a subsidiary company of Vinythai, principally engaged in manufacturing and distributing of Epichlorohydrin. Vinythai holds 100% in its total issued shares amounting to 15,000,000 ordinary shares at par value of THB 100 each. Its plant and head office are located at: No. 2/1, I-3 Road, Map Ta Phut Industrial Estate, Tambon Map Ta Phut, Amphoe Mueang, Rayong Province, Telephone No. 0-3892-5000, Fax No. 0-3868-3048 and its business office in Bangkok is located at No. 11, Q.House Sathorn Building, 18th Floor, South Sathon Road, Khwaeng Thung Maha Mek, Khet Sathon, Bangkok 10120 Telephone No. 0-2030-6800, Fax No. 0-2030-6801-2.

Vinythai Holding Private Limited

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

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

Note:

1. On 22 February 2017, the Board of Directors' meeting of the Company had unanimously approved the termination of the liquidation of Vinythai Holding Private Limited. (It is anticipated that the liquidation of Vinythai Holding Private Limited will be completed within 2019).
2. All Solvay Biochemicals (Taixing) Limited de-registration in authorities had been completed on 19 November 2018



Pimai Salt Co., Ltd.

Pimai Salt, an associated company of Vinythai, is a producer of pure refined salt. It was established under a joint venture agreement among AGC Chemicals (Thailand) 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 20.56% of its total issued shares, amounting to 2,686,400 ordinary shares at par value of THB 100 each.

Pimai Salt's plant is located in Amphoe Pimai, Nakhon Ratchasima Province, Thailand. The head office is located at 1st Floor, Srfuengfung Building, 1016 Rama IV Road, Khwaeng Silom, Khet Bangrak, Bangkok 10500, Telephone No. 0-2633-9380 - 5, Fax No. 0-2633-9390.

Relation between the Company and its Major Shareholders

Vinythai's major shareholders are AGC Inc. (Japan) [Formerly Asahi Glass Co., Ltd. (Japan)] holding 58.78% of shares and PTT Global Chemical Public Company Limited (PTTGC) holding 24.98% of shares (information as of 8 May 2018). Vinythai is a manufacturer and distributor of Polyvinyl Chloride (PVC) and Caustic Soda which are important chemical products. Ethylene, one of the main raw materials, is purchased from PTTGC, who is the largest producer of ethylene in Thailand and who is the Company's second major shareholder. The company entered into the long term purchase agreement in order to secure the supply of such raw materials. 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

Vinythai Public Company Limited

Vinythai Public Company Limited production facilities are located at Map Ta Phut Industrial Estate 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 (CA) plant. The Company's production facilities are fully integrated plant from CA to 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. 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. (Subsidiary)

Advanced Biochemical (Thailand) Co., Ltd. ("Company") manufactures and sells Epichlorohydrin, a chemical substance mainly used in the epoxy resin production. It operates a plant located at Map Ta Phut Industrial Estate in Rayong Province, within the site of its parent company (Vinythai). The main raw materials of this process are Glycerin, Hydrochloric Acid and Caustic Soda. The Glycerin is procured from import and domestic suppliers, Hydrochloric Acid and Caustic Soda are procured from its parent company (Vinythai).

Income Structure

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

Sales Revenues	2018		2017		2016	
	MTHB	%	MTHB	%	MTHB	%
Sales in Thailand						
1. PVC Resins	5,375	34.7	5,409	32.9	5,874	42.4
2. Caustic Soda	4,233	27.4	4,288	26.1	2,459	17.7
3. VCM	1,492	9.6	1,667	10	1,516	11
4. Others	664	4.3	591	3.6	511	3.7
Total Sales in Thailand	11,764	76.0	11,955	72.6	10,361	74.8
Sales Abroad						
1. PVC Resins	3,606	23.3	4,440	27	3,484	25.2
2. Caustic Soda	102	0.7	65	0.4	0	0
3. VCM	0	0	0	0	0	0
Total Sales Abroad	3,708	24	4,504	27.4	3,484	25.2
Sales in Thailand and Abroad						
1. PVC Resins	8,981	58.0	9,849	59.9	9,358	67.6
2. Caustic Soda	4,335	28.1	4,353	26.5	2,459	17.7
3. VCM	1,492	9.6	1,667	10.0	1,516	11.0
4. Others	664	4.3	591	3.6	511	3.7
Total Sales in Thailand and Abroad	15,473	100.0	16,459	100.0	13,845	100.0

Income Structure of Subsidiary Company

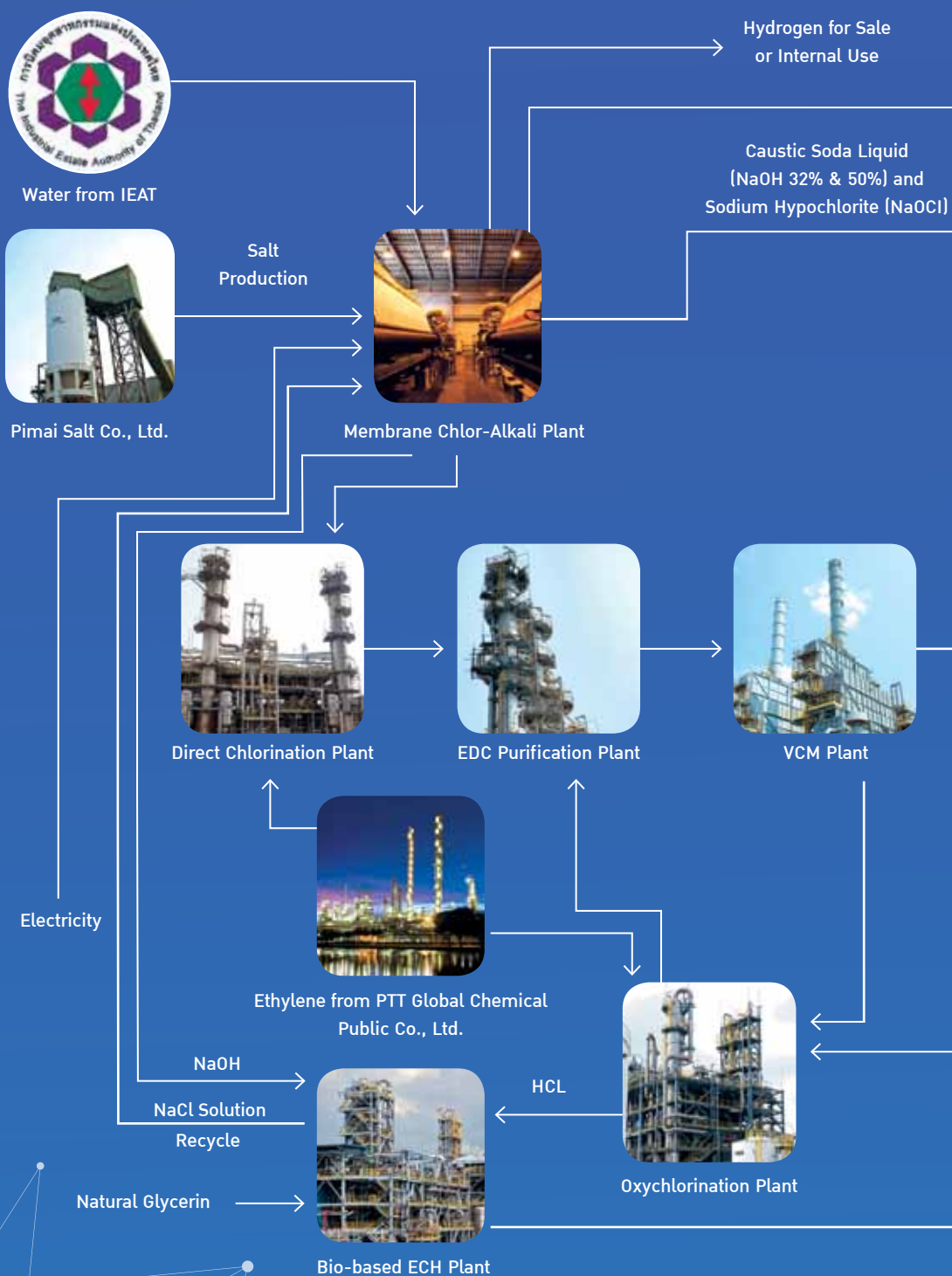
Product / Service	2018		2017		2016	
	Income (MTHB)	%	Income (MTHB)	%	Income (MTHB)	%
Advanced Biochemical (Thailand) Co., Ltd.						
Produce & Supply Epichlorohydrin	5,329	97.7	3,572	96.7	2,488	95.8
Others	123	2.3	121	3.3	108	4.2
% Shareholding by Vinythai		100		100		100

Income Structure of Subsidiary Company

Product / Service	2018		2017		2016	
	Income (MTHB)	%	Income (MTHB)	%	Income (MTHB)	%
Pimai Salt Co., Ltd.						
Produce & Supply Pure Refined Salt	1,694		1,639		1,679	
% Shareholding by Vinythai		20.56		28.49		28.49

PRODUCTION STRUCTURE

VINYTHAI IS FULLY INTEGRATED PRODUCTION PROCESS



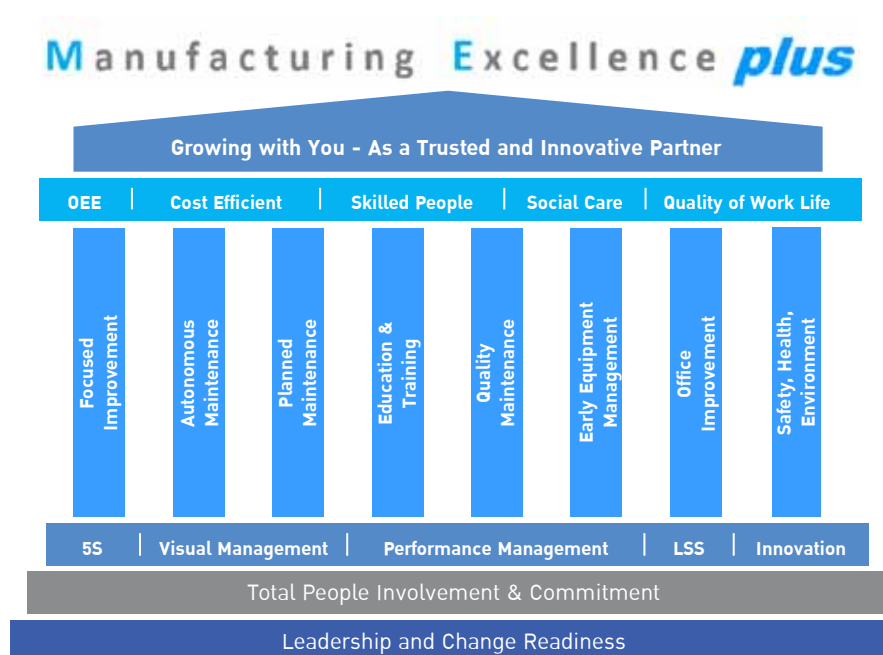


PRODUCTION AND PROCESS DEVELOPMENT

Manufacturing Excellence System 2018: ME *plus* (+TPM)

Since March 2018, Vinythai has incorporated a concept of Total Productive Maintenance or “TPM” in the existing Manufacturing Excellence System — with joint activities under the name of “ME *plus*”

ME *plus* aims to enhance 5 dimensional outcomes; OEE (productivity & quality), cost efficient, skilled people, social care and quality of work life. It is an important initiative which requires proactive and efficient collaboration among production and non-production functions from all departments.



Since then, we have paced step-by-step by firstly introducing ME *plus* initiative and model, followed by announcing policy & organization, preparing internal trainers and training in small groups. From total 8 pillars, AM pillar (Autonomous Maintenance) and SHE pillar (Safety, Health and work Environment) were proudly activated and apparently implemented on site with 4 area-models. To recognize the employees' effort and strive for success, the Company held an official “ME *plus* KICK-OFF DAY” in November packed with almost 300 employees.

In 2019, Vinythai continues developing and activating the remaining TPM pillars that will include not only all employees but also our business partners in ME *plus* activities.

ME *plus* is a long-term initiative continued through the dedication and perseverance of all the employees — to learn, constitute and engage into day-to-day business operations with the aim to embed it into the corporate culture of Vinythai.

ME *plus* is exactly what is intended by our Shared Values; “Innovation and Operational Excellence”.

Innovation and Suggestion Management

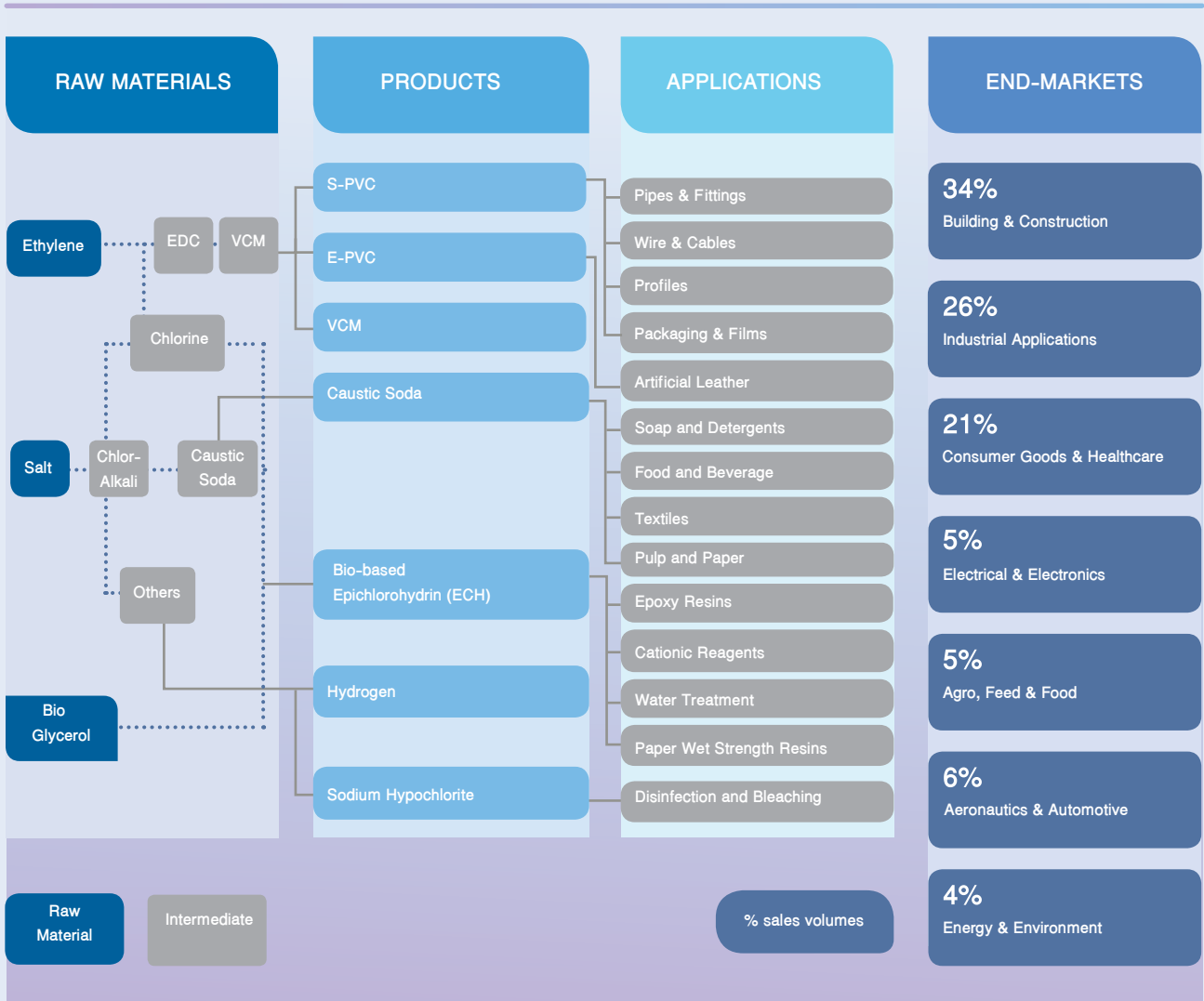
The Innovation Committee is nominated to run and promote Innovation & Excellence activities. The committee supports, rewards and recognizes employees for their ideas. Employees are encouraged to submit suggestions for improving safety, health, environment, energy saving, and external partnership. The committee organizes an annual Innovation & Suggestion Event that recognizes and celebrates outstanding innovations that have been implemented.

A ratio of 2.4 innovations and suggestions per employee was achieved in 2018.

SALES AND MARKETING

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 serve a variety of industries including automotive, building & construction, electrical & electronics, consumer goods, packaging and 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 and others.

Kosher, Halal and HACCP certificates are available on request.

• Bio-based Epichlorohydrin (ECH)

Epichlorohydrin is a versatile chemical intermediate for a wide range of applications. It is primarily used as a precursor of epoxy resins, which find uses in protective coatings, printed circuit boards, electronics components, advanced composites for automotive, aerospace, and wind turbine, and adhesives. Other applications are paper & water treatment chemicals, mild surfactants for personal care, and several other fine chemicals.

Our Epichlorohydrin is uniquely 100% bio-based from its renewable raw material, vegetable glycerin, and is manufactured using innovative process resulting in light environmental footprint. It can be utilized as a drop-in for conventional petro-based Epichlorohydrin. Not only it imparts the bio-based content to the downstream products, but also it offers environmental advantages.

A Competitive Leader on its Core Markets and a Globally Recognized Biochemical Player

Several factors contribute to the success of the Company as a competitive player in SEA.:

- **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 origin is sourced from diversified origins.
- **Successful Excellence Programs:** our employees relentlessly strive to outperform manufacturing 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 allowed the Company to reach a leadership position on its core markets.

Sustainability Value Promotion Intensifies and Delivers PVC and Caustic Soda 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.

Believing in sustainable growth and customer focus, the company promptly respond our customers' requirements. Our products (PVC and Caustic Soda) get ISO 9001, ISO 14001. In addition our Caustic Soda 32% and 50% get the Halal certificate, Kocher Certificate, plus GMP and also FDA for manufacturing Caustic Soda.

Bio-based Epichlorohydrin (ECH)

Building on the Roundtable on Sustainable Biomaterials (RSB) certificate, Advanced Biochemical (Thailand) Co., Ltd. continued to be trusted by existing customers and drew attention from new customers for Bio-based Epichlorohydrin despite the unfavorable market conditions as seen from the solid commercial result. Not only this achievement proves our commitment to operate in a sustainable manner socially, environmentally, and economically, but also it demonstrates our capability to be a long-term ECH partner in the market.

We joined forces with Akzo Nobel, a multi-national paint & coating company, and EY Climate Change and Sustainability Services, a consultancy company, to develop an online platform capable of tracking the use of bio-based materials along specific value chains and issuing e-certificates that can be passed from feedstock producers (e.g., ABT), intermediate producers (e.g., epoxy resin producers), paint and coating producers, and subsequently to end customers (e.g., car producers). The e-certificate quantifies the content of bio-based materials in each stage of the value chain. This tool will boost the credibility of bio-based material claims and will accelerate the deployment of bio-based materials relevant to our markets.

Further advancing into the biochemical front, we launched “Growth Project” aiming to seek partnerships with industrial companies and/or academic institutions with interest in bio-based material development. The project focuses on Bisphenol A substitutes from renewable sources, which could react with Bio-based Epichlorohydrin and give 100% bio-based epoxy resins. Potential applications of these specialty resins include coatings for food and beverage packaging as well as bio-composite materials for aeronautic and automotive industries.

Summary and Outline for 2018

In 2018, our PVC business achievement was supported by the active demand in USA and Asia region. Environmental restriction in China is continued and results in the limited low price PVC export to the region. Domestic Demand of Caustic Soda supports our 2018 sale. Though several challenges from external market, we are able to manage our sale volume to align with the target.

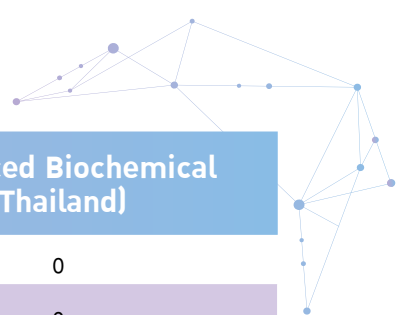
The Bio-based Epichlorohydrin business managed to well allocate Bio-based Epichlorohydrin benefiting from its geographically diversified customer portfolio as well as opened new customers especially in niche applications where the distinct sustainability values of Bio-based Epichlorohydrin were recognized and thanks to the supply tightness in China as a result of the stricter environmental regulations and intensified by turnaround maintenance of key ECH producers. These commercial achievements and market situations allow Advanced Biochemical (Thailand) Ltd. to sustain the plant utilization rate at high level and achieve new sales and production records.

Vinythai continues seeking for business growth opportunities and improve customer satisfactory in order to become the first choice in chlor-alkali and biochemicals for better living and sustainability, in line with the new Vision and Mission.

HUMAN RESOURCES MANAGEMENT

Employees

As of 31 December 2018, total headcount has details as follows:



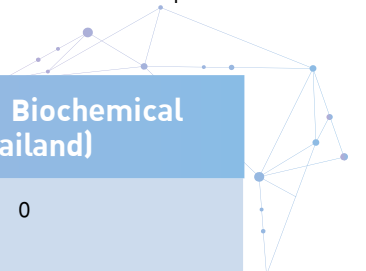
	Vinythai	Advanced Biochemical (Thailand)
Map Ta Phut	463	0
Bangkok	43	0

Employees in each main working unit consist of:

	Vinythai	Advanced Biochemical (Thailand)
Managing Director Unit	11	0
Business and Administration	26	0
Production Unit	209	0
Production and Business Support Unit	260	0
Project and Construction Unit	0	0

Remuneration to Staff

In 2018, the total remuneration consisting of salary, bonus and other benefits, including provident fund scheme paid to employees is



	Vinythai	Advanced Biochemical (Thailand)
Total Remuneration of employees (MTHB)	702	0

Vinythai is strongly committed to offering its employees a safe working environment, and promoting their professional development. The Company respects fundamental human rights and provides 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 respect 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. Develop People – Strengthen an “Outward” Mindset Culture

Vinythai has included the Outward Mindset Program as fundamental training program in Leadership & Management Training Roadmap for all Vinythai employees, starting from Manager in 2017, and Engineer and Supervisor in 2018. We will continue the program for staff in 2019.

This workshop has been designed as a powerful driver of culture transformation. It is aimed to motivate behavior that enhances corporate values, especially Innovation and Operational Excellence. Our staff have learnt and been equipped with tools to shift their mindset, from Inward focusing on personal objectives, to Outward taking account of others' objectives. Consequently, they have developed self-awareness, accountability, and collaboration. All are fundamental human elements contributed to maximize our operation efficiency and quality in everyday work.

From the training evaluation, over 90% of participants gained practical tools to turn their job outwards and highly appreciated the outcome of the workshop.

In order to build an outward mindset organizational culture, Vinythai has also deployed Outward Mindset via daily application of the management — in the form of Group Coaching to strengthen Outward Mindset Communication in daily meeting at the plant. The participants successfully identified their area for improvement and put a plan in place to implement effective communication practice.

In 2018, average learning days per employee is 5.45 days with details as follows:

Target = 5days / person	Cadre	Non-Cadre	Total
Total training hours	7312	14752	22066
	Cadre	Non-Cadre	Total
Total days/person	6.39	5.08	5.45

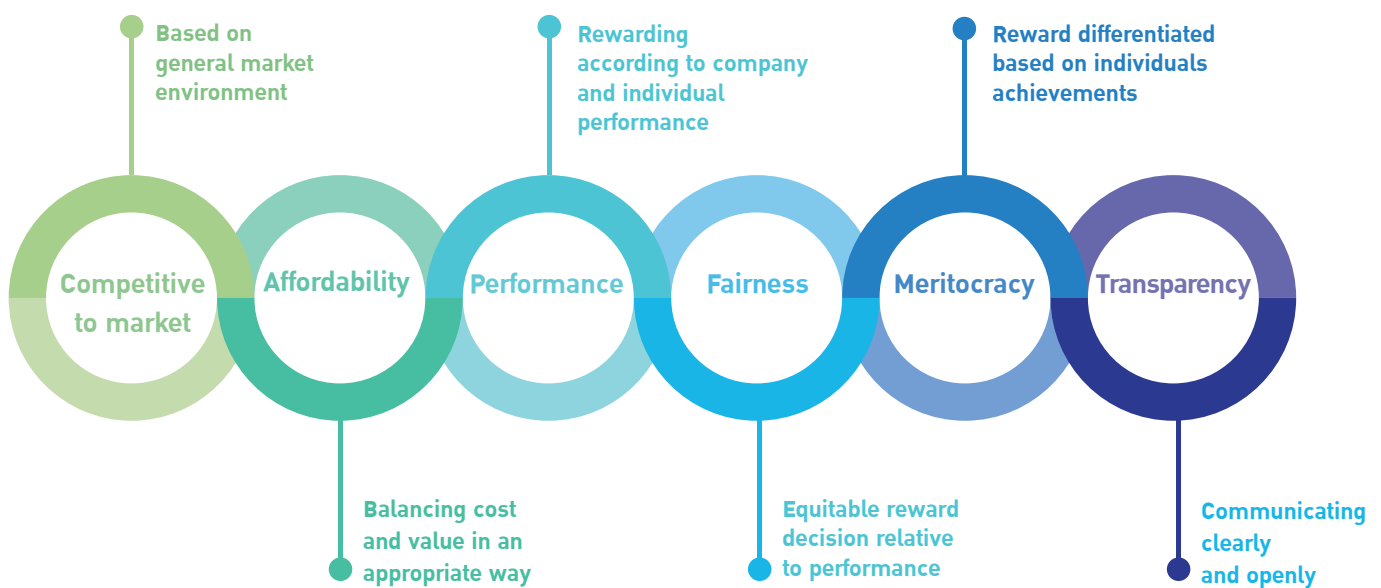


3. Reward Management – Reward for Performance

Our reward management system was designed based on 6 guiding principles with the aims to

- Implement high performing culture to contribute to the Company Ambition Reward linking the individual with economic performance
- Act as a lever to engage and retain our employees and to reinforce the sense of belonging to the Company
- Reward fairly and in a non-discriminatory way

6 Guiding Principles



The employees' Base Salary is annually reviewed to reward the job performance assesses in Performance, Development and Career Review (PDCR). Annual salary increase is linked to market movement to ensure market competitiveness.

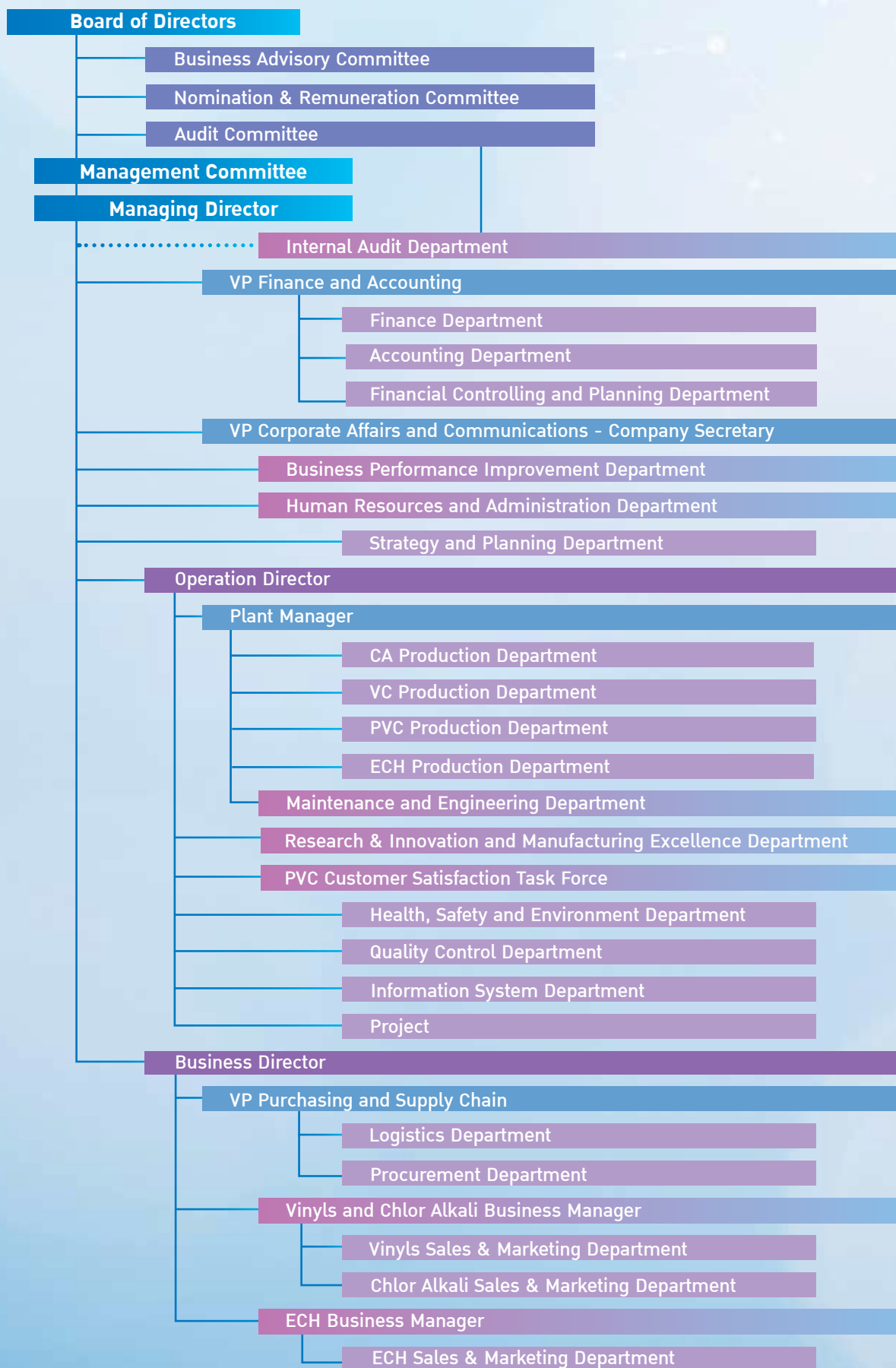
Individual Bonus is based on the achievement of individual objectives set as a part of Performance, Development and Career Review process (PDCR), and the Collective Bonus is based on the realization of company performance (Operating Profit).

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.

MANAGEMENT STRUCTURE



ORGANIZATION CHART OF VINYTHAI PUBLIC COMPANY LIMITED



BOARD OF DIRECTORS



**Mr. Kazuaki Koga
(Age 59)**

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

Educational Qualification

- Bachelor of Laws, The University of Tokyo, Japan

Proportion of shareholding (%) none

Family's Relationship Management none

Work Experience in the past 5 years

Positions in Listed Company on SET (1)

27 Apr 2017 - Present

Chairman of the Board of Directors and
Chairman of Nomination & Remuneration Committee,
Vinythai Public Company Limited

Positions in Non-Listed Company on SET (2)

17 Mar 2015 - Present

Commissioner, PT Asahimas Chemical, Indonesia

1 Jan 2015 - Present

Executive Officer, GM of Essential Chemicals General Div.
Chemicals Company, AGC Inc., Japan



**Mr. Narongsak
Jivakanun
(Age 49)**

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

Educational Qualification

- Master of Science (Chemical Engineering), Oregon State University, Oregon, USA
- Bachelor of Engineering (Chemical Engineering), Chulalongkorn University

Certificate:

- Certificate in Director Certification Program (DCP) Class 165/2012, Thai Institute of Directors Association (IOD)
- Certificate in Executive Program on Energy Literacy for a Sustainable Future, Class 8, Thailand Energy Academy (TEA)
- Certificate in TLCA Leadership Development Program (LDP) 1_2013, Thai Listed Companies Association (TLCA) and International Institute for Management Development (IMD)

Proportion of shareholding (%) none

Family's Relationship Management none

Work Experience in the past 5 years

Positions in Listed Company on SET (3)

21 Sep 2017 - Present	Vice Chairman of the Board of Directors and Member of Nomination & Remuneration Committee, Vinythai Public Company Limited
1 Jan 2017 - Present	Executive Vice President, Corporate Strategy, PTT Global Chemical Public Company Limited
1 Jan 2017 - Present	Risk Management Committee, Global Green Chemicals Public Company Limited
17 Feb 2016 - Present	Director, Global Green Chemicals Public Company Limited
1 Feb 2016 - 31 Dec 2016	Senior Vice President, Corporate Strategy, PTT Global Chemical Public Company Limited
1 Oct 2014 - 31 Jan 2016	Senior Vice President, International Strategy and Business Development reporting to Executive Vice President, International Business Operations, PTT Global Chemical Public Company Limited

Positions in Non-Listed Company on SET (19)

31 May 2018 - Present	Chairman, Ventures America Corporation
23 May 2018 - Present	Chairman, GC Ventures Company Limited
6 Mar 2018 - Present	Chairman, GC Estate Company Limited
2 Jun 2017 - Present	Director, GC Polyols Company Limited
11 Apr 2016 - Present	Director, PTT Phenol Company Limited
1 Jul 2015 - Present	Director, PTTGC America Corporation
1 Jul 2015 - Present	Director, PTTGC America LLC
Present	Director, Sermkij Textile Company Limited
3 Jul 2017 - 31 Jan 2018	Chairman, PTT MCC Biochem Company Limited
25 Nov 2016 - 26 Jul 2017	Director, PTT Digital Solutions Company Limited
1 Feb 2016 - 28 Feb 2017	Director, PTT Chemical International Private Limited
1 Jan 2010 - 31 Jan 2016	Chief Executive Officer, PTT Chemical International Private Limited
1 Feb 2016 - 28 Feb 2017	Director, PTT Chemical International (Asia Pacific ROH) Co., Ltd.
1 Jan 2010 - 31 Jan 2016	Chief Executive Officer, PTT Chemical International (Asia Pacific ROH) Co., Ltd.
2 Apr 2015 - 16 Nov 2016	Director, Emery Oleochemicals (M) Sdn Bhd
2 Apr 2015 - 16 Nov 2016	Director, Emery Specialty Chemical Sdn Bhd
22 May 2012 - 26 Jan 2015	Director, Vencorex Holding SAS
13 Jan 2011 - 14 Jul 2017	Director and Compensation Committee, Myriant Corporation
15 Dec 2011 - 30 Jan 2015	Director, PTTGC International (Netherlands) B.V.
3 Mar 2011 - 23 Oct 2014	Director, Bio Creation Company Limited
10 Nov 2010 - 11 Apr 2016	Director, Bio Spectrum Company Limited



**Ms. Duangkamol
Settanung
(Age 59)**

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

Educational Qualification

- Master of Business Administration, Thammasat University
- Bachelor of Science in Statistics, 1st Class Honors, Kasetsart University

Certificate:

- Capital Market Academy Leadership Program, Class 26, Capital Market Academy
- Director Certification Program (DCP) Class 155/2012, Thai Institute of Directors Association (IOD)
- Certification Program for "Leadership Development Program III (LDP III)" PTT Leadership and Learning Institute, 2014
- Certificate Program for GE : PTT Executive Program, GE U.S.A., 2012

Proportion of shareholding (%) none

Family's Relationship Management none

Work Experience in the past 5 years

Positions in Listed Company on SET (5)

1 Dec 2018 - Present	Senior Executive Vice President, PTT Public Company Limited
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 - 30 Nov 2018	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 (9)

2 Mar 2018 - Present	Chairman, GC Treasury Center Company Limited
2 Jun 2017 - Present	Director, GC Polyols Company Limited
2 Jun 2017 - Present	Director, GC Oxirane Company Limited
19 Apr 2016 - Present	Director, PTT Phenol Company Limited
2 Mar 2016 - Present	Director, Emery Specialty Chemicals Sdn Bhd
2 Mar 2016 - Present	Director, Emery Oleochemicals (M) Sdn Bhd
18 Jan 2016 - Present	Director, PTTGC America LLC
18 Jan 2016 - Present	Director, PTTGC America Corporation
18 Jan 2016 - Present	Director, PTTGC International Private Limited



**Associate Professor
Danuja Kunpanitchakit,
Ph.D.
(Age 65)**

Independent Director,
and Chairperson 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:

- Certificate in Director Accreditation Program (DAP) Class 98/2012, Thai Institute of Directors Association (IOD)
- Certificate in Audit Committee Program (ACP) Class 44/2013, 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)

28 Nov 2017 - Present	Independent Director, and Chairperson of Audit Committee, Vinythai Public Company Limited
25 May 2012 - 27 Nov 2017	Independent Director and Member of Audit Committee, Vinythai Public Company Limited

Positions in Non-Listed Company on SET (4)

27 Jul 2017 - Present	Honorable Committee in Accounting, Federation of Accounting Professions
4 Jan 2017 - Present	Member of Audit Subcommittee, Deposit Protection Agency
27 Feb 2014 - Present	Member of Audit Committee, Bank of Thailand
1 Apr 2008 - 17 May 2016	Vice President (Finance and Accounting), Chulalongkorn University



**Mr. Pipop
Pruecksamars
(Age 71)**

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

Educational Qualification

- Bachelor of Industrial Engineering, Chulalongkorn University

Certificate:

- 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)

28 Nov 2017 - Present	Independent Director, Member of Audit Committee, and Member of Nomination & Remuneration Committee, Vinythai Public Company Limited
24 Apr 2008 - 27 Nov 2017	Independent Director, Chairman of Audit Committee, Vinythai Public Company Limited
1 Jan 2000 - 28 Feb 2005	Director and Public Affairs Manager, Esso (Thailand) Public Company Limited

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.



**Mr. Pote
Videtyontrakich
(Age 65)**

Independent Director
and Member of
Audit Committee

Educational Qualification

- M.B.A., Harvard Business School, USA
- B.A. in Economics, Yale University, USA

Certificate:

- 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)
- Certificate in Capital Market Academy (CMA 16) (April - August 2013)

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
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Positions in Non-Listed Company on SET (2)

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



**Mr. Andre R. van der
Heyden
(Age 71)**

Independent Director

Educational Qualification

- Master of Metallurgical Engineering, Université Catholique de Louvain, Belgium

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. Hiroaki Sano
(Age 53)

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

Educational Qualification

- Bachelor of Economics, Kobe University, Japan

Proportion of shareholding (%) none

Family's Relationship Management none

Work Experience in the past 5 years

Positions in Listed Company on SET (1)

22 Feb 2017 - Present Director, Managing Director, and Member of Business Advisory Committee, Vinythai Public Company Limited

Positions in Non-Listed Company on SET (6)

3 Apr 2018 - Present Director, Thai Refined Salt Co., Ltd.
4 Apr 2017 - Present Director, Pimai Salt Company Limited
27 Feb 2017 - Present Chairman, Advanced Biochemical (Thailand) Co., Ltd.
22 Feb 2017 - Present Chairman, Vinythai Holding Pte. Ltd., Singapore
22 Feb 2017 - Present Chairman, Solvay Biochemicals (Taixing) Co., Ltd., China
1 Jan 2017 - 21 Feb 2017 Deputy General Manager, Strategy & Planning Office, Corporate Planning Div. AGC Inc., Ltd., Japan
21 Feb 2012 - 31 Dec 2016 Deputy General Manager, Corporate Planning Group / Office of President, AGC Inc., Japan
5 Jun 2011 - 20 Feb 2012 Senior Manager, Corporate Planning Group / Office of President, AGC Inc., Japan



Mr. Yoshihisa Horibe
(Age 53)

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

* appointed as a Member
of Business Advisory
Committee on April 26, 2018

Educational Qualification

- Bachelor of Economics, The University of Tokyo, Japan

Proportion of shareholding (%) none

Family's Relationship Management none

Work Experience in the past 5 years

Positions in Listed Company on SET (1)

26 Apr 2018 - Present Director, and Member of Business Advisory Committee*, Vinythai Public Company Limited
22 Feb 2017 - 25 Apr 2018 Director and Business Director, Vinythai Public Company Limited

Positions in Non-Listed Company on SET (9)

3 Apr 2018 - Present Director, Thai Refined Salt Co., Ltd.
3 Apr 2018 - Present Director, PT Asahimas Chemical, Indonesia
1 Apr 2018 - Present General Manager, Chlorine & Alkali Southeast Asia Div. AGC Chemicals, AGC Inc., Essential Chemicals, Southeast Asia Regional Office
4 Apr 2017 - Present Director, Pimai Salt Company Limited
27 Feb 2017 - 26 March 2018 Managing Director, Advanced Biochemical (Thailand) Co., Ltd.
22 Feb 2017 - 30 March 2018 Director, Advanced Biochemical Europe
22 Feb 2017 - Present Director, Solvay Biochemicals (Taixing) Co., Ltd., China
5 Oct 2015 - 21 Feb 2017 Director, PT Asahimas Chemical, Indonesia
24 Jan 2013 - 4 Oct 2015 Director, Business Planning, Essential Chemicals Div., Business Management General Div. Chemicals Company, AGC Inc., Japan
13 Feb 2011 - 23 Jan 2013 Director, Strategic Planning Div., AGC (China) Holdings Co., Ltd., China



Mr. Tadashi Hiraoka
(Age 58)

Director, and authorized to
sign to bind the Company

Educational Qualification

- Master of Chemical Engineering, Osaka University, Japan
- Graduate School of Engineering Science, Osaka University, Japan
- Bachelor of Chemical Engineering, Hiroshima University, Japan

Proportion of shareholding (%) none

Family's Relationship Management none

Work Experience in the past 5 years

Positions in Listed Company on SET (1)

26 Apr 2018 - Present	Director, Vinythai Public Company Limited
22 Feb 2017 - 25 Apr 2018	Director, and Member of Business Advisory Committee, Vinythai Public Company Limited

Positions in Non-Listed Company on SET (2)

1 Jan 2017 - Present	Executive Officer, General Manager of Technology Management General Div., Chemicals Company, AGC Inc., Japan
1 Dec 2014 - 30 Dec 2016	Plant Manager, PT Asahimas Chemical, Indonesia
21 Sep 2013 - 20 Nov 2014	Plant Manager, Chiba Plant, AGC Inc., Japan



Mr. Masahiko Fukamachi
(Age 56)

Director and authorized to
sign to bind the Company

* appointed as Director
on April 26, 2018

Educational Qualification

- Bachelor of Law, Hitotsubashi University, Tokyo, Japan

Proportion of shareholding (%) none

Family's Relationship Management none

Work Experience in the past 5 years

Positions in Listed Company on SET (1)

26 Apr 2018 - Present	Director*, Vinythai Public Company Limited
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Positions in Non-Listed Company on SET (6)

27 Mar 2018 - Present	Director, Pimai Salt Co., Ltd.
13 Mar 2018 - Present	Vice Chairman, Thai Refined Salt Co., Ltd.
1 Mar 2018 - Present	Member of the Board and President, AGC Chemicals (Thailand) Co., Ltd.
1 Mar 2018 - Present	Member of the Board and President, Surisa Ltd.
9 Apr 2017 - Present	Chief Financial Officer, CMC ICOS Biologics Inc., Japan
21 Jan 2017 - 8 Apr 2017	General Manager, Bioscience Div., Life Science General Division, AGC Inc., Japan
21 Jul 2016 - 20 Jan 2017	General Manager, Planning & Coordination Group, Finance & Accounting Division, AGC Inc., Japan
1 Oct 2013 - 20 Jul 2016	General Manager, Business Administration Office Service Center, Japan/Asia Pacific, AGC Inc., Japan

MANAGEMENT COMMITTEE



Mr. Hiroaki Sano
Managing Director



Mr. Masaki Takahashi
Business Director



Mr. Masaru Orihara
Operation Director



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



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



Mr. Apichart Kijjaroenvisal
Plant Manager



**Mr. Boonchana
Mangkonkarn**
Vice President Purchasing
and Supply Chain

A photograph of an industrial refinery or chemical plant with several tall distillation columns and complex piping systems under a clear blue sky.

ORGANIZATION STRUCTURE

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

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 2018, the Board of Directors comprises 11 directors as follows:

1. Mr. Kazuaki Koga ^{1/}	Director Chairman of the Board of Directors Chairman of the Nomination and Remuneration Committee
2. Mr. Narongsak Jivakanun	Director Vice Chairman of the Board of Directors Member of the Nomination and Remuneration Committee
3. Mr. Hiroaki Sano	Director Managing Director Member of the Business Advisory Committee
4. Ms. Duangkamol Settanung	Director Chairperson of the Business Advisory Committee
5. Mr. Yoshihisa Horibe	Director Member of the Business Advisory Committee
6. Associate Professor Dr. Danuja Kunpanitchakit ^{2/}	Independent Director Chairperson of the Audit Committee /
7. Mr. Pipop Pruecksamars	Independent Director Member of the Audit Committee Member of the Nomination and Remuneration Committee
8. Mr. Pote Videtyontrakich ^{2/}	Independent Director Member of the Audit Committee
9. Mr. Andre R. van der Heyden	Independent Director
10. Mr. Tadashi Hiraoka ^{1/}	Director
11. Mr. Masahiko Fukamachi	Director

Note: ^{1/} director whose residence is outside the kingdom

^{2/} 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 meetings 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 to give them 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 2018 is as follows:

Meeting attendance / Total no. of meeting

Name	Board of Directors Total 5 times/year	Business Advisory Committee Total 5 times/year	Audit Committee Total 6 times/year (including the Non-Management meeting)	Nomination and Remuneration Committee Total 2 times/year
1. Mr. Kazuaki Koga ⁽¹⁾	5/5	-	-	2/2
2. Mr. Narongsak Jivakanun	5/5	-	-	2/2
3. Ms. Duangkamol Settanung	4/5	5/5	-	-
4. Mr. Tadashi Hiraoka ⁽¹⁾	5/5	2/2	-	-
5. Mr. Yoshihisa Horibe	5/5	3/3	-	-
6. Mr. Hiroaki Ono ⁽²⁾	1/1	-	-	-
7. Mr. Hiroaki Sano	5/5	5/5	-	-
8. Associate Professor Dr.Danuja Kunpanitchakit	4/5	-	6/6	-
9. Mr. Pipop Pruecksamars	5/5	-	6/6	2/2
10. Mr. Pote Videtyontrakich	2/5	-	4/6	-
11. Mr. Andre R. van der Heyden	2/5	-	-	-
12. Mr. Masahiko Fukamachi ⁽³⁾	3/3	-	-	-

(1) Directors whose residence are outside the Kingdom.

(2) Resigned from the Company's director effective from 25 April 2018; therefore the directors' number of meeting was 1 time/year.

(3) Appointed (by the Annual Ordinary General Meeting of Shareholders) as the Company's Director, effective from 26 April 2018; therefore the directors' number of meeting were 3 times/year.

- Current Business Advisory Committee members are directors number 3, 5 and 7

- Current Audit Committee members are directors number 8, 9 and 10

- Current Nomination and Remuneration Committee members are directors number 1, 2 and 9

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

As of 31 December 2018, the list of Management according to the definition of the SEC are as follows:

Management Committee

- | | |
|--------------------------------|--|
| 1. Mr. Hiroaki Sano | Managing Director |
| 2. Mr. Masaki Takahashi | Business Director |
| 3. Mr. Masari Orihara | Operation Director |
| 4. Mrs. Jamjuree Sirovetnukul | Vice President Finance and Accounting |
| 5. Mr. Sompot Cheeranorawanich | Vice President Corporate Affairs and
Communications - Company Secretary |
| 6. Mr. Apichart Kijjaroenvisal | Plant Manager |
| 7. Mr. Boonchana Mangkonkarn | Vice President Purchasing and Supply Chain |

The persons supervising finance and accounting

- | | | |
|----------------------------|---|-------------------------------|
| Ms. Naddawan Triyawathanyu | : | Finance Department Manager |
| 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 serves in various positions, in the Board, shall receive payment only from the position with the highest remuneration.

In 2018, 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 Directors	30,000 Baht/month

The Remuneration for the Board of Directors includes monthly remuneration and bonus. In 2018, the shareholders approved remuneration for the Board of Directors in the shareholders' meeting, including bonus payments based on the operational results for 2017. The total remuneration for the Board of Directors amounted to 6,960,000 Baht, inclusive of a total bonus payment of 13,488,000 Baht. Details are as follows:

Unit: Baht/year

Name	Position	Remuneration	Bonus paid in 2018	Total Remunerations and Bonus
1. Mr. Kazuaki Koga	Chairman of the Board of Directors Chairman of the Nomination and Remuneration Committee	840,000	1,012,233	1,852,233
2. Mr. Narongsak Jivakanun	Vice Chairman of the Board of Directors Member of the Nomination and Remuneration Committee	600,000	328,976	928,976
3. Ms. Duangkamol Settanung	Director Chairperson of the Business Advisory Committee	780,000	1,214,679	1,994,679

4. Associate Professor Dr. Danuja Kunpanitchakit	Independent Director Chairperson of the Audit Committee	780,000	1,214,679	1,994,679
5. Mr. Hiroaki Sano	Director Managing Director Member of the Business Advisory Committee	720,000	1,037,538	1,757,538
6. Mr. Yoshihisa Horibe	Director Member of the Business Advisory Committee	605,000	1,037,538	1,642,538
7. Mr. Tadashi Hiraoka	Director	475,000	1,037,538	1,512,538
8. Mr. Pote Videtyontrakich	Independent Director Member of the Audit Committee	720,000	1,214,679	1,934,679
9. Mr. Pipop Pruecksamars	Independent Director Member to the Audit Committee Member fo the Nomination and Remuneration Committee	720,000	1,214,679	1,934,679
10. Mr. Andre R. van der Heyden	Independent Director	360,000	1,214,679	1,574,679
Directors who were appointed during the year 2018				
11. Mr. Masahiko Fukamachi ⁽¹⁾	Director	245,000	-	245,000
Directors who resigned during the year 2018				
12. Mr. Hiroaki Ono ⁽²⁾	Director	115,000	809,786	924,786
Directors who resigned during the year 2017				
13. Mr. Masaaki Kobayashi ⁽³⁾	Chairman of the Board of Directors Chairman of the Nomination and Remuneration Committee	-	284,691	284,691
14. Mr. Shigenori Ishizuki ⁽³⁾	Director	-	227,752	227,752
15. Mr. Vincent De Cuyper ⁽⁴⁾	Chairman of the Board of Directors Chairman of the Nomination and Remuneration Committee	-	221,426	221,426

16. Mr. Bruno Van der Wielen ⁽⁴⁾	Director			
	Managing Director	-	177,141	177,141
	Member of the Business Advisory Committee			
17. Mr. Vincenzo Morici ⁽⁴⁾	Director	-	177,141	177,141
	Member of the Business Advisory Committee			
18. Mr. Martin Laudenbach ⁽⁴⁾	Director	-	177,141	177,141
19. Mr. Richard Verlaque ⁽⁴⁾	Director	-	177,141	177,141
20. Mr. Supattanapong Punmeechaow ⁽⁵⁾	Vice Chairman of the Board of Directors	-	708,563	708,563
	Member of the Nomination and Remuneration Committee			
Grand Total		6,960,000	13,488,000	20,448,000

(1) Appointed as the Company's director effective from 26 April 2018

(2) Resigned from the Company's director effective from 25 April 2018

(3) Appointed as the Company's director effective from 22 February 2017 and resigned from the Company's director effective from 27 April 2017

(4) Resigned from the Company's director effective from 22 February 2017

(5) Resigned from the Company's director effective from 31 July 2017

In addition to the above, as resolved by the Nomination and Remuneration Committee, executive who served as the company secretary is entitled to receive an appropriate remuneration comprising total annual remuneration of 240,000 Baht for year 2018.

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 2018 remuneration for the 7 executives (as the definition of the SEC) was 57,546,503 Baht, such remuneration comprised salary and bonus.

Remuneration (other)

• Other Remuneration for Director

-none-

• Other Remuneration for 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 realizes 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

As of 31 December 2018, the Business Advisory Committee comprises the following members:

- | | |
|------------------------------|-------------|
| 1. Miss Duangkamol Settanung | Chairperson |
| 2. Mr. Yoshihisa Horibe | Member |
| 3. Mr. Hiroaki Sano | 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/media/www/index/40146491535360231.pdf> page 29-31)

(2) The Audit Committee

As of 31 December 2018, the Audit Committee comprises the following members:

- | | |
|--|-------------|
| 1. Associate Professor Dr. Danuja Kunpanitchakit | Chairperson |
| 2. Mr. Pipop Pruecksamars | Member |
| 3. Mr. Pote Videtyontrakich | 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 Associate Professor 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 of Audit Committee Charter in our website: http://www.vinythai.co.th/media/file/ACChaaterRev-Eng_JUL2018_Final@Sep2018.pdf)

(3) The Nomination and Remuneration Committee

As of 31 December 2018, the Committee comprises of existing members as follows:

- | | |
|----------------------------|----------|
| 1. Mr. Kazuaki Koga | Chairman |
| 2. Mr. Narongsak Jivakanun | 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/media/www/index/40146491535360231.pdf> page 40-44)

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:

- 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 with 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 of 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 Company 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.

Audit Fee

(1) Audit Fee

The Company paid the audit fee to the auditor in the past fiscal year in the amount of THB 1,960,000.-

(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 2,180,000.-

Implementation of the Principles of Good Corporate Governance Year 2017 for Listed Companies

The Company has reviewed the Corporate Governance Policy, based on the Principles of Good Corporate Governance for Listed Companies 2012 of the Stock Exchange of Thailand, and the Corporate Governance Code for Listed Companies 2017 of the Office of Securities and Exchange Commission. The Company has adopted those principles for implementation and has proposed to the meeting of the Board of Directors No. 1/2019 on 21 February 2019 for acknowledgement. The Company is in the process of reviewing and updating the principles of Good Corporate Governance to cover and keep up with rapid development of Good Corporate Governance and to raise the standard and practice of good corporate governance.

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 rights 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 February 23, 2018 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:

- o 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.
- o 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 meeting.

- 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 22 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 34 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.

On the AGM Day (26 April 2018)

- 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 of Directors and Chairman of the Nomination and Remuneration Committee, Vice Chairman of the Board of Directors, Managing Director, Chairperson 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 assigned the Managing Director to be the 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 MHM Company 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 are 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 late King Bhumibol Adulyadej Project to support the growing corals with PVC pipes.

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.

(Please see the more details in the part of Human Resources Management)

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.

(Please see the more details in the part of Corporate Social Responsibility)

Public Sectors

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



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 Securities and Exchange Commission of 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.

- **Disclosure 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 shared values, Articles of Associations, 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 2018 and changes from the past year is as follows:

- *Directors: None of Directors holding the company's share*
- *Management: There are 7 managements (as the definition of the SEC) but there is only one holding the company's share.*

(Common Share)

Name	as of 31 December 2017			as of 31 December 2018			Change: increase / (decrease)
	Number of shares held by (a) director or management	Number of shares held by (a) related person(s)	total	Number of shares held by (a) director or management	Number of shares held by (a) related person(s)	total	
1. All Directors (11 Persons)	-	-	-	-	-	-	-
2. Mr. Sompot Cheeranorawanich Vice President Corporate Affairs and Communications — 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 2017, the Company recorded 29 visits by investors and analysts as follows:

Type of Visit	No. of Visits	No. of Companies
One-on-One Meeting	29	15

Investors may request any information from the Company at Tel. 0-2030-6800 or Fax. 0-2030-6801 - 2, e-mail at jamjuree.sirovetnukul@agc.com or mailing address at Vinythai Public Company Limited, No. 11 Q. House Sathorn Building, 18th Floor, South Sathon Road, Khwaeng Thung Maha Mek, Khet Sathon, Bangkok 10120 Thailand.

- **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. 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.

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

- Audit Committee, <http://www.vinythai.co.th/en/home/3/Contact%20us/2/>
- The Company's website, www.vinythai.co.th (Contact us)

- **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, AGC Inc., Japan 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, shared 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/media/www/index/40146491535360231.pdf>, or

<http://www.vinythai.co.th/media/www/index/38124161522392257.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. Appointment of the Company Secretary in accordance with the Securities and Exchange Act
4. 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 the 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 proceedings 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.

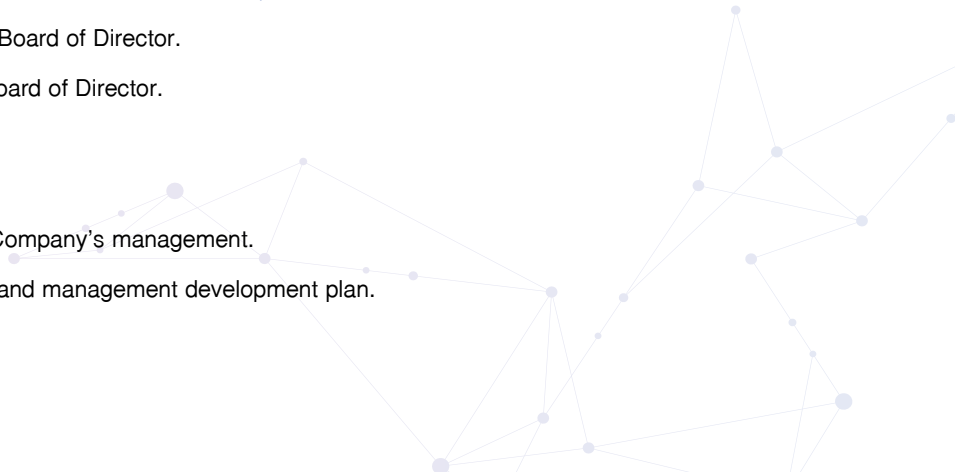
Board Assessment

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 Board of Directors approved and reviewed the self-assessment form for accuracy, completion, and compliance with the criteria set forth.
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 Director.
 2. Roles and responsibilities of the Board of Director.
 3. The Board of Director 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 2018, the result showed that all performance was highly satisfactory.

Board, 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.





COMPLIANCE: CODE OF CONDUCT AND ANTI-CORRUPTION

CODE OF CONDUCT

The Company has determined “Integrity” as part of its shared values.

Integrity

- We will build open and fair relationships with all of our stakeholders based on the highest ethical standards.
- We will strictly comply with applicable laws and regulations.
- We will fulfill our responsibilities in relation to all the products and services we provide to achieve customer satisfaction and trust.

The Company continually are committed to the high standards of legal compliance and business ethics. Our Code of Conduct is applied to all directors, management, and employees of the Company and its subsidiaries. Third parties acting on behalf of the Company are also expected to act within the framework of this Code.

The Code of Conduct of the Company Comprises the Following Topics:

1. Business Ethics Policy
2. Conflicts of Interest Policy
3. Workplace Health and Safety Policy
4. Environment Policy
5. Company and Third-Party Assets and Confidential Information Policy
6. Gifts, Entertainment and Anti-Corruption Policy
7. Customer Relations and Product Quality Policy
8. Respect for People Policy
9. Charitable Activities & Company Philanthropy Policy
10. Fair Competition and Anti-Trust Policy
11. Reports and Records Policy
12. Insider Trading Policy
13. International Trade Controls Policy

Policy Administrative Procedures:

- Compliance and Enforcement
- Speak up and No Retaliation
- Training and Awareness
- Compliance Organization
- Designated Compliance Function

(More information of the Code of Conduct is available at website of the Company: <http://www.vinythai.co.th/media/www/index/38124161522392257.pdf>)

ANTI-CORRUPTION

The Company realizes the importance of the good corporate governance and demonstrates our commitment to conduct our business with the utmost integrity and compliance with laws, rules and regulation in respect to the anti-corruption. In this regard, the Board of Directors has approved the Anti-Corruption Policy to abide by as a guideline for anti-corruption and corruption risk management of the Company. The Company condemns corruption and prohibits any form of corruption in order to show that the company is aware of operations with transparency.

(Please learn more information about the Anti-Corruption Policy on the Company's website at <http://www.vinythai.co.th/media/www/index/49737311487869078.pdf>)

Thailand's Private Sector Collective Action Coalition against Corruption (CAC)

The Company is committed to comply with the Anti-Corruption Policy and applied in CAC program. As the result, the Company has become the certified member of the Private Sector Collective Action Coalition against Corruption (CAC) since 18 August 2017.

Activities that the Company Implemented for the Code of Conduct and Anti-Corruption in 2018

1. The Company provided training to all employees at all levels to create their awareness and to comply with the Code of Conduct and Anti-Corruption Policy. The Company arranged those employees to do the test after the training in order to ensure the effectiveness of the training. The test results were satisfactory.
2. Employees at all levels must sign the acknowledgement of the Code of Conduct to comply with and will not violate the Code of Conduct and for the report of interest that employees do have or do not have a transaction with possible conflicts of interest with the Company and its subsidiaries. The Training and Certification on the Code of Conduct and Anti-Corruption Policy must be executed every year.
3. The Company has developed the Code of Conduct for Suppliers in 2018 in order to demonstrate that it is committed to comply with applicable laws and regulations, to protect human rights and labor standards and to protect the environment — in its own operations as well as in relation to our business partners.
4. During the year, the Company has promoted the Code of Conduct and Anti-Corruption Policy through various channels internally and externally such as email, website, public relations board, Internal TV, etc. The Company has organized activities in safety day for all employees to realize that they must comply with the Code of Conduct and Anti-Corruption Policy.
5. Review of corruption risk assessment. The Company gives importance to the assessment of Company's corruption risks by reviewing the likelihood of the event that may lead to the corruption and its impact on the organization. The functional areas assessment cover human resource management, procurement, marketing and sales, accounting and finance, and other processes. During the 2nd half of 2018 year, the Management in collaboration with Internal Audit Department conducted the review of its implementation and/or operation of the Company. The Management did report their finding of the corruption risk assessment to the meeting of the Audit Committee in November 2018. As the result, the Management will review procurement procedures and risks pertaining corruption in the second quarter of 2019. As such implementing necessary actions (if any) for fraud or corruption prevention and detection may be required after a review by the Management.
6. During the year, the Company has arranged two meetings of the Sub-Committee of the Code of Conduct in July and November 2018 and one meeting of the Committee of the Code of Conduct in November 2018 to transact activities defined under Clause 3.4 of the Code of Conduct in respect to Compliance Organization.



INTERNAL CONTROL AND RISK MANAGEMENT

RISK MANAGEMENT

The Company's Board of Directors, the Audit Committee, and the Management place an importance on the effectiveness and adequacy of the internal control system. The Audit Committee has been assigned by the Board of Directors to review and evaluate the adequacy and the appropriateness of the internal control system. The Management has formulated the internal control system deemed appropriate for the Company's business operation and organization structure as well as taking into account the changing of the business environment which probably affects the performance of the company.

Consequently, the Audit Committee presented its semi-annual report to the Board of Directors in the Board Meeting No.3/2018 held on July 17, 2018, and year-end report of 2018 to the Board Meeting No.1/2019 held on February 21, 2019 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. The Company also determined “Integrity” as one of the Shared Values. The approved code of conduct was consequently trained to the Company’s management and 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, the Company committed to focus on anti-corruption practices while encouraging and educating its employees to be aware of corruption in all forms to raise the employees’ awareness towards their responsibilities and commitment to the Company’s anti-corruption policy and measures. Consequently, the Company’s anti-corruption practice has been certified by Thailand’s Private Sector Collective Action against Corruption (CAC) since August 2017.

- 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 steps 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.

- The Company demonstrates commitment to develop and retain competent individuals through HR policies and procedures. Trainings are continuously provided to employees to enhance their competency. In addition, the Company has also established performance appraisal process and rewarding system to drive individuals’ accountability for performance.

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 suggested 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 assessing and mitigating potential corporate risks identified both from internal factors and external factors that could affect the achievement of the Company’s objectives. On-going monitoring of high risks are monitored and assessed to ensure effective mitigation measures. All managers with the 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, the fraud risk assessment has been developed in some potential frauds areas to identify the extent of the corruption risk to the business in order to ensure that the Company has adequate measurement to prevent potential fraud to the Company's business operations.

3) Control Activities

The Company encourages employees to conform to the control activities and related laws and regulations to ensure the effectiveness of the designed internal control system. Control activities are summarized as follows:

- 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.

- In order to maintain 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 Board of Directors and 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.

- Apart from internal control system currently in place, the Company, as a subsidiary of AGC Group, has been also implementing internal control and assessment based on the Japanese Financial Instruments and Exchange Act (J-SOX). According to the assessment by the AGC Corporate Internal Auditors, the Company's J-SOX implementation in 2018 has been effective.

- 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 information to employees, such as e-newsletter, intranet, etc. Message from the Managing Director has been also communicated to all employees via e-mail on monthly basis in order to emphasize on important policies and information of the Company. Moreover, the Company held an event to allow the Managing Director and the Management to update business information and progress and the Company' 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 on-going monitoring process to ensure their works are aligned with and achieved the business targets of the Company, with consideration of risk assessment.

- The Company has also established internal audit department to review the internal control activities according to the audit plan approved by the Audit Committee 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. As assigned by the Board of Directors, the Audit Committee shall review the overall management of the Company's corporate governance practices. In 2018, 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 appointed Dr. Supachat Chairatanathavorn as Senior 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

A low-angle, upward-looking photograph of a complex industrial refinery or chemical plant. The image shows a dense network of steel structures, including tall distillation columns, intricate piping systems, and multiple levels of walkways with yellow safety railings. The sky is a clear, pale blue, suggesting a bright day. The overall composition conveys a sense of scale and industrial complexity.

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 reduced 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 and Accounting, Vice President Corporate Affairs and Communications, Plant Manager and Vice President Purchasing and Supply Chain. Risk management policy and framework are defined and aligned with the Company's strategy, management policy and vision. The Committee actively develops risk management processes covering all identified and 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.

The Company faces a variety of risks which may be broadly classified into four types: Financial risks, Business risks, Operational risks, and Megatrend - Green movement risks.

Risk Issues and Mitigation

1. Financial Risks

1.1 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, and Japanese yen.

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.

2. Business Risks

2.1 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 2018.

Mitigation:

Concerning fluctuations in its end product prices, Vinythai's marketing and 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, and purchasing and supply chain has been strengthened by Total Productive Maintenance (TPM) program integrated in 2018 already generated significant results and largely enhance the Company business performances in term of the fixed and variable costs, productivity and price management.

2.2 Reliance on a limited number of suppliers

The 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.

2.3 Reliance on a Single Business Sector

In 2018, 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.

3. Operation Risks

3.1 Plant operation and safety risks

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, as well as customer-related issues, can lead to interruptions to production, with significant potential impact on the Company's financial performance.

Mitigation:

To manage these risks, we have initiated and put in place the measures to prevent and mitigate the impacts, which embracing the operation excellence and health, safety and environment excellence based on the “Total Productive Maintenance (TPM) Framework”.

Enhancing the Process Safety Management (PSM) risk, as well as asset and integrity management according to the guideline of international recognized standard and requirement developed by local organization. Continuously exercised the emergency preparedness and the Business Continuity Plan - BCM in collaboration with all sectors, neighboring, communities and local government at least to minimize their impacts and losses, while also safeguarding personnel and the environment.

The Company has also taken out the required insurance policy to mitigate or compensate the loss that could occur from such occurrences.

3.2 Internal Control and Fraud risk

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

Mitigation:

The Company yearly assesses internal control system based on the Internal Control Checklist and Internal Control over Financial Reporting. Responsibility and approval in major activities have been clearly defined through line of authority from Board of Directors and management level.

Training on code of conduct was conducted to employees at all levels. The management and employees are strictly adhered to the code. Furthermore, major policies and regulations related to the business operations of the Company and its subsidiaries are regularly updated.

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

4. Megatrend - Green Movement Risks

4.1 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 and residential, agriculture, and land use and 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 and Support Processes, the managers roll out the following continuous improvement programs:

- Enhance 3Rs For All — Reduce, Reuse, and Recycle*
- Strengthen energy saving management*
- Continue and intensify carbon footprint reduction, manufacturing excellence program (ME plus)*
- Continue and intensify supply chain excellence program*

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



AUDIT COMMITTEE'S REPORT FOR 2018

The Audit Committee has independently performed its duties in conformity with the Audit Committee Charter which has been regularly reviewed in line with current business situation, as well as to be 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 the adherence to good corporate governance and the compliance with laws and regulations in relation to the business operations of the Company and its subsidiaries.

The Company's Audit Committee as appointed by the Board of Directors comprises three Independent Directors, leading by Associate Professor Danuja Kunpanitchakit, Ph.D. as Chairperson, with Mr. Pipop Pruecksamars and Mr. Pote Videtyontrakich 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 (SEC) and the Stock Exchange of Thailand (SET).

Major activities carried out by the Audit Committee during 2018 are summarized as follows:

• Meetings

In 2018, the Audit Committee held totally six meetings comprising four ordinary meetings, one extraordinary meeting, and one non-management meeting. Meeting attendance of each committee member was disclosed in the Annual Report 2018, under Management Structure. The management and the external auditor were invited to attend the quarterly meetings to discuss various issues of concern.

The extraordinary meeting was held outside the regular timetable to discuss related transactions with the Company's major shareholder, of which concerned management were invited for discussion. The Audit Committee carefully considered and discussed with the management to ensure that the related transactions were the best interest of the Company and all stakeholders, as well as, in compliance with the SET and the SEC.

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, accounting policies, 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**

The Audit Committee reviewed the financial statements of the Company as well as the consolidated financial statements for the Company and its subsidiaries for the year ended 2017 and 2018 quarterly reports prior to submission to the Stock Exchange of Thailand and the public disclosure. The review covered significant accounting transactions, reporting issues and their impact on the financial statements, including the review of compliance with Thai Financial Reporting Standards, selection of the accounting policies as well as proper disclosure of financial statements. The Audit Committee also acknowledged the report of IT audit which was incorporated in the audit plan of the external auditor on yearly basis. The review process ensured that the financial information was complete, correct and reliable, with adequate disclosure to meet the Thai Financial Reporting Standards and requirements of relevant laws and regulations.

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.

- **Review of Connected transactions**

The Audit Committee reviewed the connected transactions and transactions with potential conflicts of interest in order to ensure transparency as well as to ascertain that the Company has conducted its affairs in full compliance with relevant rules and regulations. Based on the review of the transactions undertaken in the normal course of business, no unusual transactions considered material were found.

- **Review of Internal control, internal audit and risk management**

The Audit Committee advised and monitored the adequacy, appropriateness and effectiveness of the Company's internal control which included the compliance with Japanese version of Sarbanes Oxley (J-SOX) Act which applied to all listed companies in Japan and their subsidiaries. Based on the assessment of the Company's J-SOX implementation which assessed by the major shareholder's internal audit team, the result revealed that the Company's internal control system was effective.

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

The Audit Committee reviewed the internal audit to ensure that the internal audit activities have been performed according to its plan, including annual security incident report and physical count report. The review is to ensure that the operations are carried out adequately and properly.

The Audit Committee reviewed the risk management of the Company and its subsidiaries, of which the Company's Management Committee is responsible for assessing and mitigating risks, as well as, reviewing risk profile and monitoring the Company's risk management. The Audit Committee provided recommendation to the management in order to ensure that the mitigation actions has been executed adequately and appropriately for the business operation.

• Review of Corporate Governance

The Audit Committee reviewed overall management of corporate governance in line with regulations and recommendations of the SET, the SEC, and the Thai Institute of Directors (IOD). Resulting from continually conforming to the good corporate governance principles, in 2018, 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”.

The Audit Committee followed-up on the progress of implementing the anti-corruption procedures to ensure the commitment of the Company towards Thailand's Private Sector Collective Action against Corruption (CAC).

The Audit Committee reviewed reports, submitting via the Company's website, from stakeholders communicating critical issues and complaints regarding accounting, deficient internal control or unethical behaviors. In 2018, there has been no report of such finding through the Audit Committee.

The Audit Committee reviewed the Audit Committee Charter to ensure that the scope of duty and responsibility has been in compliance with the requirement of the SET. In 2018, The Audit Committee unanimously agreed to amend the Charter to allow the meeting to be held and conducted via electronic media, which shall comply with the rules and procedures under relevant laws. This is to facilitate the committee members who cannot attend the meeting in person. The revised Charter has been approved by the Board of Directors since 20 September 2018.

The Audit Committee continued to perform self-assessment of the Audit Committee's overall performance to evaluate its general effectiveness. Based on 2018 self-assessment, which was assessed by all committee members, the result showed that all performance was highly satisfactory, similar to the previous years.

• Review of External auditor and audit fee

The Audit Committee evaluated and selected KPMG Phoomchai Audit Ltd. to be the auditor of the Company and its subsidiaries based on professional expertise, knowledge and experience, engagement and proper remuneration. Consequently, the Audit Committee recommended to the Board of Directors to seek the approval of the shareholders' meeting to appoint Ms. Sirinuch Vimolsathit, or Mr. Waiyawat Kosamarnchaiyakit, or Ms. Sureerat Thongarunsang, as the Company's auditor, and determined the auditor's remuneration for 2018.

Upon consideration of the above issues, the Company's Audit Committee provided an opinion that the Company's financial statements were prepared in accordance with generally accepted accounting principles with adequate disclosure of connected transactions. 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 system, and suitable risk management are effective in ensuring that the Company's financial information is complete, correct, and reliable with sufficient disclosure.



(Associate Professor Danuja Kunpanitchakit, Ph.D.)

Chairperson of the Audit Committee

A photograph of an industrial facility, likely a chemical plant, with tall distillation columns and piping. The facility is partially obscured by lush green trees in the foreground. The sky is clear and blue.

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

With our mission “Vinythai, the first choice in chlor-alkali and biochemicals for better living and sustainability”; the sustainability is therefore one of Vinythai’s key and main responsibilities in our mid-term and long-term business plans. The company holds corporate social responsibility to be a vital concern and requires all management and staff actively involve with relevant measures both stakeholders: internally and externally.

Sustainable Development - A Progress

The Company follows the ISO 26000 Social Responsibility guideline in implementing principle dimensions of its corporate responsibility strategy: economic, societal, environmental, including cultural. This focuses meeting the expectations and needs of the Company’s key stakeholders and incorporating pertinent provisions into its plans. Those six key stakeholders are customers, employees, the planet, investors, suppliers, and communities. The main idea is to support business growth while providing solutions to stakeholders, not least by acting with social responsibility and minimizing environmental impacts. Relevant action plans are established, monitored and reported by each area owner.

Sustainable development targets for 2018 - 2019 focused on five main issues:

- Drive to zero accident
- Reduce CO₂ emissions
- Enhance green concept into products and services
- Involve in social and cultural support activities
- Develop human resource

Every year, the senior management identified and reviewed the high materialities relating to the Social Responsibility (SR) based on needs and expectations of the said stakeholders, and the strategic company. Each concerned area then established and deployed the targets and action plans for enhancing those expectations; monitoring including reporting are further managed in appropriate period over the year. The Company also considered and extended its plans in serving the Sustainable Development Goals (SDGs).

The Board of Directors' Engagement in Social Responsibility Practices

The Vinythai Board of Directors' engagement in Social Responsibility practices exists at the policy and management levels. The Board of Directors overviews the previous years' operations and results, including giving suggestions on needed improvements. Additionally, the Management adopted and participated in Thailand's Private Sector Collective Action Coalition against Corruption (CAC) which is coordinated by the Thai Institute of Directors (IOD).

The Board of Directors' engagement in this Social Responsibility process contributes greatly to the accomplishment of the sustainability goals set according to its economic, environmental, social, and cultural responsibilities.

Integrated Management System Policy

Vinythai Group aims to be a sustainable development reference; therefore the Company applies management system excellence practices and adheres to following key principles;

- To put safety as a first priority in every single activity where employees and contractors are working, always improving to attain a zero accident target.
- To integrate health and environmental principle into daily activities by ever reducing the key impacts of our businesses — energy consumption, natural resource & resource consumption, emission reduction, including product life cycle perspectives.
- To comply with all applicable legal requirements, business code of conduct, and with other rules to which the Group subscribes internally and externally.
- To commit to continual improvement, risk-based approach and preventive principle, and best practices via established management tools and processes — innovation & suggestion, knowledge management, excellence programs, sustainable development program.
- To enhance employee engagement and foster the Teamwork practices, in order to develop a "happy" work place
- To enhance and deliver satisfaction to the Group's key stakeholders — customers, suppliers or external providers, communities, including investors.



(Mr. Hiroaki Sano)

Managing Director

ECONOMIC RESPONSIBILITY

In terms of economics, the Company understands that its customers, employees, investors and suppliers are directly connected with its operations. As such, the Company's management stresses rigorous organizational management, continually enhanced by ongoing programs. Areas covered include organizational governance, risk management, business continuity management, internal control, internal audit, compliance, and code of conduct. Organizational management and associated programs thereby constitute infrastructure and frameworks on which to base further development of good corporate governance.

Managing economic sustainability continuously

In 2018, the 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 performance and targets.

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.

The Company 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 also prioritizes Business Continuity Management in case of unexpected events such as natural disasters and epidemics. In 2018, the Company revised its Business Continuity Plans to ensure providing products and services to its customers as per contract when disasters occurred, including surmounting difficulties as they might arise.

The Company was annually evaluated by the Corporate Governance Report of Thai Listed Companies and has been awarded at "Good Level" for 12 consecutive years.

Management Systems

Every year, Department Heads set the integrated management objectives, targets and actions to achieve the targets. Performance is monitored and progress is periodically reported to senior management, and communicate to staff via intranet and on boarding.

Management Standards

The Company has gained certifications as follows:

- ISO 9001:2015 certification, assessed by Bureau Veritas Certification Thailand, since 1997
- ISO 14001:2015 certification, assessed by Bureau Veritas Certification Thailand, since 1999
- OHSAS 18001:2007 certification, assessed by Bureau Veritas Certification Thailand, since 2001
- ISO/IEC 17025:2017 Laboratory accreditation, certified by the Thai Industrial Standards Institute (TISI), since 2004
- GMP certification & HACCP certification of caustic soda, assessed by Bureau Veritas Certification Thailand, since 2014
- Roundtable on Sustainable Biomaterials (RSB) certification, assessed by SCS Global Services Company, USA, 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, 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.



Product Licenses

The Company has gained the following recognitions and certifications:

- Thai Industrial Standards Institute license to display a Standard Grade stamp on PVC piping resin.
- Thai Industrial Standards Institute license to display a Quality Level 1 stamp on 32% & 50% caustic soda.
- Food and Drug Administration (FDA), Ministry of Public Health, Thailand, license to display an FDA stamp on 32% & 50% caustic soda food additive.
- A Central Islamic Committee of Thailand license to display a Halal stamp on 32% & 50% caustic soda food additive.
- Thai Kashrut Services Ltd., Jewish Community of Thailand, certification to display a Kosher stamp on caustic soda product
- Thailand Greenhouse Gas Management Organization (TGO) license to display a carbon reduction label for PVC suspension, PVC emulsion, 32% & 50% caustic soda, and epichlorohydrin.

In 2018, Vinythai successfully upgraded its Environmental Management System to the new ISO 14001:2015 version and upgraded its Laboratory Management System to the new ISO 17025: 2017. To ensure effective implementation of the Integrated Management System, the Company's Management System Auditor audited the Company's performance and applicable product standards. The audit indicated satisfactory performances throughout.

Customer Satisfaction Survey

In monitoring and measuring customer satisfaction with respect to its PVC, caustic soda and finished products, the Company continuously performs several surveys both domestic and international customers in collaboration with independent agencies. Feedback from the surveys is used to develop marketing plans tailored to individual customers and market trends. Implementation of the plans further strengthens the Company's business dynamic going forward.

Yearly customer visits indicated consistently high levels of satisfaction. All issues raised have been properly managed and resolved and Vinythai remains committed to continuing to raise its customer satisfaction levels in each area in the coming year and beyond.

Similar surveys conducted inside the company aim to further enhance internal customer satisfaction. Essentially, the internal survey scrutinizes laboratory production testing services, maintenance & engineering services, production, warehousing, and other areas, with a view to streamlining processes and improving efficiency.

Furthermore, in 2018 the company set up a new working group called "PVC Customers Satisfaction Task Force" to respond to customer requests, maintain customer trust and develop products to respond quickly to the customer needs.





ENVIRONMENTAL RESPONSIBILITY

With its strong commitment to environmental governance, the Company seriously implements its environmental management and program in accordance with stringent legal and regulatory requirements, and increasing the efficiency of environment resources consumptions with the less impacts.

- The Company adopted the guidelines of environmental management system based on the well-known international environmental management standard ISO14001. The Company has continually monitored and developed environmental management systems; and could achieve the certification of **environmental management system ISO14001: 2015** from the external certification body.
- The company implemented several projects to maximize the efficiency of environmental resources consumption and minimize its impacts, particular 9 projects have been implemented for energy saving with ensure less environmental impacts.
- The company has continuously implemented the highly efficient technology for the air emission prevention in performing its emission management, particular in the VOCs control following the international standards which enable us to promptly taking proper actions.
- In 2018 - 2019, the company took a proactive step to carry out an intensive study for the **VOCs emission management and controls** with the external institute to ensure the effective and efficient management of this issue.
- The company achieved its ultimate goal to **“ZERO WASTE TO LANDFILL”** by continuously implementing 3Rs (Reduce, Reuse, Recycle) principles and being able to recycle 100% of industrial wastes in the year 2018.

According to the commitment to sustainability, the Company expanded the scope and framework of environmental development by applying the **“Eco-Industrial development - ECO FACTORY”** guideline into its environmental management system. The Company successfully passed the assessment and received the certification on “Eco Factory” from the Federation of Thai Industries in August, 2018.

Eco-Factory is considered as one of the eco-industrial town development strategies. It aims to reinforce Thai industrial plants to focus on environmentally friendly production process, social development and balance of sustainable coexistence. In addition, the Company also received the **Green Industry Level-4 award** from the Department of Industrial Works as well.

Both awards reflect the Company's commitment to environment and society. The Company puts effort into prevention and reduction of environmental impacts by efficiently using natural resources for maximum benefits. In parallel, environmental care culture has been promoted to raise employees' and stakeholders' awareness.

Environmental Conservation Activities

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

- 120 Vinythai members and their families in collaboration with Map Ta Phut Industrial Estate Authority, 28 industrial enterprises and communities, enthusiastically participated in the 16th International Coastal Clean-up along 11.5 kilometers of Mae Rumphueng Beach.
- Vinythai has for many years, since 2008, been a key supporter of the Starting Coral Cultivation (80,000 branches) for His Majesty the late King Bhumibol Adulyadej Project which revives coral beds by cultivating coral on artificial structures and planting them in the sea. Although over 80,000 coral branches have been completely cultivated, the project is continually carried out to welcome students and the public joining coral cultivations activities.
In 2018, there were around 7,900 students and 3,200 people participating in coral cultivation activities. In total, the number of participants is around 11,000 persons.
- Vinythai volunteers helped enhance green areas by planting 588 trees in its plant and outside.

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 society and environment which are

- 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 2018, the Company implemented the following health and safety projects:

Community Health and Safety

- In collaboration with Noenphra Municipality and communities, Vinythai organized the 9th Noenphra-Vinythai Super Minimathon for the HRH Princess Soamsawali Cups. The event involved over 4,000 participants. The ongoing project is acclaimed for encouraging 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. The objective of this project is to ensure that locals and 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, around 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. Questions raised and suggestions made were answered and noted in a spirit of helpfulness and transparency.



Occupational Health and Safety Management

Safety at Work - Strive towards the "Accident Free" Organizations

Safety is placed as one of Vinythai's top priorities. Because being an accident-free is one of the Company's goals, various plans and activities had been implemented throughout the year, such as operational plans for reducing the potential risks, systematic risk assessment for high risk work process, management systems review, plans and measures of risk prevention and reduction, as well as effective communication with specific working units to control and motivate.

The guidelines for safety and health management systems were developed to support "Accident Free" organization together with different projects and activities as follows:

- Developing the program and improving the implementation in order to increase the excellence level in terms of safety and health. The program has been integrated with the overall maintenance project based on "Total Productive Maintenance -TPM" system.
- Systematically reviewing the analysis and risk assessment by expert team every 5 years in order to plan for countermeasures. Continuous training to all concerned employees have been conducted. The follow-up process is implemented regularly.
- Strengthening safe working behavior by promoting Behavior-Based Safety or BBS throughout the Company to raise awareness of both employees and business partners.
- Regularly visiting the working areas by managements during normal operation and maintenance works to demonstrate the support, encouragement, commitment and leadership to the employees and business partners.
- Complying voluntary standard in preventing health effects based on the international health risk management system in all activities and work stations. Countermeasures have been reviewed while good health and well-being activities have been promoted to the employees.
- Regularly organizing a platform for sharing and learning about case studies on unusual events and incidents to strengthen the knowledge and raise awareness in safety. The activity could support to achieve the "Excellence in Operations and Safety".
- Regularly reviewing, improving and practicing the emergency response plan. The scope of practice was extended to the "Crisis Management Plan" which requiring the cooperation from both internal and external organizations to ensure that the Company is able to control the situation and minimize loss.

The Company achieved in maintaining the safety record in year 2018 without the lost time accident occurred both staff and business partners with more than 6 Million work hours since the last lost time accident.

Transport Safety Management

In collaboration with various transport service providers, Vinythai organized many activities to improve safety management such as training for truck drivers, inspection in accordance with the international standard of road transport for products (ADR), monitoring the utilization of the GPS systems. In addition, the Company began to install a driver alert system in the trucks carrying Vinythai products as the pilot project in order to increase the safety level of driving.

Vinythai joined the Emergency Mutual Aid Group of the Transportation of Chlor- Alkali products or CATEMAG committee to form the plans, audit the emergency response centers located throughout the country and regularly join the rehearsals for the transportation accidents.

Because of the great contribution and collaboration from both Vinythai employees and business partners as one team in operating the business without lost time accident throughout the year, Vinythai was honored to receive "Zero Accident Award — Bronze Level" from the Ministry of Labor in June 2018.

2. Educational Support for Youths

- To support Buddhism, thirty scholarships were presented to the novices of Wat Sophon by Vinythai management.
- In collaboration with Sa Kaeo Science Centre for Education and Anuban Wat Sa Kaeo Primary School, Vinythai organized “Super Blue Blood Moon observation by using PVC telescope” event. Over 600 participants were lectured about blood moon eclipse phenomena before observing the moon through 12 PVC telescopes facilitated by students from the schools where the telescopes were being donated.

3. Activities Supporting Religion, 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 2018, the Company cooperated with surrounding communities to fund and organize the annual ceremonial presentation of robes at Sophon 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 His Majesty the late King Bhumibol Adulyadej’s Birthday (Father’s Day) and Her Majesty the Queen’s Birthday (Mother’s Day).

4. 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 joined the project named “Big Brothers and Sisters Bring Communities to Social Enterprises” initiated by National Research Council of Thailand. The project is aimed not only to leverage the quality standard and competitiveness of local products but also to encourage community enterprises to provide some benefits for developing their community. As an active member of the Community Partnership Association, Vinythai together with other members support Talad Huaypong occupational group, who produce tie-dyed clothes, to join an initiative of the Association’s to leverage community enterprise in accordance with the effective Thammasat Model.



Management Discussion & Analysis (MD&A) for the year 2018

The Company wishes to present the Management Discussion & Analysis (MD&A) on the operating and financial status for the year 2018. The MD&A would enable the investors to better understand the Company and its subsidiaries' 2018 audited financial statements.

An Analysis of Performance *

Analysis of Income

The Company and its subsidiaries recorded the total revenue of 20,171 MTHB of which 19,946 MTHB earned from sales revenue. The sales revenue increased by 665 MTHB or 3% comparing to the year 2017. The increment mostly derived from improved Epichlorohydrin ("ECH") and Caustic Soda selling price due to limited export from China. The overall sales volume decreased, except for ECH, as a consequence of major turnaround in Q2' 18. The share of domestic and export sales have no significant change comparing with the previous year.

Sales Revenue	2018		2017	
	MTHB	%	MTHB	%
Domestic Sales				
1. PVC Resins	5,375	26.9	5,418	28.1
2. Caustic Soda	3,920	19.7	4,017	20.8
3. VCM	1,492	7.5	1,667	8.6
4. ECH	905	4.5	649	3.4
5. Others	102	0.5	79	0.4
Total Domestic Sales	11,795	59.1	11,830	61.4
Export Sales				
1. PVC Resins	3,606	18.1	4,440	23.0
2. Caustic Soda	102	0.5	65	0.3
3. VCM	-	-	-	-
4. ECH	4,444	22.3	2,947	15.3
Total Export Sales	8,152	40.9	7,451	38.6
Domestic and Export Sales				
1. PVC Resins	8,981	45.0	9,857	51.1
2. Caustic Soda	4,022	20.2	4,082	21.2
3. VCM	1,492	7.5	1,667	8.6
4. ECH	5,348	26.8	3,596	18.6
5. Others	102	0.5	79	0.4
Total Domestic and Export Sales	19,946	100.0	19,282	100.0

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

Analysis of Costs and Expenses

1. In 2018, Cost of sales was 15,649 MTHB, increased by 209 MTHB comparing to 2017 or 1% as a result of greater main raw material prices despite of lower overall sales volume. Higher average Ethylene price came mainly from crude oil price rebound in 2018. And even with lower pressure on Glycerin price from growing market supply in the second half of 2018, full year average Glycerin price remained high following the market price trend since 2017. Additionally, the increase of electricity cost was also added to higher cost of sales of this year.

In spite of rise of main raw material prices and decline in overall sales volume, the Company and its subsidiaries brought 1.6% growth of Gross profit margin versus 2017 by the strong contribution of Epichlorohydrin business.

2. In 2018, distribution costs, administrative expenses, and doubtful debt expenses was 1,253 MTHB, decreased by 342 MTHB or 21% from 2017. This decrement was mainly from the loss on written-off and disposal of plant and equipment and intangible assets of Solvay Biochemicals (Taixing) Limited ("SBT") in 2017.

3. In 2018, the Company and its subsidiaries recorded loss on dilution on investment in Pimai Salt Company Limited amounting to 32 MB from the reduction in the Company and its subsidiaries' ownership interest from 28.49% to 20.56% following the increasing of the share capital to its major shareholder.

4. In November 2018, the Company and its subsidiaries completed the dissolution of SBT and then realized foreign currency differences on dissolution of SBT amounting to 89 MB from other comprehensive income to the profit for the year.

amounting to 7,540 MTHB, increasing 2,327 MTHB or 45% comparing to 5,213 MTHB at the end of 2017. (see further information in analysis of cash flow.)

2. The balance of trade receivables at the end of 2018 was 2,612 MTHB, slightly increasing by 7 MTHB comparing to 2,605 MTHB at the end of 2017. Most of the receivables were not yet due. For the corresponding bad debt, the Company and its subsidiaries had already set sufficient provision.
3. The Company and its subsidiaries had net inventories at the end of 2018 amounting to 1,374 MTHB, increasing from 1,113 MTHB of the year 2017.
4. At the end of 2018, the Company and its subsidiaries had net property, plant and equipment, and intangible assets amounting to 9,328 MTHB or decreasing by 635 MTHB comparing to 9,962 MTHB at the end of 2017, mainly from normal depreciation offset with asset acquisitions during major turnaround in 2018.
5. The balance of deferred tax assets at the end of 2018 was 102 MTHB, decreasing by 204 MTHB comparing to 306 MTHB at the end of 2017 following the reversal of deferred tax assets mainly from loss carried forward in 2018 amounting to 200 MTHB.

Analysis of Liabilities

The Company and its subsidiaries had total liabilities at the end of 2018 amounting to 1,828 MTHB which decreased by 183 MTHB or 9% comparing to 2017. The major change of the liabilities was from the Company and its subsidiaries' normal operating activities.

An Analysis of Financial Status *

Analysis of Assets

As of 31 December 2018, the Company and its subsidiaries had 21,596 MTHB of the total assets, which was increased 1,717 MTHB or 9% from previous year.

Details of the major changes were following:

1. As of 31 December 2018, the Company and its subsidiaries had net cash and cash equivalents

Analysis of Shareholders' Equity

As of 31 December 2018, the shareholders' equity was 19,768 MTHB which increased by 1,900 MTHB or 11% comparing to 17,868 MTHB at the end of 2017. The increment was mainly from the net profit of 2018 offset with dividend paid to its shareholders.

Analysis of Cash Flow

As of 31 December 2018 the Company and its subsidiaries' Cash Flow Statement presented 7,540 MTHB of cash and cash equivalents. The sources and uses of funds were following:

1. In 2018, the net cash flow from operating activities was 3,960 MTHB which increased by 551 MTHB or 16% comparing to 2017 from the Company and its subsidiaries' better operating results.
2. In 2018, the net cash flow used in investing activities was 551 MTHB, increased by 330 MTHB comparing to its amount of 221 MTHB in 2017 as a result of more machinery and equipment acquired during major turnaround in 2018.
3. In 2018, the net cash flow used in financing activities amounting to 1,074 MTHB, consisting mainly of dividends paid to shareholders for 1,067 MTHB.

Net cash flow from operating activities	3,960	MTHB
Net cash flow used in investing activities	(551)	MTHB
Net cash flow used in financing activities	(1,074)	MTHB
Translation adjustments of its subsidiary	(8)	MTHB
Net increase in cash and cash equivalents	2,327	MTHB

Financial Ratios

	2018	2017
Gross Profit margin	21.5%	19.9%
Net Profit margin	15.2%	11.6%
Debt to Equity ratio	0.09	0.11
Earnings per share	2.58	1.90
ROA	15.8%	12.3%
ROE	16.3%	13.2%

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. Hiroaki Sano)

Managing Director

RESPONSIBILITY STATEMENT FROM THE BOARD OF DIRECTORS ON THE 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, 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 as well as comply with major shareholders policy. 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 2018 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 2018
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 2018, 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 2018 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 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 judgment, 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 2018 and Independent Auditor's Report

Valuation of investment in and loans to subsidiary in the separate financial statements and valuation of property, plant and equipment and intangible assets of subsidiary in the consolidated financial statements

Refer to Notes 3(k), 4, 10, 11, and 12 to the financial statements.

The key audit matter	How the matter was addressed in the audit
One of the Group's business in Biochemical segment faced a number of challenges in the markets including the volatility of Epichlorohydrin prices and Glycerine prices, resulting in an operating loss of a wholly-owned subsidiary for many consecutive years which are indicators of impairment. Although the subsidiary could take advantage from reducing in excess capacity in China and started to have an operating profit for the year ended 31 December 2018, the Group still continuously consider the valuation of assets. The Group determines the recoverable amounts of assets using the asset's value in use. This involves significant judgments and estimates by management and since the balances of the assets are significant, so this is a focus area in my audit.	My audit procedures in this area included, among others: 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. To challenge the recoverable amounts of assets using the value in use, I: - 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; - assessed the appropriateness of the forecasts by evaluating historical forecasting with actual results for the year; - challenged sensitivity analysis prepared by management around the key drivers of market situation, growth rates and discount rate used in the cash flow forecasts. I also evaluated the adequacy of the disclosures in accordance with Thai Financial Reporting Standards.

Vinythai Public Company Limited and its Subsidiaries

Financial statements for the year ended 31 December 2018 and Independent Auditor's Report

Recognition of deferred tax assets	
Refer to Notes 3(r), 13 and 23 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
The Company has been granted privileges by the Board of Investment resulting the Company has recognised a deferred tax assets of Baht 60 million in respect of a portion of unused tax losses. The recoverability of recognised 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). Future taxable profits involve significant judgments and estimate by management and since the balance of the assets is significant, so this is a focus area in my audit.	My audit procedures in this area included, among others: - reconciling tax losses and expiry dates to tax report as well as inspecting promotional privileges granted with the promotional certificates. - 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. - evaluating the adequacy of the disclosures in accordance with Thai Financial Reporting Standards.

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. The annual report is expected to be made available to me after the date of this auditor's report.

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 identified above when it becomes available 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.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

Vinythai Public Company Limited and its Subsidiaries

Financial statements for the year ended 31 December 2018 and Independent Auditor's Report

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 judgment 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.
- 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

Vinythai Public Company Limited and its Subsidiaries

Financial statements for the year ended 31 December 2018 and Independent Auditor's Report

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.



(Sirinuch Vimolsathit)
Certified Public Accountant
Registration No. 8413

KPMG Phoomchai Audit Ltd.
Bangkok
21 February 2019

Vinythai Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated financial statements		Separate financial statements	
Assets	Note	31 December 2018	31 December 2017	31 December 2018	31 December 2017
(in Baht)					
Current assets					
Cash and cash equivalents	5	7,540,181,775	5,212,891,690	7,211,721,035	4,964,071,499
Trade accounts receivable	4, 6	2,611,957,367	2,605,022,395	1,873,101,380	2,017,190,012
Other receivables	4, 7	13,847,405	12,307,009	34,002,289	32,051,217
Short-term loans to subsidiaries	4	-	-	1,200,000,000	1,861,598,210
Current portion of long-term loans					
to subsidiary	4	-	-	595,246,667	-
Inventories	8	1,374,155,532	1,113,490,467	901,577,101	847,892,105
Other current assets		255,048,057	265,000,039	119,288,927	116,548,165
Total current assets		11,795,190,136	9,208,711,600	11,934,937,399	9,839,351,208
Non-current assets					
Investment in associate	9	355,139,527	386,440,432	397,678,320	397,678,320
Investments in subsidiaries	10	-	-	113,615,834	84,222,748
Long-term loans to subsidiary	4	-	-	1,928,520,000	1,833,766,667
Property, plant and equipment	11	9,104,832,005	9,728,013,624	6,560,245,322	6,944,625,379
Intangible assets	12	222,789,669	234,162,856	60,835,225	51,533,776
Deferred arrangement fee					
for long-term loan		1,379,762	2,759,523	-	-
Deferred tax assets	13	101,669,610	305,966,223	101,669,610	305,966,223
Other non-current assets		15,232,841	12,910,492	10,512,054	8,415,136
Total non-current assets		9,801,043,414	10,670,253,150	9,173,076,365	9,626,208,249
Total assets		21,596,233,550	19,878,964,750	21,108,013,764	19,465,559,457

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

Vinythai Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated financial statements		Separate financial statements	
Liabilities and equity	Note	31 December 2018	31 December 2017	31 December 2018	31 December 2017
(in Baht)					
Current liabilities					
Trade accounts payable	4, 14	1,343,506,575	1,540,887,831	1,061,105,606	1,249,938,015
Other payables	4, 15	200,869,663	171,734,690	164,394,906	146,511,847
Other current liabilities	4, 16	104,746,232	128,350,499	93,793,823	105,081,158
Total current liabilities		1,649,122,470	1,840,973,020	1,319,294,335	1,501,531,020
Non-current liability					
Provisions for employee benefits	17	178,737,591	169,766,099	178,737,591	169,766,099
Total non-current liability		178,737,591	169,766,099	178,737,591	169,766,099
Total liabilities		1,827,860,061	2,010,739,119	1,498,031,926	1,671,297,119
Equity					
Share capital:	18				
Authorized 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
Share premium:					
Share premium on ordinary shares	18	1,303,712,790	1,303,712,790	1,303,712,790	1,303,712,790
Retained earnings:					
Appropriated					
Legal reserve	19	711,116,066	711,116,066	711,116,066	711,116,066
Unappropriated		10,676,453,052	8,667,083,234	10,484,862,802	8,667,986,474
Other components of shareholders' equity		(34,069,083)	75,152,877	(870,484)	286,344
Total equity		19,768,373,489	17,868,225,631	19,609,981,838	17,794,262,338
Total liabilities and equity		21,596,233,550	19,878,964,750	21,108,013,764	19,465,559,457

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

Vinythai Public Company Limited and its Subsidiaries

Statement of comprehensive income

		Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2018	2017	2018	2017
(in Baht)					
Revenue	4				
Revenue from sales of goods	24	19,946,304,217	19,281,791,834	15,472,505,031	16,459,389,906
Interest income		75,342,214	43,978,271	185,762,328	171,053,401
Foreign currency differences on dissolution of indirect subsidiary	10	89,451,902	-	-	-
Other income, net		59,573,495	77,602,168	171,993,553	187,964,853
Total revenues	20	20,170,671,828	19,403,372,273	15,830,260,912	16,818,408,160
Expenses	4				
Cost of sales of goods	8, 22	15,649,075,350	15,440,403,255	12,634,306,354	12,851,455,833
Distribution costs	22	830,707,046	874,775,195	497,828,375	529,543,859
Administrative expenses	22	422,578,225	620,483,279	330,980,708	346,358,053
(Reversal of) impairment losses on investment in subsidiaries	4, 10	-	-	(29,393,086)	2,111,387,374
(Reversal of) doubtful debt expense	4, 6, 10	(45,511)	100,166,172	(690,000,000)	434,846,200
Finance costs		7,721,141	23,568,997	5,438,484	18,400,553
Total expenses		16,910,036,251	17,059,396,898	12,749,160,835	16,291,991,872
Share of profit of associate	9	1,158,801	375,619	-	-
Profit before income tax		3,261,794,378	2,344,350,994	3,081,100,077	526,416,288
Income tax expense	23	(202,383,591)	(96,025,722)	(203,178,586)	(94,217,241)
Profit for the year		3,059,410,787	2,248,325,272	2,877,921,491	432,199,047

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

Vinythai Public Company Limited and its Subsidiaries

Statement of comprehensive income

		Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2018	2017	2018	2017
(in Baht)					
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations		(7,524,821)	(9,588,854)	-	-
Reclassification of foreign currency differences on dissolution of indirect subsidiary		(89,451,902)	-	-	-
Gain (loss) on cash flow hedges	23	(1,241,043)	1,277,162	(1,156,828)	426
Total items that will be reclassified subsequently to profit or loss		(98,217,766)	(8,311,692)	(1,156,828)	426
Items that will not be reclassified to profit or loss					
Gain (loss) on remeasurements of defined benefit plans	23	5,628,937	(2,720,415)	5,628,937	(2,720,415)
Total items that will not be reclassified to profit or loss		5,628,937	(2,720,415)	5,628,937	(2,720,415)
Other comprehensive income (expense) for the year, net of tax		(92,588,829)	(11,032,107)	4,472,109	(2,719,989)
Total comprehensive income for the year		2,966,821,958	2,237,293,165	2,882,393,600	429,479,058
Profit attributable to:					
Owners of the parent		3,059,410,787	2,248,325,272	2,877,921,491	432,199,047
Profit for the year		3,059,410,787	2,248,325,272	2,877,921,491	432,199,047
Total comprehensive income attributable to:					
Owners of the parent		2,966,821,958	2,237,293,165	2,882,393,600	429,479,058
Total comprehensive income for the year		2,966,821,958	2,237,293,165	2,882,393,600	429,479,058
Basic earnings per share	25	2.58	1.90	2.43	0.36

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

Vinythai Public Company Limited and its Subsidiaries

Statement of changes in equity

		Consolidated financial statements							
				Other components of equity					
		Issued and paid-up share capital	Share premium	Retained earnings	Translating foreign operations	Gain (losses) on Cash flow hedges	Differences on combination of business under common control	Total other components of equity	Total equity
	Note								
(in Baht)									
Year ended 31 December 2017									
Balance at 1 January 2017		7,111,160,664	1,303,712,790	711,116,066	6,954,815,427	98,691,018	(1,109,921)	83,464,569	16,164,269,516
Transactions with owners, recorded directly in equity									
Distributions to owners of the parent									
Dividends	26	-	-	-	(533,337,050)	-	-	-	(533,337,050)
Total distributions to owners of the parent		-	-	-	(533,337,050)	-	-	-	(533,337,050)
Comprehensive income for the year									
Profit		-	-	-	2,248,325,272	-	-	-	2,248,325,272
Other comprehensive income (loss)		-	-	-	(2,720,415)	(9,588,854)	1,277,162	(8,311,692)	(11,032,107)
Total comprehensive income for the year		-	-	-	2,245,604,857	(9,588,854)	1,277,162	(8,311,692)	2,237,293,165
Balance at 31 December 2017		7,111,160,664	1,303,712,790	711,116,066	8,667,083,234	89,102,164	167,241	75,152,877	17,868,225,631

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

	Consolidated financial statements							
	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity			Total equity
			Legal reserve	Unappropriated	Translating foreign operations	Gain (losses) on Cash flow hedges	Differences on combination of business under common control	

Year ended 31 December 2018

	7,111,160,664	1,303,712,790	711,116,066	8,667,083,234	89,102,164	167,241	(14,116,528)	75,152,877	17,868,225,631
Balance at 1 January 2018									

Transactions with owners, recorded directly in equity

Distributions to owners of the parent

Dividends 26 - - - - - (1,066,674,100) - - - - - (1,066,674,100)

Total distributions to owners of the parent	-	-	-	(1,066,674,100)	(1,066,674,100)
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Comprehensive income for the year

[illegible]

Other comprehensive income (loss)	-	5,628,937	(96,976,723)	(1,241,043)	(98,217,766)
	-	-	-	-	(92,588,829)

Total comprehensive income for the year	-	-	3,065,039,724	(96,976,723)	(1,241,043)	(98,217,766)	2,966,821,958
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Transfer to retained earnings	-	-	-	(11,004,194)
				(11,004,194)

Balance at 31 December 2018	7,111,160,664	1,303,712,790	711,116,066	10,676,453,052	(7,874,559)	(1,073,802)	(25,120,722)	(34,069,083)	19,768,373,489
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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				
		Issued and paid-up share capital	Share premium	Retained earnings		Other component of equity
				Legal reserve	Unappropriated	Gain (losses) on cash flow hedges
(in Baht)						
Year ended 31 December 2017						
Balance at 1 January 2017		7,111,160,664	1,303,712,790	711,116,066	8,771,844,892	285,918
						17,898,120,330
Transactions with owners, recorded directly in equity						
<i>Distributions to owners of the parent</i>						
Dividends	26	-	-	-	(533,337,050)	-
						(533,337,050)
<i>Total distributions to owners of the parent</i>		-	-	-	(533,337,050)	-
						(533,337,050)
Comprehensive income for the year						
Profit		-	-	-	432,199,047	-
						432,199,047
Other comprehensive income (loss)		-	-	-	(2,720,415)	426
						(2,719,989)
Total comprehensive income for the year		-	-	-	429,478,632	426
						429,479,058
Balance on 31 December 2017		7,111,160,664	1,303,712,790	711,116,066	8,667,986,474	286,344
						17,794,262,338

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

Vinythai Public Company Limited and its Subsidiaries

Statement of changes in equity

		Separate financial statements					
	Note	Issued and paid-up share capital	Share premium	Retained earnings		Other component of equity	Total equity
				Legal reserve	Unappropriated	Gain (losses) on cash flow hedges	
(in Baht)							
Year ended 31 December 2018							
Balance at 1 January 2018		7,111,160,664	1,303,712,790	711,116,066	8,667,986,474	286,344	17,794,262,338
Transactions with owners, recorded directly in equity							
<i>Distributions to owners of the parent</i>							
Dividends	26	-	-	-	(1,066,674,100)	-	(1,066,674,100)
<i>Total distributions to owners of the parent</i>							
Comprehensive income for the year							
Profit		-	-	-	2,877,921,491	-	2,877,921,491
Other comprehensive income (loss)		-	-	-	5,628,937	(1,156,828)	4,472,109
<i>Total comprehensive income for the year</i>							
Balance on 31 December 2018		7,111,160,664	1,303,712,790	711,116,066	10,484,862,802	(870,484)	19,609,981,838

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	
		2018	2017	2018	2017
(in Baht)					
Cash flows from operating activities					
Profit for the year		3,059,410,787	2,248,325,272	2,877,921,491	432,199,047
Adjustments to reconcile profit to cash receipt (payments)					
Income tax expense		202,383,591	96,025,722	203,178,586	94,217,241
Finance costs		7,721,141	23,568,997	5,438,484	18,400,553
Depreciation and amortisation		1,241,270,583	1,277,984,902	907,268,777	948,497,764
Amortisation of arrangement fee for long-term loan		1,379,761	1,379,761	-	-
Unrealised (gain) loss on foreign exchange		9,455,614	361,016	2,093,142	(688,779)
Share of profit of associate		(1,158,801)	(375,619)	-	-
Loss on dilution on investment in associate	9	32,459,706	-	-	-
(Reversal of) losses on inventories devaluation		(30,367,756)	13,668,210	(30,367,756)	22,217,916
(Reversal of) impairment losses on investments in subsidiaries	10	-	-	(29,393,086)	2,111,387,375
(Reversal of) impairment losses on assets not used in operation		-	(1,354,005,366)	-	-
Loss on write-off of plant and equipment and assets not used in operation		5,562	1,530,940,972	-	47,424,926
(Gain) loss on disposals of plant and equipment and assets not used in operation		14,004,673	98,438,425	14,004,673	(310,999)
Foreign currency differences on dissolution of indirect subsidiary	10	(89,451,902)	-	-	-
Interest income		(75,342,214)	(43,978,271)	(185,762,328)	(171,053,401)
(Reversal of) doubtful debt expenses		(45,511)	100,166,172	(690,000,000)	434,846,200
Provisions for employee benefits		16,659,539	14,384,044	16,659,539	14,384,044
		4,388,384,773	4,006,884,237	3,091,041,522	3,951,521,887
Changes in operating assets and liabilities					
Trade accounts receivable		(20,153,164)	(629,167,869)	140,298,989	(280,889,118)
Other receivables		5,630,005	123,149,228	4,718,177	102,894,554
Inventories		(230,297,309)	(164,731,962)	(23,317,240)	(145,642,306)
Other current assets		9,708,286	(103,617,224)	(3,029,968)	(52,528,215)
Other non-current assets		(2,328,237)	(1,370,951)	(2,096,918)	(1,899,216)
Trade accounts payable		(195,159,883)	193,081,845	(187,953,596)	111,445,643
Other payables		27,461,827	(25,268,392)	19,740,505	(5,632,282)
Other current liabilities		(22,080,252)	14,221,325	(11,287,334)	11,466,837
Employee benefit paid		(651,876)	(3,206,276)	(651,876)	(3,206,276)
Income tax paid		(729,019)	(705,465)	-	-
Net cash flows from operating activities		3,959,785,151	3,409,268,496	3,027,462,261	3,687,531,508

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	
		2018	2017	2018	2017
(in Baht)					
<i>Cash flows from investing activities</i>					
Proceeds from sale of plant and equipment		1,034,583	51,793,700	1,034,583	311,000
Proceeds from sale of assets not used in operation		-	38,715,087	-	-
Acquisition of plant and equipment		(604,244,097)	(338,206,854)	(533,454,658)	(264,877,080)
Acquisition of intangible assets		(15,793,274)	(12,376,835)	(15,793,274)	(12,376,835)
Proceeds from repayment of short-term loan to subsidiary		-	-	661,795,410	-
Short-term loan to subsidiaries		-	-	(197,200)	(450,000,000)
Long-term loan to subsidiary		-	-	-	(5,010,000)
Interest received		68,171,751	39,451,356	179,093,017	172,159,330
Net cash flows from (used in) investing activities		(550,831,037)	(220,623,546)	292,477,878	(559,793,585)
<i>Cash flows from financing activities</i>					
Repayment of borrowings		-	(618,353,829)	-	(618,353,828)
Dividends paid to owners of the Company		(1,066,674,100)	(533,337,050)	(1,066,674,100)	(533,337,050)
Interest paid		(7,721,141)	(29,640,232)	(5,438,484)	(23,394,154)
Total cash flows used in financing activities		(1,074,395,241)	(1,181,331,111)	(1,072,112,584)	(1,175,085,032)
Translation of the financial statement		(7,514,577)	(1,913,184)	-	-
Net increase in cash and cash equivalents, before effect of exchange rates		2,327,044,296	2,005,400,655	2,247,827,555	1,952,652,891
Effect of exchange rate changes on cash and cash equivalents		245,789	265,110	(178,019)	(317,178)
Net increase in cash and cash equivalents		2,327,290,085	2,005,665,765	2,247,649,536	1,952,335,713
Cash and cash equivalents at beginning of period		5,212,891,690	3,207,225,925	4,964,071,499	3,011,735,786
Cash and cash equivalents at ending of period	5	7,540,181,775	5,212,891,690	7,211,721,035	4,964,071,499
<i>Non-cash transactions</i>					
Purchase of fixed assets for which no cash has been paid		36,184,292	34,456,712	32,349,602	34,368,110
Increase in investment in subsidiary and decrease in long-term loan to subsidiary and interest receivable from loan forgiveness		-	-	-	741,512,677

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 end 31 December 2018

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Note to the financial statements for the year end 31 December 2018

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 21 February 2019.

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, 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 AGC Inc. (Formerly Asahi Glass Co., Ltd.) (59% shareholding) which is incorporated in Japan and PTT Global Chemical Public Company Limited (25% shareholding) which is incorporated in Thailand.

The principal activities of the Company and its subsidiaries (“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 2018 and 2017 are given in notes 4, 9 and 10.

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

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

In addition to the above new and revised TFRS, the FAP has issued a number of new and revised TFRS which are not yet effective for current periods. The Group has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in Note 30.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except derivatives have been measured at fair value and defined benefit liability have been measured at present value of the defined benefit obligation as explained in Note 3(m).

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

(c) Functional and presentation currency

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

(d) Use of judgements and estimates

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

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

Assumptions and estimation uncertainties

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

Note 10, 11 and 12	Impairment test: key assumptions underlying recoverable amounts;
Note 13 and 23	Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used; and
Note 17	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.

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

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

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

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

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

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

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

Further information about the assumptions made in measuring fair values is included in Note 27 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.

Acquisitions from entities under common control

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognises assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or discount from business combinations under common control in shareholder's equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

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 has no control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised 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 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.

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

Non-monetary assets and liabilities that are measured at cost in foreign currencies are translated to 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 recognised 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.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence 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 or joint control, 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.

(c) Derivatives

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

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 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

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

current forward price on 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 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 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 accounts receivable

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

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

(g) Inventories

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

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

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.

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 measured 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.

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

Any 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 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
Furniture, fixtures and office equipment	3 - 30	years
Vehicles	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.

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Note to the financial statements for the year end 31 December 2018

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

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.

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) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

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Note to the financial statements for the year end 31 December 2018

(m) Employee benefits

Defined contribution plans

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

Defined benefit plans

The 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.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised 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 recognised 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 recognised 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.

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

(n) 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.

(o) Revenue

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

Sale of goods

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.

Rendering of service

The Group recognises revenue from rendering of services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on services are provided.

Interest income

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

(p) 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.

(q) Lease payments

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

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

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

(r) Income tax

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

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.

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

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

(s) 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.

(t) 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:

Name of entities	Country of Incorporation/ Nationality	Nature of relationships
Solvay Vinyls Holding AG	Switzerland	Major shareholder, 59% shareholding until 21 February 2017
AGC Inc.	Japan	Major shareholder, 59% shareholding since 22 February 2017
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 (dissolution on 19 November 2018)
Advanced Biochemical Europe	Belgium	Indirect subsidiary, 99.9% shareholding by subsidiary and 0.1% shareholding by the Company (dissolution on 30 March 2018)
Pimai Salt Company Limited	Thailand	Associate

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

Name of entities	Country of Incorporation/ Nationality	Nature of relationships
Solvay Peroxythai Limited	Thailand	Related company until 21 February 2017
Solvay Asia Pacific Company Limited	Thailand	Related company until 21 February 2017
MTV HP JV (Thailand) Company Limited	Thailand	Related company until 21 February 2017
Solvay S.A. and Solvay Group companies	Belgium, Japan, America, Korea, China, India, France, Italy, Singapore, Germany, Russia, South Africa and Spain	Related company until 21 February 2017
AGC Chemicals (Thailand) Company Limited	Thailand	Related company since 22 February 2017
AGC Chemicals Vietnam Co., Ltd.	Vietnam	Related company since 22 February 2017
Global Green Chemical Public Company Limited	Thailand	Related company
Polymer Marketing DMCC Company Limited	United Arab Emirates	Related company
PTT Public Company Limited	Thailand	Related company
PTT Asahi Chemical Company Limited	Thailand	Related company
GC Glycol Co., Ltd. (Formerly TOC Glycol Co., Ltd.)	Thailand	Related company
Thai Tank Terminal Limited	Thailand	Related company
GC Logistics Solutions Company Limited (Formerly PTT Polymer Logistics Company Limited)	Thailand	Related company
NPC Safety and Environmental Service Company Limited	Thailand	Related company
PTT Maintenance and Engineering Co., Ltd.	Thailand	Related company
Global Power Synergy Public Co., Ltd.	Thailand	Related company
AGC Technology Solutions Co., Ltd.	Japan	Related company since 22 February 2017
AGC Chemicals Europe Co., Ltd.	United Kingdom	Related company since 22 February 2017
Asahi Shosen Co., Ltd.	Japan	Related company since 22 February 2017
Eastern Fluid Transport Co., Ltd.	Thailand	Related company

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

Name of entities	Country of Incorporation/ Nationality	Nature of relationships
Key management personnel		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
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Parent

Purchase of spare parts and other service expenses	At agreed price
Insurance premium and other operating expenses	Contract rate
License and technical assistance service expenses	Contract rate

Subsidiaries

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 expenses	Net book value and contract rate

Associate

Purchase of raw materials	Contract price of salt which approximate production cost
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Other related parties

Revenue from sale of goods	With reference to market price
Service income, net	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

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

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

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(in thousand Baht)				
Parent				
Purchase of spare parts and other service expenses	48,319	19,925	48,319	19,925
Insurance premium and other operating expenses	6,423	2,192	6,194	1,930
License and technical assistance service expenses	5,954	-	5,954	-
Subsidiaries				
Revenue from sale of goods	-	-	874,582	773,616
Interest income	-	-	112,914	128,285
Service income, net	-	-	133,320	130,951
Revenue from sale of spare parts	-	-	7,562	5,072
Purchase of raw materials	-	-	191,521	196,877
Associate				
Purchase of raw materials	381,128	413,049	381,128	413,049
Other related parties				
Revenue from sale of goods	1,333,755	1,315,556	1,163,308	1,187,351
Purchase of raw materials	6,432,158	6,745,078	5,966,350	6,462,531
Purchase of spare parts, services expenses and other manufacturing expenses	73,091	77,471	73,091	77,471
Insurance premium, commission expenses and other operating expenses	101,774	98,141	6,243	285
Key management personnel				
Key management personnel compensation				
Short-term employee benefit	95,187	79,584	95,187	79,584
Post-employment benefits and other long-term benefits	1,030	1,732	1,030	1,732
Total key management personnel compensation	<u>96,217</u>	<u>81,316</u>	<u>96,217</u>	<u>81,316</u>

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

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

Trade accounts receivable - related parties	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(in thousand Baht)				
Parent	6,314	-	-	-
Subsidiaries	-	-	90,042	66,464
Other related parties	145,933	202,767	88,018	202,767
Total	152,247	202,767	178,060	269,231

Other receivables - related parties	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(in thousand Baht)				
Subsidiaries	-	-	21,004	20,085
Total	-	-	21,004	20,085

Loans to related parties	Interest rate		Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017	2018	2017
	(% per annum)		(in thousand Baht)			
<i>Short-term loans</i>						
Subsidiaries	1.85	1.80 and 2.99	-	-	1,200,000	1,861,598
<i>Long-term loans</i>						
<i>Subsidiaries</i>						
Long-term loans	THBFIX + fixed rate	THBFIX + fixed rate	-	-	2,523,767	2,523,767
Less allowance for doubtful accounts			-	-	-	(690,000)
			-	-	2,523,767	1,833,767
Less current portion of long-term loans			-	-	(595,247)	-
			-	-	1,928,520	1,833,767
Total loans to related parties-net			-	-	3,723,767	3,695,365
(Reversal of) doubtful debts expense for the year			-	-	(690,000)	438,390

The Company reversed an allowance for doubtful accounts of long-term loan to subsidiary of Baht 690 million in the separate statement of comprehensive income for the year ended 31 December 2018 (2017: recorded allowance for doubtful accounts of Baht 438.4 million) (see note 10).

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

Movements during the years ended 31 December of loans to related parties were as follows:

<i>Short-term loans to related parties</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017

(in thousand Baht)

Subsidiaries

At 1 January	-	-	1,861,598	1,411,321
Increase	-	-	197	450,000
Decrease	-	-	(661,795)	-
Effect of exchange rate	-	-	-	277
At 31 December	-	-	1,200,000	1,861,598

<i>Long-term loans to related parties</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017

(in thousand Baht)

Subsidiaries

At 1 January	-	-	2,523,767	3,246,752
Increase	-	-	-	5,010
Decrease from loan forgiveness	-	-	-	(727,995)
At 31 December	-	-	2,523,767	2,523,767

<i>Trade accounts payable - related parties</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017

(in thousand Baht)

Parent	5,375	934	5,375	779
Subsidiaries	-	-	11,919	8,887
Associate	37,066	37,462	37,066	37,462
Other related parties	462,985	718,028	429,995	691,127
Total	505,426	756,424	484,355	738,255

<i>Other payables - related parties</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017

(in thousand Baht)

Parent	15,351	704	15,351	704
Subsidiaries	-	-	3,926	8,747
Other related parties	7,285	1,628	5,320	1,626
Total	22,636	2,332	24,597	11,077

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

Other current liabilities - related party	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
(in thousand Baht)				
Other related party	8,202	9,388	-	-
Total	8,202	9,388	-	-

Significant agreements with related parties

Short-term loans to subsidiary

As of 31 December 2018, the outstanding balances of Baht 1,200 million represented loan to subsidiary, carrying interest at money market rates quoted by the commercial bank and will be repaid on 27 December 2019.

Long-term loans to subsidiary

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 ("ABT"), to finance the investment project. The loan is repayable in 14 semi-annual instalments 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 25 May 2017, the Company entered into an amendment agreement to postpone the repayment date to be repaid in June 2019 of Baht 273.8 million and the remaining amount will be repaid at Baht 321.4 million each from December 2019 to December 2022.

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.

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.

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

Consultancy service agreements

On 19 July 2017 and 22 September 2017, the Company and its subsidiary entered into consultancy service agreements with AGC Inc., whereby the latter agrees to provide consultancy and advice for the improvement of plant management. The Company and its subsidiary shall pay the service fee as specified in the agreements. This agreement is valid until 31 December 2017 and shall be automatically extended for successive period of one year unless any of the parties gives a written notice to the other party by 3 months prior to the expiration of the agreement.

Distributorship agreements

On 11 January 2018 and 30 March 2018, a subsidiary has entered into distributorship agreements with AGC Inc. and AGC Chemicals Europe, Ltd., respectively, to be appointed as its distributor in Japan and Europe in respectively for the period of 2 years with the price as stipulated in the agreement. These agreements shall be automatically renewed for another consecutive 1 year unless terminated by either party a written notice at least 6 months in advance.

System usage agreement

On 22 November 2018, the Company entered into system usage agreement with AGC Inc., whereby the latter agrees to provide computer system for enterprise resources planning including supplychain and project managements. In consideration thereof, the Company agreed to pay service fees to the service provider at the amounts as stipulated in the agreement. This agreement became effective retroactively since 1 July 2018 until 31 December 2018 and shall be automatically renewed for another 1 year unless terminated by either party a written notice at least 2 months before the expiration date each.

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>(in thousand Baht)</i>				
Cash on hand	-	114	-	109
Cash at banks - current accounts	619,691	76,698	504,872	13,227
Cash at banks - savings accounts	3,518,643	2,536,080	3,305,001	2,350,735
Highly liquid short-term investments	3,401,848	2,600,000	3,401,848	2,600,000
Total	7,540,182	5,212,892	7,211,721	4,964,071

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

6 Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
(in thousand Baht)					
Related parties	4	152,247	202,767	178,060	269,231
Other parties		2,890,568	2,833,113	2,125,899	2,178,817
Total		3,042,815	3,035,880	2,303,959	2,448,048
Less allowance for doubtful accounts		(430,858)	(430,858)	(430,858)	(430,858)
Net		2,611,957	2,605,022	1,873,101	2,017,190
(Reversal of) doubtful debts expense for the year		-	(3,543)	-	(3,543)

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>(in thousand Baht)</i>				
Related parties				
Within credit terms	134,159	195,151	171,452	258,219
Overdue:				
Less than 3 months	18,088	7,616	6,608	11,012
	152,247	202,767	178,060	269,231
Other parties				
Within credit terms	2,388,801	2,305,153	1,624,386	1,664,007
Overdue:				
Less than 3 months	70,909	97,082	70,655	83,952
3-6 months	-	10	-	-
Over 12 months	430,858	430,868	430,858	430,858
	2,890,568	2,833,113	2,125,899	2,178,817
Less allowance for doubtful accounts	(430,858)	(430,858)	(430,858)	(430,858)
	2,459,710	2,402,255	1,659,041	1,747,959
Net	2,611,957	2,605,022	1,873,101	2,017,190

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 end 31 December 2018

7 Other receivables

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
(in thousand Baht)					
Related parties	4	-	-	21,004	20,085
Other parties		13,847	12,307	12,998	11,966
Total		13,847	12,307	34,002	32,051

8 Inventories

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>(in thousand Baht)</i>				
Finished goods	812,672	660,580	484,296	518,888
Raw materials	154,539	158,045	135,245	130,078
Packaging	6,023	4,792	5,619	3,832
Spare parts	245,975	238,138	221,250	217,491
Goods in transit	154,947	82,303	55,167	7,971
Total	1,374,156	1,143,858	901,577	878,260
Less allowance for decline in value and slow-moving	-	(30,368)	-	(30,368)
Net	1,374,156	1,113,490	901,577	847,892
Inventories recognised as an expense in cost of sale of goods:				
- Cost	15,679,443	15,426,735	12,664,674	12,829,238
- (Reversal of) write-down to net realisable value	(30,368)	13,668	(30,368)	22,218
Net total	15,649,075	15,440,403	12,634,306	12,851,456

9 Investment in associate

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>(in thousand Baht)</i>				
At 1 January	386,440	386,065	397,678	397,678
Loss on dilution on investment in associate	(32,460)	-	-	-
Share of profit of investment in associate	1,160	375	-	-
At 31 December	355,140	386,440	397,678	397,678

Vinythai Public Company Limited and its Subsidiaries

Investment in associate as at 31 December 2018 and 2017, and dividend income from this investment for the years then ended were as follows:

	Consolidated financial statements							
	Ownership interest		Paid-up capital		Cost		Equity	
	2018	2017	2018	2017	2018	2017	2018	2017
	(in thousand Baht)							
	Associate							
Pimai Salt Company Limited	20.56	28.49	268,640	193,892	397,678	397,678	355,140	386,440
							-	-
	Separate financial statements							
	Ownership interest		Paid-up capital		Cost		Impairment	
	2018	2017	2018	2017	2018	2017	2018	2017
	(in thousand Baht)							
	Associate							
Pimai Salt Company Limited	20.56	28.49	268,640	193,892	397,678	397,678	-	397,678
							-	397,678
	At cost - net							
							2018	2017
							397,678	397,678
							-	-
	Dividend income							
							2018	2017
							-	-

The Company's associate was incorporated in Thailand. The principal activity of the associate is industrial salt production.

On 17 July 2018, the shareholders of the associate approved the increasing of the share capital from Baht 193.9 million to Baht 268.6 million by issuing 747,485 ordinary shares at Baht 100 per value totaling amounted of Baht 74.8 million to a major shareholder of the associate and on 19 December 2018, the shareholders also approved share premium of Baht 295.8 million being paid by such major shareholder within December 2018; therefore, the Company recorded loss on dilution on investment in associate of Baht 32.5 million in the consolidated financial statement for the year ended 31 December 2018. This resulted to the reduction in the Company's ownership interest in the associate from 28.49% to 20.56%.

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

Immaterial associates

The following is summarised financial information for the Group's interest in immaterial associates based on the amounts reported in the Group's consolidated financial statements:

	Immaterial associates	
	2018	2017
	<i>(in thousand Baht)</i>	
Carrying amount of interests in immaterial associates	355,140	386,440
Group's share of profit from continuing operations	1,160	375

Vinythai Public Company Limited and its Subsidiaries

10 Investment in subsidiaries

Investments in subsidiaries as at 31 December 2018 and 2017, and dividend income from those investments for the years then ended were as follows:

		Separate financial statements									
		Ownership interest		Paid-up capital		Cost method		Impairment		At cost – net	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Type of business		(in thousand Baht)									
		(%)									
Advanced Biochemical (Thailand) Company Limited	Manufacturing and trading of chemical products	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	Holding Company	100	100	CNY 287 million	CNY 287 million	1,416,400	1,416,400	(1,302,784)	(1,332,177)	113,616	84,223
Solvay Biochemicals (Taixing) Limited	Manufacturing and trading of chemical products										
						-	741,513	-	(741,513)	-	-
		2,870,497	3,612,010	(2,756,881)	(3,527,787)	113,616	84,223				

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

One of the Group's business in Biochemical segment faced a number of challenges in the markets including the volatility of Epichlorohydrin prices and Glycerine prices, resulted in the followings:

1) On 22 February 2017, the Board of Director of the Company had unanimously approved the termination of 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") and the liquidation of VNTH and SBT.

During 2017, the management started the process of disposing the assets of SBT and recorded a reversal of impairment loss of the assets of Baht 1,354.0 million, loss on write-off of the assets of Baht 1,483.5 million and loss on disposal of the assets of Baht 98.7 million in the consolidated financial statements for the year ended 31 December 2017.

As at 31 December 2017, the Company recorded the forgiveness of loan principal and interest receivables totaling of Baht 741.5 million as cost of investment in SBT. The Company assessed and recognised an impairment loss on such investment for full amount.

During 2018, the dissolution date of SBT was effective on 19 November 2018 so the Company recorded a reversal of such cost of investment and allowance for impairment loss of investment of Baht 741.5 million in the separate financial statements for the year ended 31 December 2018 and reclassify foreign currency differences of Baht 89.5 million from other comprehensive income to profit or loss in the consolidated financial statements for the year ended 31 December 2018.

The management presented the carrying values of the assets at their realisable value and the liabilities at their estimated settlement amounts, thus, during the year ended 31 December 2018, an allowance for impairment loss on investment in VNTH of Baht 29.4 million were reversed in the separate financial statements (2017: an allowance for doubtful accounts of other assets of Baht 103.7 million was additionally recorded in the consolidated financial statements and allowance for doubtful accounts of long-term loans to SBT of Baht 251.6 million and impairment loss on investment in VNTH of Baht 84.2 million were reversed in the separate financial statements).

2) Advanced Biochemical (Thailand) Company Limited ("ABT"), a wholly-owned subsidiary of the Company, experienced operating loss for many consecutive years which are indicators of impairment. Although ABT could take advantage from reducing in excess capacity in China and started to have an operating profit of Baht 848.9 million for the year ended 31 December 2018, the Group still continuously consider the valuation of assets. The management has prepared discounted cash flow projections ("DCF") to determine the valuation of investment in and loans to subsidiary in the separate financial statements and valuation of property, plant and equipment and intangible assets of subsidiary in the consolidated financial statements. The key assumptions of DCF included budgeted EBITDA and discount rate. Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. The discount rate was estimated based on the industry average weighted-average cost of capital.

During the year ended 31 December 2018, the Company recorded a reversal of allowance for doubtful accounts of long-term loans to ABT of Baht 690.0 million in the separate financial statements based on ability to repayment short-term loan during the year and expectations of generated cash flow align with loan repayment schedule in the future.

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

11 Property, plant and equipment

	Consolidated financial statements						
	Lease land improvement	Building and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Vehicle	Asset under construction and machinery under installation	Total

(in thousand Baht)

Cost

At 1 January 2017	588,832	2,115,011	22,750,702	246,713	6,462	162,688	25,870,408
Additions	-	7,618	19,407	14,664	-	319,130	360,819
Transfers	-	10,662	60,592	-	-	(71,254)	-
Disposals	(12,744)	(1,936)	(103,395)	(116)	-	-	(118,191)
At 31 December 2017 and 1 January 2018	576,088	2,131,355	22,727,306	261,261	6,462	410,564	26,113,036
Additions	10,383	4,167	278,438	25,750	1,406	285,827	605,971
Transfers	-	1,104	132,142	44	-	(133,290)	-
Disposals	-	(52)	(50,810)	(895)	(5,771)	-	(57,528)
At 31 December 2018	586,471	2,136,574	23,087,076	286,160	2,097	563,101	26,661,479

	Consolidated financial statements						
	Lease land improvement	Building and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Vehicle	Asset under construction and machinery under installation	Total

(in thousand Baht)

Depreciation

At 1 January 2017	261,457	720,398	13,993,658	221,739	6,462	-	15,203,714
Depreciation charge for the year	11,726	67,763	1,156,671	15,915	-	-	1,252,075
Disposals	(5,430)	(933)	(64,325)	(79)	-	-	(70,767)
At 31 December 2017 and 1 January 2018	267,753	787,228	15,086,004	237,575	6,462	-	16,385,022
Depreciation charge for the year	21,905	68,477	1,109,781	13,892	59	-	1,214,114
Disposals	-	(27)	(36,044)	(647)	(5,771)	-	(42,489)
At 31 December 2018	289,658	855,678	16,159,741	250,820	750	-	17,556,647

Net book value

At 1 January 2017	327,375	1,394,613	8,757,044	24,974	-	162,688	10,666,694
At 31 December 2017 and 1 January 2018	308,335	1,344,127	7,641,302	23,686	-	410,564	9,728,014
At 31 December 2018	296,813	1,280,896	6,927,335	35,340	1,347	563,101	9,104,832

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

	Separate financial statements						
	Lease land improvement	Building and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Vehicle	Asset under construction and machinery under installation	Total

(in thousand Baht)

Cost

At 1 January 2017	588,832	1,566,442	18,796,676	244,988	6,462	151,440	21,354,840
Additions	-	7,617	5,612	14,664	-	261,117	289,010
Transfers	-	9,473	55,945	-	-	(65,418)	-
Disposals	(12,744)	(1,936)	(103,395)	(116)	-	-	(118,191)
At 31 December 2017 and 1 January 2018	576,088	1,581,596	18,754,838	259,536	6,462	347,139	21,525,659
Additions	10,383	4,168	253,716	18,729	1,406	243,034	531,436
Transfers	-	1,011	78,520	44	-	(79,575)	-
Disposals	-	(52)	(50,810)	(895)	(5,771)	-	(57,528)
At 31 December 2018	586,471	1,586,723	19,036,264	277,414	2,097	510,598	21,999,567

	Separate financial statements						
	Lease land improvement	Building and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Vehicle	Asset under construction and machinery under installation	Total

(in thousand Baht)

Depreciation

At 1 January 2017	261,457	617,617	12,603,541	220,014	6,462	-	13,709,091
Depreciation charge for the year	11,726	46,443	868,626	15,915	-	-	942,710
Disposals	(5,430)	(933)	(64,325)	(79)	-	-	(70,767)
At 31 December 2017 and 1 January 2018	267,753	663,127	13,407,842	235,850	6,462	-	14,581,034
Depreciation charge for the year	21,905	47,161	819,724	11,928	59	-	900,777
Disposals	-	(27)	(36,044)	(647)	(5,771)	-	(42,489)
At 31 December 2018	289,658	710,261	14,191,522	247,131	750	-	15,439,322

Net book value

At 1 January 2017	327,375	948,825	6,193,135	24,974	-	151,440	7,645,749
At 31 December 2017 and 1 January 2018	308,335	918,469	5,346,996	23,686	-	347,139	6,944,625
At 31 December 2018	296,813	876,462	4,844,742	30,283	1,347	510,598	6,560,245

The gross amount of the Group's and the Company's fully depreciated plant and equipment that was still in use as at 31 December 2018 amounted to Baht 3,766.1 million and Baht 3,745.3 million, respectively (2017: Baht 3,039.7 million and Baht 3,018.8 million, respectively).

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

12 Intangible assets

	Consolidated financial statements				
	Patents	Software licenses	Leasehold right for land	Software under installation	Total
<i>(in thousand Baht)</i>					
<i>Cost</i>					
At 1 January 2017	356,245	16,136	736	-	373,117
Additions	-	7,802	-	4,575	12,377
Foreign currency translation	-	-	25	-	25
At 31 December 2017 and 1 January 2018	356,245	23,938	761	4,575	385,519
Additions	-	-	-	15,793	15,793
Disposals	-	-	(761)	-	(761)
At 31 December 2018	356,245	23,938	-	20,368	400,551
<i>Amortisation</i>					
At 1 January 2017	111,037	14,372	43	-	125,452
Amortisation charge for the year	22,824	3,002	75	-	25,901
Foreign currency translation	-	-	3	-	3
At 31 December 2017 and 1 January 2018	133,861	17,374	121	-	151,356
Amortisation charge for the year	22,820	3,706	-	-	26,526
Disposals	-	-	(121)	-	(121)
At 31 December 2018	156,681	21,080	-	-	177,761
<i>Net book value</i>					
At 1 January 2017	245,208	1,764	693	-	247,665
At 31 December 2017 and 1 January 2018	222,384	6,564	640	4,575	234,163
At 31 December 2018	199,564	2,858	-	20,368	222,790

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

	Separate financial statements			
	Patents	Software licenses	Software under installation	Total
<i>(in thousand Baht)</i>				
<i>Cost</i>				
At 1 January 2017	55,729	16,136	-	71,865
Additions	-	7,802	4,575	12,377
At 31 December 2017 and 1 January 2018	55,729	23,938	4,575	84,242
Additions	-	-	15,793	15,793
At 31 December 2018	55,729	23,938	20,368	100,035
<i>Amortisation</i>				
At 1 January 2017	12,548	14,372	-	26,920
Amortisation charge for the year	2,786	3,002	-	5,788
At 31 December 2017 and 1 January 2018	15,334	17,374	-	32,708
Amortisation charge for the year	2,786	3,706	-	6,492
At 31 December 2018	18,120	21,080	-	39,200
<i>Net book value</i>				
At 1 January 2017	43,181	1,764	-	44,945
At 31 December 2017 and 1 January 2018	40,395	6,564	4,575	51,534
At 31 December 2018	37,609	2,858	20,368	60,835

13 Deferred tax

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

	Consolidated / Separate financial statements			
	Assets		Liabilities	
	2018	2017	2018	2017
<i>(in thousand Baht)</i>				
Total	101,710	305,989	(40)	(23)
Set off of tax	(40)	(23)	40	23
Net deferred tax assets	101,670	305,966	-	-

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

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

	Consolidated / Separate financial statements			
	At 1 January 2018	(Charged) / credited to		At 31 December 2018
		Profit or loss	Other comprehensive income	

(in thousand Baht)

Deferred tax assets

Allowance for impairment loss on assets	5,963	-	-	5,963
Allowance for decline in value of inventories	6,073	(6,073)	-	-
Employee benefit obligations	33,953	3,201	(1,407)	35,747
Loss carry forward	260,000	(200,000)	-	60,000
Total	305,989	(202,872)	(1,407)	101,710

Deferred tax liability

Derivatives	(23)	(306)	289	(40)
Total	(23)	(306)	289	(40)
Net	305,966	(203,178)	(1,118)	101,670

	Consolidated / Separate financial statements			
	At 1 January 2017	(Charged) / credited to		At 31 December 2017
		Profit or loss	Other comprehensive income	

(in thousand Baht)

Deferred tax assets

Allowance for impairment loss on assets	5,963	-	-	5,963
Allowance for decline in value of inventories	1,630	4,443	-	6,073
Employee benefit obligations	31,037	2,236	680	33,953
Loss carry forward	361,000	(101,000)	-	260,000
Total	399,630	(94,321)	680	305,989

Deferred tax liability

Derivatives	(127)	104	-	(23)
Total	(127)	104	-	(23)
Net	399,503	(94,217)	680	305,966

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

Deferred tax assets have not been recognised in respect of the following items:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>(in thousand Baht)</i>				
Allowance for doubtful account of trade accounts receivable and other assets	86,171	106,913	86,171	86,171
Allowance for doubtful account of long-term loans to subsidiary	-	-	-	138,000
Allowance for impairment losses on investments	-	-	551,376	705,558
Provision for trade discount	16,916	22,210	16,916	22,210
Loss carry forward	610,350	937,714	214,829	277,295
Others	-	5,989	-	5,989
Total	713,437	1,072,826	869,292	1,235,223

The tax losses expire during 2021 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 2018 and 2017, 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.

14 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
(in thousand Baht)					
Related parties	4	505,426	756,424	484,355	738,255
Other parties		838,081	784,464	576,751	511,683
Total		1,343,507	1,540,888	1,061,106	1,249,938

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

15 Other payables

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
(in thousand Baht) (in thousand Baht)					
Related parties	4	22,636	2,332	24,597	11,077
Other parties					
Other payables		123,683	126,626	89,082	94,912
Accrued operating expenses		27,640	8,320	27,640	6,155
Payables for fixed assets purchased		26,911	34,457	23,076	34,368
		178,234	169,403	139,798	135,435
Total		200,870	171,735	164,395	146,512

16 Other current liabilities

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
(in thousand Baht)					
Related party	4	8,202	9,388	-	-
Other parties					
Accrued bonus		92,235	102,390	92,235	102,390
Others		4,309	16,572	1,559	2,691
Total		104,746	128,350	93,794	105,081

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

17 Provisions for employee benefits

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>(in thousand Baht)</i>				
Statement of financial position				
Provisions for:				
Post-employment benefits	173,209	164,753	173,209	164,753
Other long-term employment benefits	5,529	5,013	5,529	5,013
Total	178,738	169,766	178,738	169,766
Year ended 31 December				
Statement of comprehensive income: Recognised in profit or loss				
Post-employment benefits	15,990	13,930	15,990	13,930
Other long-term employment benefits	670	454	670	454
Total	16,660	14,384	16,660	14,384
Recognised in other comprehensive income				
Actuarial (gain) losses recognised in the year	(7,036)	3,400	(7,036)	3,400
Cumulative actuarial losses recognised	28,576	35,612	28,576	35,612

Defined benefit plan

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.

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>(in thousand Baht)</i>				
At 1 January	169,766	155,188	169,766	155,188
Included in profit or loss				
Current service cost	11,575	9,760	11,575	9,760
Interest on obligation	5,085	4,624	5,085	4,624
	16,660	14,384	16,660	14,384
Included in other comprehensive income				
Actuarial (gain) loss	(7,036)	3,400	(7,036)	3,400
Other				
Benefits paid	(652)	(3,206)	(652)	(3,206)
At 31 December	178,738	169,766	178,738	169,766

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

Actuarial gains and losses recognised in other comprehensive income arising from:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>(in thousand Baht)</i>				
Demographic assumptions	44,023	-	44,023	-
Financial assumptions	(27,774)	36	(27,774)	36
Experience adjustment	(23,285)	3,364	(23,285)	3,364
Total	(7,036)	3,400	(7,036)	3,400

Actuarial assumptions

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>(%)</i>				
Discount rate	3.11	3.00	3.11	3.00
Future salary growth	6.50	6.00	6.50	6.00
Employee turnover	3.34	7.79	3.34	7.79

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

At 31 December 2018, the weighted-average duration of the defined benefit obligation was 16 years (2017: 12 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 financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
<i>(in thousand Baht)</i>				
At 31 December 2018				
Discount rate (1.00% movement)	(18,950)	22,131	(18,950)	22,131
Future salary growth (1.00% movement)	20,846	(18,174)	20,846	(18,174)
Employee turnover (10% movement)	(2,323)	2,405	(2,323)	2,405
At 31 December 2017				
Discount rate (1.00% movement)	(18,274)	4,826	(18,274)	4,826
Future salary growth (1.00% movement)	18,611	(16,271)	18,611	(16,271)
Employee turnover (10% movement)	(2,326)	2,408	(2,326)	2,408

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

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

On 13 December 2018, the National Legislative Assembly passed a bill amending the Labor Protection Act to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group will amend its retirement plan in the period in which the amendment will have become law and is announced in the Royal Gazette. As a result of this change, the provision for retirement benefits as at that future period end as well as past service cost recognised during that period in the consolidated and the separate financial statements is estimated to increase by an amount of approximately Baht 47 million.

18 Share capital

	Par value per share	2018		2017	
		Number	Amount	Number	Amount
	(in Baht)	(thousand shares / thousand Baht)			
Authorised					
At 1 January					
ordinary shares	6	1,185,193	7,111,161	1,185,193	7,111,161
At 31 December					
- ordinary shares	6	1,185,193	7,111,161	1,185,193	7,111,161
Issued and paid-up					
At 1 January					
ordinary shares	6	1,185,193	7,111,161	1,185,193	7,111,161
- At 31 December					
- ordinary shares	6	1,185,193	7,111,161	1,185,193	7,111,161

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.

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

19 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.

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.

20 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

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

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.

Information about reportable segments

	Vinyl segment		Biochemical segment		Total reportable segments	
	2018	2017	2018	2017	2018	2017
<i>(in thousand Baht)</i>						
External revenue	14,597,923	15,685,774	5,348,381	3,596,018	19,946,304	19,281,792
Inter-segment revenue	874,582	773,616	126,324	205,138	1,000,906	978,754
Total segment revenue	15,472,505	16,459,390	5,474,705	3,801,156	20,947,210	20,260,546
Other revenue					224,368	121,580
Elimination of inter-segment revenue					(1,000,906)	(978,754)
Consolidated revenue					20,170,672	19,403,372
Finance costs	5,438	18,401	2,283	5,168	7,721	23,569
Depreciation and amortisation	907,269	948,498	334,002	329,487	1,241,271	1,277,985
Capital expenditure	531,436	289,010	74,535	71,809	605,971	360,819
Segment profit (loss) before income tax	2,330,406	3,076,568	933,847	(736,315)	3,264,253	2,340,253
Elimination of inter-segment (gains) losses					(2,459)	4,098
Consolidated profit before income tax					3,261,794	2,344,351
Other material non-cash item:						
Reversal of impairment loss on assets not used in operation	-	-	-	(1,354,005)	-	(1,354,005)
(Gain) loss on disposal of plant and equipment and assets not used in operation	14,005	(311)	-	98,749	14,005	98,438
Loss on write-off of plant and equipment and assets not used in operation	-	47,425	6	1,483,516	6	1,530,941
Reversal of doubtful debts expenses	-	(3,543)	(46)	103,709	(46)	100,166
Loss on dilution on investment in associate	32,460	-	-	-	32,460	-
Foreign currency differences on dissolution of indirect subsidiary	-	-	(89,452)	-	(89,452)	-
Segment assets as at 31 December	17,807,047	15,583,371	3,789,187	4,295,594	21,596,234	19,878,965
Segment liabilities as at 31 December	1,482,186	1,653,664	345,674	357,075	1,827,860	2,010,739

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

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	
	2018	2017
<i>(in thousand Baht)</i>		
Thailand		
External revenue	11,794,608	11,830,397
Other revenue	224,368	121,580
	<u>12,018,976</u>	<u>11,951,977</u>
India	2,386,520	2,139,516
South Korea	877,462	688,295
China	856,237	912,266
Vietnam	771,510	297,032
Others	3,249,967	3,414,286
Total	<u><u>20,170,672</u></u>	<u><u>19,403,372</u></u>

Major customer

Revenues of the Group's segment one of two customers represents approximately Baht 2,984.9 million (2017: Baht 3,345.8 million) of the Group's total revenues.

21 Employee benefit expense

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>(in thousand Baht)</i>				
Wages and salaries	494,591	463,009	494,406	455,615
Bonus	165,971	135,308	166,127	136,497
Director's remuneration	35,288	12,040	35,288	12,040
Defined contribution plans	25,744	23,954	25,611	23,460
Defined benefit plans	16,660	14,384	16,660	14,384
Others	91,578	86,495	89,369	83,152
Total	<u><u>829,832</u></u>	<u><u>735,190</u></u>	<u><u>827,461</u></u>	<u><u>725,148</u></u>

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

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 8% 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.

22 Expenses by nature

The statements of comprehensive income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Changes in inventories of finished goods	(152,092)	(149,156)	34,592	(160,079)
Raw materials and consumables used	10,352,214	10,307,621	7,648,503	8,159,838
Electricity and fuel expense	3,436,734	3,328,815	3,280,913	3,208,777
Depreciation and amortisation	1,241,271	1,277,985	907,269	948,498
Employee benefit expenses	829,832	735,190	827,461	725,148
Transportation expenses	410,889	459,512	253,783	289,822
(Reversal of) impairment loss on assets not used in operation	-	(1,354,005)	-	-
Loss on write-off plant and equipment and assets not used in operation	6	1,530,941	-	47,425
(Gain) loss on disposal of plant and equipment and assets not used in operation	14,005	98,438	14,005	(311)
Loss on dilution on investment in associate	32,460	-	-	-
Others	737,042	700,321	496,589	508,240
Total cost of sales of goods, distribution costs and administrative expenses	16,902,361	16,935,662	13,463,115	13,727,358

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

23 Income tax

Income tax recognised in profit or loss

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
(in thousand Baht)					
Current tax expense					
Current year		(794)	1,809	-	-
		(794)	1,809	-	-
Deferred tax expense					
Movements in temporary differences	13	203,178	94,217	203,178	94,217
Total		202,384	96,026	203,178	94,217

Income tax recognised in other comprehensive income

	Consolidated financial statement					
	2018			2017		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax benefit	Net of tax
<i>(in thousand Baht)</i>						
Cash flow hedges	(1,530)	289	(1,241)	1,277	-	1,277
Defined benefit plan actuarial gains (losses)	7,036	(1,407)	5,629	(3,400)	680	(2,720)
Total	5,506	(1,118)	4,388	(2,123)	680	(1,443)

	Separate financial statement					
	2018			2017		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax benefit	Net of tax
<i>(in thousand Baht)</i>						
Cash flow hedges	(1,446)	289	(1,157)	-	-	-
Defined benefit plan actuarial gains (losses)	7,036	(1,407)	5,629	(3,400)	680	(2,720)
Total	5,590	(1,118)	4,472	(3,400)	680	(2,720)

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

Reconciliation of effective tax rate

	Consolidated financial statements			
	2018		2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		3,261,794		2,344,351
Income tax using the Thai corporation tax rate	20	652,359	20	468,870
Income not subject to tax		-		(25,467)
Income not subject to tax from promotional privileges		(189,945)		(26,890)
Expenses additionally deductible for tax purposes		(35,663)		(5,577)
Expenses additionally deductible from promotional privileges		(150,944)		(208,934)
Effect of different tax rates in foreign jurisdictions		(3,279)		45,204
Expenses not deductible for tax purposes		769		8,974
Current year losses for which no deferred tax asset was recognised		-		52,646
Utilisation of previously unrecognised tax losses		(70,913)		(212,800)
Total	6	202,384	4	96,026

	Separate financial statements			
	2018		2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		3,081,100		526,416
Income tax using the Thai corporation tax rate	20	616,220	20	105,283
Income not subject to tax from promotional privileges		(37,875)		(119,508)
Expenses additionally deductible for tax purposes		(35,663)		(5,577)
Expenses additionally deductible from promotional privileges		(138,670)		(197,020)
Expenses not deductible for tax purposes		581		8,469
Current year losses for which no deferred tax asset was recognised		-		512,219
Utilisation of previously unrecognised tax losses		(201,415)		(209,649)
Total	7	203,178	18	94,217

Vinythai Public Company Limited and its Subsidiaries

24 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
	1166(2)/2548	1164(2)/2550	9010(2)/2553	2012(2)/2553	
1. Promotional certificate No.					1694(2)/2551
2. Operations for which the privileges have been granted	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
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	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	Not granted	Granted	Granted
4. Date on which the income is first derived from operations	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 end 31 December 2018

Summary of revenue from promoted and non-promoted businesses:

	Consolidated financial statements					
	2018			2017		
	Promoted business	Non-promoted business	Total	Promoted business	Non-promoted Business	Total
<i>(in thousand Baht)</i>						
Export sales	2,983,633	5,168,063	8,151,696	3,268,750	4,182,645	7,451,395
Local sales	4,316,988	7,477,620	11,794,608	5,189,714	6,640,683	11,830,397
Total revenues	7,300,621	12,645,683	19,946,304	8,458,464	10,823,328	19,281,792

	Separate financial statements					
	2018			2017		
	Promoted business	Non-promoted business	Total	Promoted business	Non-promoted Business	Total
<i>(in thousand Baht)</i>						
Export sales	535,054	3,173,014	3,708,068	1,429,259	3,075,195	4,504,454
Local sales	1,697,545	10,066,892	11,764,437	3,793,289	8,161,647	11,954,936
Total revenues	2,232,599	13,239,906	15,472,505	5,222,548	11,236,842	16,459,390

25 Basic earnings per share

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>(in thousand Baht / thousand shares)</i>				
Profit attributable to ordinary shareholders of the Company (basic)	3,059,411	2,248,325	2,877,921	432,199
Number of ordinary shares outstanding	1,185,193	1,185,193	1,185,193	1,185,193
Basic earnings per share (in Baht)	2.58	1.90	2.43	0.36

26 Dividends

At the annual general meeting of the shareholders of the Company held on 26 April 2018, the shareholders approved the appropriation of dividends of Baht 0.9 per share, amounting to Baht 1,066.7 million. The dividend was paid to shareholders in May 2018.

At the annual general meeting of the shareholders of the Company held on 27 April 2017, the shareholders approved the appropriation of dividends of Baht 0.45 per share, amounting to Baht 533.3 million. The dividend was paid to shareholders in May 2017.

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

27 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 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 mitigates this risk by ensuring that all loan receivables are at fixed interest rate.

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)			
2018					
Short-term loans	1.85	1,200,000	-	-	1,200,000
Long-term loans	3.3	595,247	1,928,520	-	2,523,767
		<u>1,795,247</u>	<u>1,928,520</u>	<u>-</u>	<u>3,723,767</u>
2017					
Short-term loans	1.8 and 2.99	1,861,598	-	-	1,861,598
Long-term loans	3.3	-	2,523,767	-	2,523,767
		<u>1,861,598</u>	<u>2,523,767</u>	<u>-</u>	<u>4,385,365</u>

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

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.

As of 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:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>(in thousand Baht)</i>				
<i>United States Dollars</i>				
Cash and cash equivalents	400	752	39	653
Trade accounts receivable	962,595	785,029	280,987	237,529
Other receivables	-	18	-	18
Trade accounts payable	(318,948)	(242,686)	(151,380)	(75,019)
Other payables	(26,323)	(17,383)	(6,925)	(5,355)
Gross statement of financial position exposure	617,724	525,730	122,721	157,826
Estimated of forecast sales	394,687	425,470	305,195	400,718
Estimated of forecast purchases	(8,172)	(27,064)	-	(27,064)
Gross exposure	1,004,239	924,136	427,916	531,480
Currency forwards sales	(1,208,669)	(934,891)	(456,834)	(392,029)
Currency forwards purchases	165,768	24,559	80,177	18,784
Net exposure	(38,662)	13,804	51,259	158,235
<i>Euro</i>				
Cash and cash equivalents	113,965	55,075	-	-
Trade accounts receivable	57,915	10,731	-	-
Other receivables	-	230	-	419
Short-term loans	-	-	-	11,598
Trade accounts payable	(7,533)	(15,485)	(7,341)	(12,126)
Other payables	(2,238)	(9,577)	(895)	-
Gross statement of financial position exposure	162,109	40,974	(8,236)	(109)
Currency forwards sales	(45,048)	-	-	-
Currency forwards purchases	1,258	-	1,258	-
Net exposure	118,319	40,974	(6,978)	109

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>(in thousand Baht)</i>				
<i>Chinese Yuan</i>				
Cash and cash equivalents	77	54,383	-	-
Other receivables	-	4,325	-	4,325
Trade accounts payable	-	(8,876)	-	-
Other payables	(237)	(2,417)	(237)	(252)
Gross statement of financial position exposure	(160)	47,415	(237)	4,073
<i>Japanese Yens</i>				
Trade accounts receivable	6,314	6,061	-	-
Trade accounts payable	-	(846)	-	(691)
Other payables	(15,607)	(704)	(15,607)	(704)
Gross statement of financial position exposure	(9,293)	4,511	(15,607)	(1,395)
Estimated of forecast sales	5,034	906	-	-
Gross exposure	(4,259)	5,417	(15,607)	(1,395)
Currency forwards sales	(7,066)	(7,114)	-	-
Currency forwards purchase	250	722	250	722
Net exposure	(11,075)	(975)	(15,357)	(673)
<i>Other currencies</i>				
Trade accounts payable	(69)	(1,062)	(69)	(200)
Other payables	(23)	(83)	-	-
Gross statement of financial position exposure	(92)	(1,145)	(69)	(200)

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.

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. 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.

	Note	Consolidated financial statements		Separate financial statements	
		Carrying amount	Fair value level 2	Carrying amount	Fair value level 2

(in thousand Baht)

31 December 2018

Financial assets and financial liabilities measured at fair value

Current

Derivatives (forward contracts)		7,002	7,002	202	202
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Financial assets and financial liabilities not measured at fair value

Current

Current portion of long-term loans to subsidiary - gross	4	-	-	595,247	683,644
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Non-current

Long-term loans to subsidiary - gross	4	-	-	1,928,520	2,012,417
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	Note	Consolidated financial statements		Separate financial statements	
		Carrying amount	Fair value level 2	Carrying amount	Fair value level 2

(in thousand Baht)

31 December 2017

Financial assets and financial liabilities measured at fair value

Current

Derivatives (forward contracts)		(4)	(4)	115	115
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Financial assets and financial liabilities not measured at fair value

Non-current

Long-term loans to subsidiary - gross	4	-	-	2,523,767	2,610,229
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Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

Measurement of fair values

Financial instruments measured at fair value

Type	Valuation technique
Forward exchange contracts	<i>Forward pricing:</i> The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.

Financial instruments not measured at fair value

Type	Valuation technique
Long-term loans to subsidiary	Discounted cash flows

28 Commitments

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017

(in thousand Baht)

Capital commitments

Contracted but not provided for

Machinery and equipment	97,213	80,181	92,940	33,912
Total	97,213	80,181	94,940	33,912

Future minimum lease payment under non-cancellable operating leases

Within one year	149,741	159,397	71,694	81,138
After one year but within five years	415,407	467,593	102,646	154,983
After five years	261,836	340,033	-	-
Total	826,984	967,023	174,340	236,121

Other commitments

Purchase orders for raw material and spare parts	221,675	856,898	166,090	511,310
Bank guarantees	19,951	19,251	16,306	16,306
Total	241,626	876,149	182,396	527,616

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

As of 31 December 2018, the Group had:

- (a) operating lease agreements with both related and non-related parties covering their land for period of 30 years expiring in March 2040 and their inventory tanks, office premise, vehicles and office equipment for periods ranging from 0.5 years to 15 years expiring on various dates during 2019 to 2026. 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.
- (b) bank guarantees issued by banks on behalf of the Company and its subsidiaries for land rental, payment for pipeline placement, storage and electricity.
- (c) commitments to purchase raw materials, packaging and spare parts from related parties and external suppliers at agreed prices.
- (d) forward contracts with local financial institution and branch of certain foreign financial institution for protecting import purchase transaction and export sale transaction which forecast that will be occurred as follows:

	Currency	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
(unit : thousand)					
Estimated sales export	USD	37,119	28,678	14,105	12,023
	EUR	1,191	-	-	-
	JPY	24,179	24,360	-	-
Estimated import purchase	USD	5,083	752	2,463	574
	EUR	33	-	33	-
	JPY	861	2,483	861	2,483

29 Events after the reporting period

At the Board of Directors' Meeting hold on 21 February 2019, the directors resolved to propose the dividend payment of Baht 1.30 per share. The dividend payment shall be approved by its shareholders at the annual general meeting of the shareholders.

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

30 Thai Financial Reporting Standards (TFRS) not yet adopted

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

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020

* TFRS - Financial instruments standards

(a) TFRS 15 Revenue from Contracts with Customers

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

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

(b) TFRS - Financial instruments standards

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

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

Vinythai Public Company Limited and its Subsidiaries

Note to the financial statements for the year end 31 December 2018

31 Reclassification of accounts

Certain accounts in the statement of comprehensive income for the year ended 31 December 2017, which are included in the 2018 financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2018 financial statements as follows:

	2017					
	Consolidated financial statements			Separate financial statements		
	Before reclassification	Reclassification	After reclassification	Before reclassification	Reclassification	After reclassification

(in thousand Baht)

Statement of comprehensive income

Cost of sales of goods	15,316,635	123,768	15,440,403	12,727,688	123,768	12,851,456
Distribution cost	854,344	20,431	874,775	509,113	20,431	529,544
Administrative expenses	764,682	(144,199)	620,483	490,557	(144,199)	346,358
		<u>-</u>			<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classification 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	:	Vinythai Public Company Limited
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	:	No. 11 Q.House Sathon, 18th Floor, South Sathon Road, Thung Maha Mek, Sathon, Bangkok 10120, Thailand
Telephone No.	:	+66-2030-6800
Fax No.	:	+66-2030-6801-2
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	:	www.vinythai.co.th
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	:	No. 11 Q.House Sathorn, 18th Floor, South Sathon Road, Thung Maha Mek, Sathon, Bangkok 10120, Thailand
Telephone No.	:	+66-2030-6800
Fax No.	:	+66-2030-6801-2
Type of Business	:	Manufacturing and trading of chemical product (Epichlorohydrin)
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 Private Limited.

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
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) Pimai Salt Co., Ltd.

Address of Business Office	:	1 st Floor Room A, Srfuengfung 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	:	www.psc.co.th
Registered Capital	:	268,640,000 Baht
Number of Ordinary Shares	:	2,686,400 Shares
Number of Fully Paid-up Shares	:	2,686,400 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	:	http://www.set.or.th/tsd
E-mail	:	SETContactCenter@set.or.th
Auditor	:	Miss Sirinuch Vimolsathit and/or Mr. Waiyawat Kosamarnchaiyakit and/or Ms. Sureerat Thongarunsang KPMG Phoomchai Audit Limited 48th Floor, Empire Tower 195 South Sathorn Road, Bangkok 10120
Telephone No.	:	+66-2677-2000
Fax No.	:	+66-2677-2222
Legal Counsel Limited	:	Chandler MHM Co., Ltd. 7 th Floor, Bubhajit Building 20 North Sathorn Road, Bangkok 10500
Telephone No.	:	+66-2266-6485
Fax No.	:	+66-2266-6483-4
	:	The Phenomena Limited 88 Soi Bangna-Trad 30, Bangna-Trad Road, Bangna Tai Sub-District Bangna District, Bangkok 10260
Telephone No.	:	+669-4946-6991

Other Important Information

-None-



SHAREHOLDERS AND DIVIDEND PAYMENT POLICY

Number of Common Shares and Paid-up Capital

- (a) Registered capital and Paid-up capital is 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 May 2018	
		Number of Shares (Shares)	%
1	AGC INC.(JAPAN) (FORMERLY ASAHI GLASS CO., LTD.(JAPAN))	696,663,509	58.781
2	PTT GLOBAL CHEMICAL PUBLIC COMPANY LIMITED	296,038,689	24.978
3	THAI NVDR COMPANY LIMITED	27,996,659	2.362
4	MR. YANYONG PHATRALAOHA	9,937,135	0.838
5	GOOD CORPORATE GOVERNANCE LONG TERM EQUITY FUND	8,392,900	0.708
6	MR. KITTI PHATRALAOHA	6,721,230	0.567
7	MR. NARONG PHATRALAOHA	6,620,645	0.559
8	MS. WANNGAM KITTHANAMONGKONCHAI	5,376,000	0.454
9	EAST FOURTEEN LIMITED-DIMENSIONAL EMER MKTS VALUE FD	4,310,417	0.364
10	K MID SMALL CAP EQUITY RMF	3,701,000	0.312

- (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:

- AGC INC. (JAPAN) (Formerly Asahi Glass Co., Ltd. (Japan)) held a total of 696,663,509 shares, or 58.781 %, in the Company:
AGC INC. (JAPAN) 58.781%
- PTT Global Chemical Public Company Limited holds a total of 296,038,689 shares, or 24.978 %, in the Company:
PTT Global Chemical Public Company Limited 24.978%

- (c) Shareholder's Support Agreement
none

Dividend Policy

It is the policy of the Company to pay an annual dividend of not less than 30% of consolidated financial statement's net profit after tax and allocation to all reserves funds of each fiscal year, such payment of dividend being subject to cash flow, investment plan of the Company together with all other conditions of necessity and suitability in the future.

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.

Other Securities

none

2018 SIGNIFICANT RELATED TRANSACTIONS

The Company had significant business transactions with subsidiary, associated and related parties as following:

Thousand THB

No.	Company	Product or nature of business	Nature of relationship and connected transactions	Transaction between companies	2017	2018
Transaction with parent company:						
1	AGC Inc. (Formerly Asahi Glass Co., Ltd.)	Production and distribution of glass	Major shareholder, 59% shareholding since 22 February 2017	Service income	-	-
				Purchase of spare parts	19,925	48,319
				Other operating expenses	1,454	5,310
				Reimbursement expense	476	-
				Insurance premium expenses	-	884
				License and technical assistance services	-	5,954
Transaction with subsidiaries:						
1	Advanced Biochemical (Thailand) Co., Ltd.	Production of Epichlorohydrin (ECH)	Subsidiary, 100% shareholding	Service income, net	130,951	133,320
				Interest income	111,396	112,847
				Sale of Caustic Soda and CL2	773,616	874,582
				Revenue from sale of spare parts	5,072	7,562
				Purchase of raw materials	196,877	191,521
				Reimbursement expense	-	-
				Purchase of spare parts	-	-
2	Vinythai Holding Pte. Ltd.	Holding company	Subsidiary, 100% shareholding	Interest income	-	4
3	Solvay Biochemicals (Taixing) Co., Ltd.	Production of Epichlorohydrin (ECH)	Indirect subsidiary, 100% shareholding by subsidiary (dissolution on 19 November 2018)	Interest income	16,545	-
4	Advanced Biochemical Europe	Distribution of Epichlorohydrin (ECH)	Indirect subsidiary, 99.9% shareholding by subsidiary and 0.1% shareholding by the Company (dissolution on 30 March 2018)	Interest income	344	63
Transaction with associate company:						
1	Pimai Salt Co., Ltd.	Manufactured and trading of industrial salt	Vinythai holds 20.56 percent	Purchase of raw materials	413,049	381,128

No.	Company	Product or nature of business	Nature of relationship and connected transactions	Transaction between companies	2017	2018
Transaction with related company:						
1	Solvay S.A. and Solvay's Subsidiaries	Production and distribution of products in 2 core businesses: Chemical and Plastic	Related company until 21 February 2017	Interest income	-	-
				Service income	-	-
				SIS service charge	1,984	-
				License and technical assistance services	-	-
				Commission expenses	285	-
				Purchase of raw materials	522	-
				Services expenses and others	1,733	-
2	Solvay Peroxythai Co., Ltd.	Production and distribution of Hydrogen peroxide	Related company until 21 February 2017	Sales of Hydrogen	6,002	-
				Service income	-	-
				Reimbursement income	-	-
				Purchase of Hydrogen peroxide 50%	-	-
3	Solvay Asia Pacific Co., Ltd.	Regional Office Headquarter to provide services and consulting for business administration and technical assistances to affiliates	Related company until 21 February 2017	Service income	-	-
				Service expense	846	-
				Reimbursement income	-	-
4	MTP HP JV (Thailand) Co., Ltd.	Production and distribution of Hydrogen peroxide	Related company until 21 February 2017	Sales of Caustic Soda	3,242	-
5	PTT Global Chemical Public Co., Ltd.	Production and distribution of petrochemical products, by-products and the provision of support services	Holds 24.98 percent of the Company's share	Sales of Caustic Soda	100,345	94,719
				Purchase of Ethylene	6,194,187	5,665,395
				Other manufacturing expenses	-	60
6	Thai Tank Terminal Ltd.	Provide service for the storage and handling of liquid chemicals, oil and gas	Subsidiary of PTT Global Chemical Public Co., Ltd.	Tank rental and services	50,100	57,121
7	PTT Public Co., Ltd.	Production and distribution of oil and gas	Parent company of PTT Global Chemical Public Co., Ltd.	Purchase of raw materials	254,394	284,114
				Service expense	621	628

No.	Company	Product or nature of business	Nature of relationship and connected transactions	Transaction between companies	2017	2018
8	PTT Asahi Chemical Co., Ltd.	Production and distribution of Acrylonitrile and Methyl Methacrylate	Joint venture of PTT Global Chemical Public Co., Ltd.	Sales of Caustic Soda	39,587	19,961
9	Polymer Marketing DMCC Co., Ltd.	Polymer sales and marketing in Middle East	Indirect subsidiary of PTT Global Chemical Public Co., Ltd.	Sales of PVC	235,888	165,162
10	GC Glycol Co., Ltd. (Formerly TOC Glycol Co., Ltd.)	Production and distribution of Ethylene oxide and Ethylene glycol	Subsidiary of PTT Global Chemical Public Co., Ltd.	Sales of Caustic Soda	4,652	6,322
11	NPC Safety and Environmental Service Co., Ltd.	Provide safety and environmental services	Subsidiary of PTT Global Chemical Public Co., Ltd.	Service expense	372	266
12	GC Logistic Solutions Co., Ltd. (Formerly PTT Polymer Logistics Co., Ltd.)	Provide logistics services	Subsidiary of PTT Global Chemical Public Co., Ltd.	Transportation expense	20,715	12,114
13	Global Power Synergy Public Co., Ltd.	Provide electric power	Associate of PTT Global Chemical Public Co., Ltd.	Service expense	-	190
14	GC Maintenance and Engineering Co., Ltd. (Formerly PTT Maintenance and Engineering Co., Ltd.)	Provide maintenance and engineering services	Subsidiary of PTT Global Chemical Public Co., Ltd.	Other manufacturing expenses	-	72
15	AGC Chemicals (Thailand) Co., Ltd.	Production and distribution of Caustic Soda	Subsidiary of AGC Inc.	Sales of Caustic Soda	797,634	806,324
				Purchase of raw materials	13,428	16,842
				Purchase of spare parts	1,089	2,414
16	AGC Chemicals Vietnam Co., Ltd.	Production and distribution of Caustic Soda	Subsidiary of AGC Inc.	Sales of PVC	-	70,820
				Commission expenses	-	6,085
				Reimbursement expense	10	-
17	AGC Technology Solutions Co., Ltd.	Construction overseas glass plant	Subsidiary of AGC Inc.	Other manufacturing expenses	-	227
18	AGC Chemicals Europe, Ltd.	Distribution of fluorochemicals products	Subsidiary of AGC Inc.	Other operating expenses	-	158

Remark:

The above related party transactions are in the ordinary course of business. The amount shown above were already included in the Statements of Income. There are additional explanations in Notes no. 4 to the 2018 financial statements as examined and reported by the auditor under his/her audit report dated 21 February 2019.

AWARDS
& CSR
2018



Awards and Recognitions



Zero Accident Award

Mr. Jarin Chakkaphark, Permanent Secretary of Ministry of Labour (right) presented the award to Mr. Masaru Orihara, Operation Director of Vinythai Plc.



Eco-Factory Award

Mr. Sompot Cheeranorawanich, Vice President Corporate Affairs and Communications Department of Vinythai Plc. (left) received the award from Mr. Supant Mongkolsuthree, Chairman of FTI (center), witnessed by Ms. Somchint Pilouk, Deputy Governor of Industrial Estate Authority of Thailand (at that time).



Green Industry Award Level 4

Ms. Nisakorn Jungjaroentham, Deputy Permanent-Secretary of the Ministry of Industry (center) congratulated the team led by Mr. Mazaki Takahashi, Business Director of Vinythai Plc. (2nd left)



Responsible Care Award

Mr. Masaru Orihara, Operation Director of Vinythai Plc. (center) received the award from Mahabeer Goder, Chairman of Responsible Care Committee (left), witnessed by Ms. Petchrat Akesaengkul, Chairman of Chemical Industry Club of Federation of Thai Industries (right)



ESG100

Vinythai is 1 of 100 leading companies recognized as outstanding performance in Environmental, Social and Governance aspects (ESG100) announced by Thaipat Institute.

CSR



Health and
Safety of
Employees and
Surrounding
Communities



Environment Conservation and Management



Educational Support for Youths



Activities Supporting Religions, Traditions and Important National Days



Occupational Development and Community Well-being



Annual Report 2018



Annual Report 2017



Annual Report 2016



Annual Report 2015



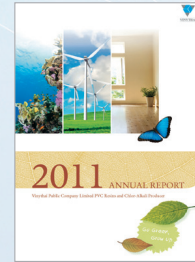
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Annual Report 2013



Annual Report 2012



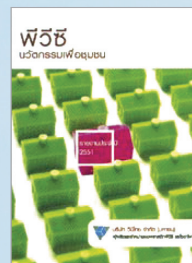
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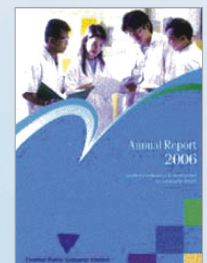
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Annual Report 2008



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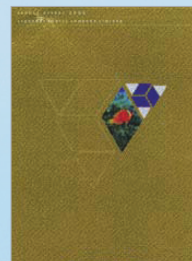
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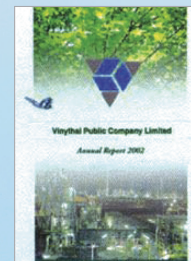
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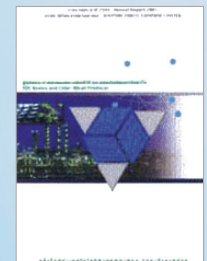
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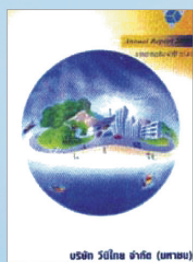
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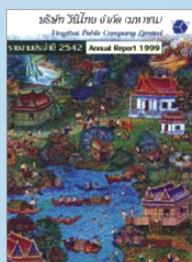
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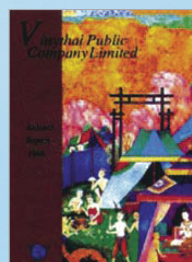
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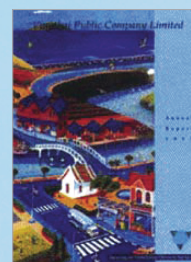
Annual Report 2000



Annual Report 1999



Annual Report 1998



Annual Report 1997



Annual Report 1996

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