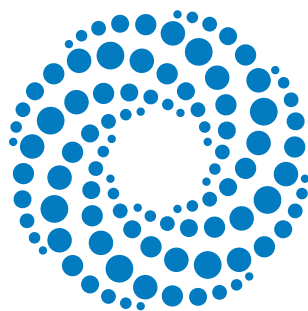




VINYTHAI
AGC Group



ANNUAL REPORT 2019
VINYTHAI PUBLIC COMPANY LIMITED



ONE TEAM SPIRIT

ANNUAL REPORT 2019
VINYTHAI PUBLIC COMPANY LIMITED

CONTENTS

04

Financial Highlights

06

Message from
the Chairman

08

Business Overview

09

Vision Mission
and Shared Values

10

Shareholding Structure

12

Nature of Bussiness
Operations

13

Income Structure

14

Production
Structure

16

Production and Process
Development

18

Marketing and Sales

21

Human Resources
Management

24

Management
Structure

25

Organization Chart

26

Board of Directors

33

Management Committee

34

Organization Structure

40

Corporate Governance

56

Compliance: Code of Conduct
and Anti-Corruption

59

Internal Control and
Risk Management

63

Risk Issues and Mitigation

66

Audit Committee's Report
for 2019

69

Corporate Social
Responsibility

81

Management Discussion
& Analysis (MD&A)
for the year 2019

84

Responsibility Statement from
the Board of Directors on the
Disclosure of the Financial Report

153

General Information
and Other Information

156

Shareholders and
Dividend Payment Policy

157

2019 Significant Related
Transactions

158

Awards & CSR 2019

Financial Highlights

Unit: Million Baht	2017 [#]	2018 [#]	2019 [#]
Sales Revenues	19,282	19,946	18,605
Total Revenues	19,403	20,171	18,831
Gross Profit	3,841	4,297	4,418
Income before Financial Cost	2,368	3,270	3,243
Net Profit	2,248	3,059	3,635
Depreciation	1,278	1,241	1,282
Cash Flow from Operating Activities	3,409	3,952	4,877
Capital Expenditures	338	604	453
Total Assets	19,879	21,596	23,558
Total Liabilities	2,011	1,828	1,718
Total Loan	-	-	-
Shareholders' Equity	17,868	19,768	21,840
Persons Employed as of Year End	469	506	514

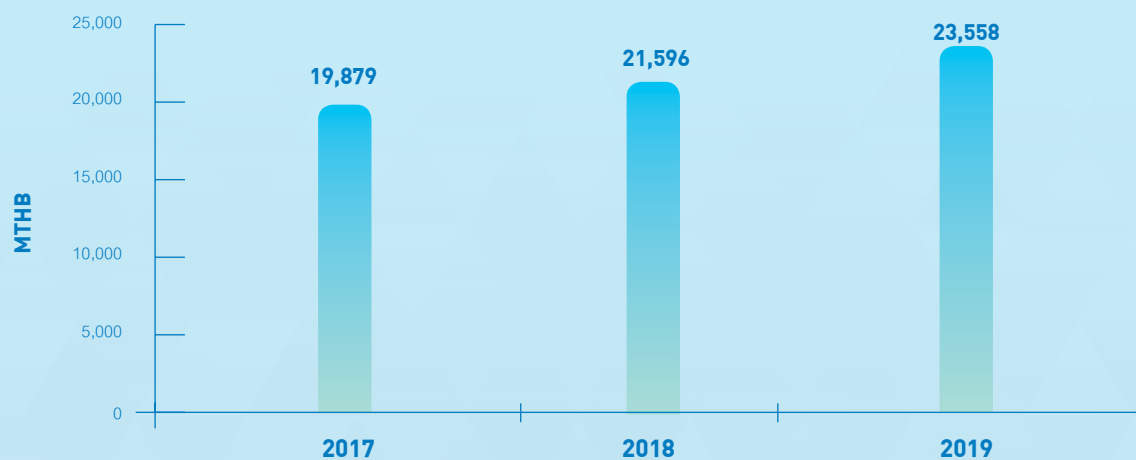
Information per Share & Financial Ratio

Unit: Baht	2017 [#]	2018 [#]	2019 [#]
Earning per Share	1.90	2.58	3.07
Book Value per Share	15.08	16.68	18.43
Dividend per Share (baht/share)	0.900	1.300	1.400
Net Profit Margin	11.6%	15.2%	19.3%
Return on average equity (ROE)	13.2%	16.3%	17.5%
Return on average assets (ROA)	12.3%	15.8%	14.4%

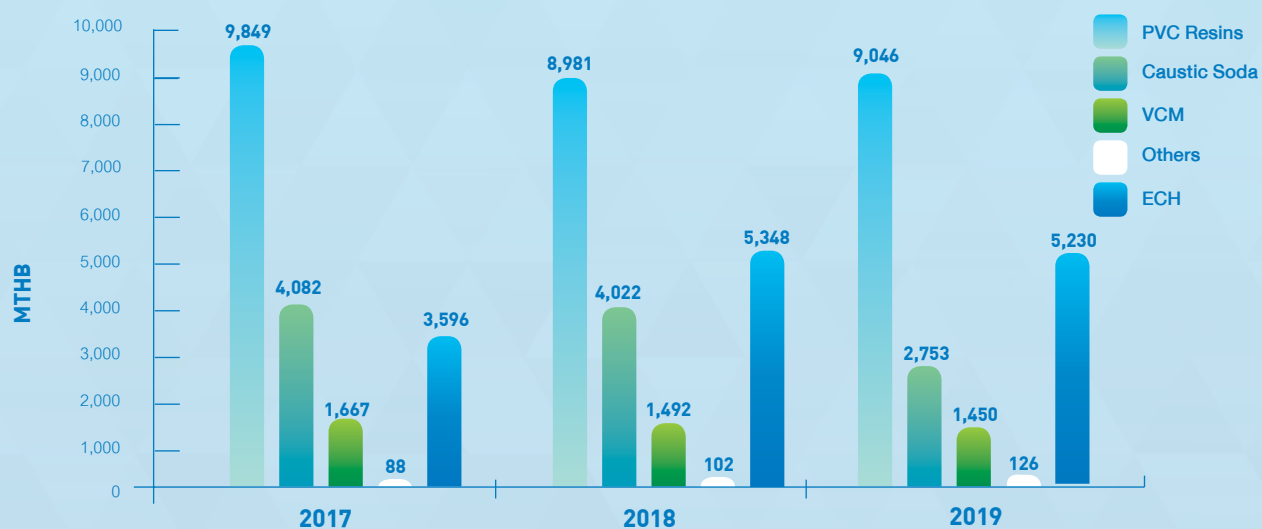
[#] Information above were extracted from consolidated financial statements.

* The Board of Directors' Meeting resolved to propose the Annual Ordinary General Meeting of Shareholders to consider and approve in April 2020.

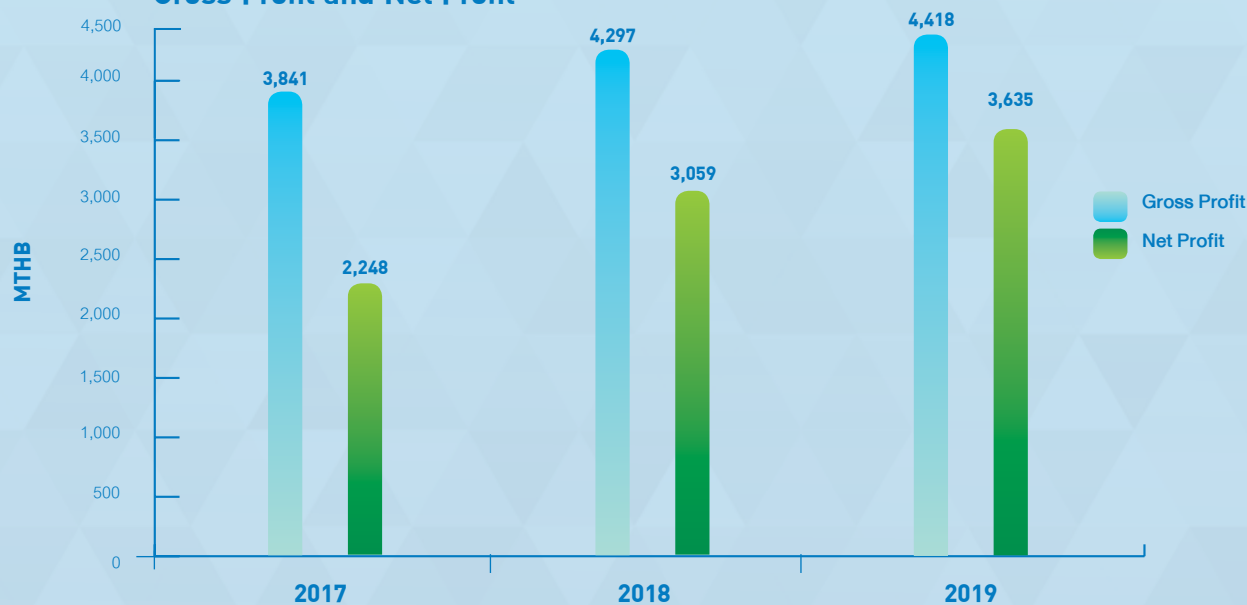
Total Assets



Sales by Products



Gross Profit and Net Profit



MESSAGE FROM THE CHAIRMAN



Sailing Against The Wind

In 2019, amid global economic challenges and trade war escalation that affects economy in Southeast Asia, Vinythai continued to conduct its business based on practical management policies and strategies. Thereby we achieved a satisfactory performance while maintaining our preparedness to capitalize on further growth opportunities.

Our top priority as ever remains safe and stable operations. In this connection, we have continued to systematically progress our “ME *plus*” initiative, integrating Manufacturing Excellence (ME) and Total Productive Maintenance (TPM) activities. Everything is going according to plan and bearing fruit, as clearly evidenced by our safety record, plant reliability, and product quality that contribute to the enhancement of our overall competitiveness. Besides, we try to maximize the production at the current capacity, for example, debottlenecking of Epichlorohydrin plant.

Customer satisfaction is also in focus. We have been putting more effort into minimizing the number of claims and complaints we receive and developing the products to meet customers’ needs. Moreover, to facilitate business growth through sales, raw materials procurement, logistics, and government public affairs cooperation, we have strengthened our collaborations with our major shareholders, AGC Inc. and PTT Global Chemical Pcl.

Having always prized our employees as valuable assets, we have initiated “Vinythai Competency Model” as a blueprint for human resource development. Under this program, training courses to cultivate both technical and soft skills are tailored to

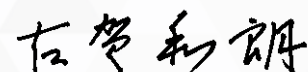
each position. In a further related development, our management opted to establish a “Technical Learning Center” to enhance employees’ potential going forward.

Another high priority resolutely pursued is compliance. In this context, comprehensive measures to comply with our Code of Conduct, including anti-corruption practices, have been introduced to all employees. Our CSR programs have also been doing well. For instance, the next phase of the “Vinythai Coral Cultivation Project” has been officially launched in collaboration with 6 partners from governmental agencies, academic institutes and a non-profit organization; and is being expanded across the country.

This year, it was also pleasing to see our reputation enhanced by awards and accolades. Most notable among these are: Zero Accident Campaign 2019 Bronze Award; Good Environmental Governance and Social Responsibility Award; and ESG 100 (Environmental, Social and Governance) Certificate for 3 consecutive years.

Now, as we look to further growth, studies of potential expansion projects are in progress.

Lastly, on behalf of the company, I would like to thank all our stakeholders for your much-valued support throughout the year. With our “One Team” spirit that has proven so effective, we will continue trying our best to grow the company with solid operating foundations, continuous innovation, and the trust we earn from our stakeholders.



(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

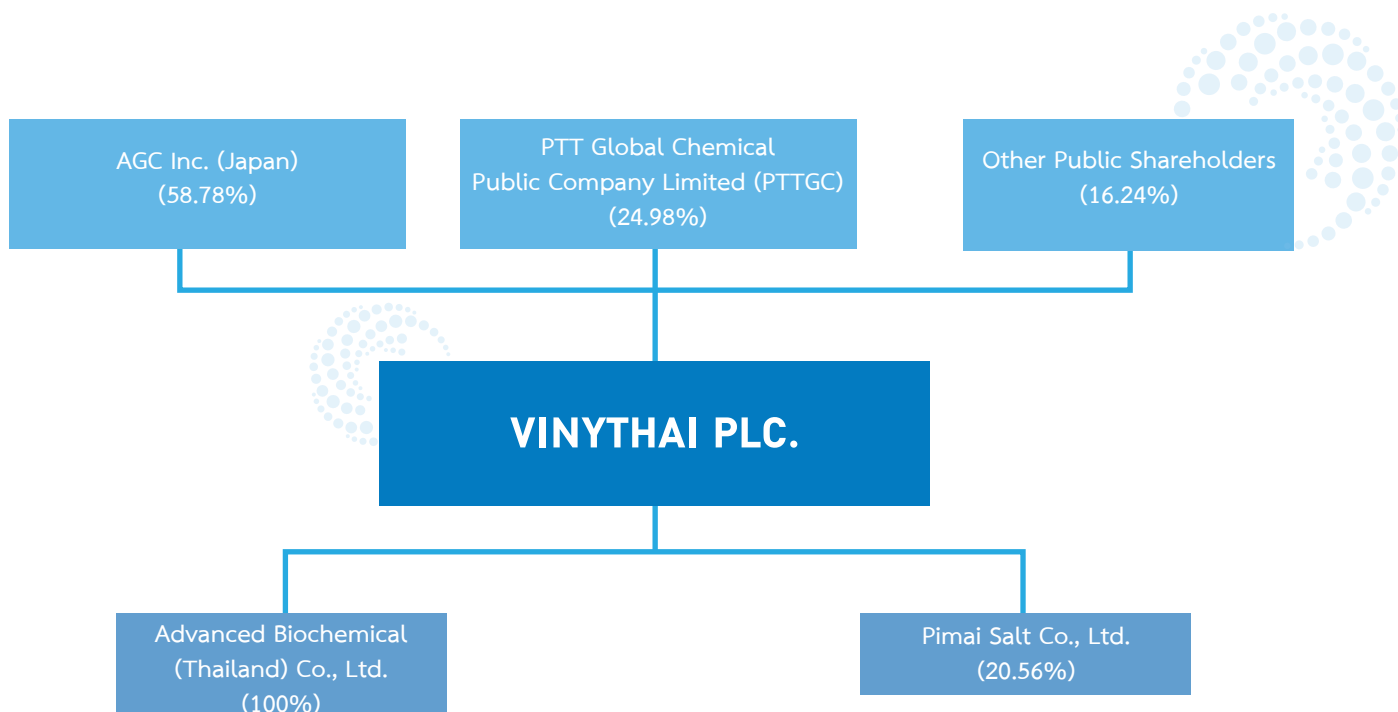
- We will build open and fair relationships with all of our stakeholders based on the highest ethical standards.
- We will strictly comply with applicable laws and regulations.
- We will fulfill our responsibilities in relation to all the products and services we provide to achieve customer satisfaction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

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, Srifuengfung 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) holding 58.78% of shares and PTT Global Chemical Public Company Limited (PTTGC) holding 24.98% of shares (information as of 7 May 2019). 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



The Vinythai Public Company Limited's ("Company") ("Vinythai") 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. ("ABT") 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 structure of Vinythai and its associated company is as follows:

Sales Revenues	2019		2018		2017	
	MTHB	%	MTHB	%	MTHB	%
Sales in Thailand						
1. PVC Resins	5,385	37.6	5,375	34.7	5,409	32.9
2. Caustic Soda	3,098	21.6	4,233	27.4	4,288	26.1
3. VCM	1,450	10.1	1,492	9.6	1,667	10.0
4. Others	734	5.1	664	4.3	591	3.6
Total Sales in Thailand	10,666	74.4	11,764	76.0	11,955	72.6
Sales Abroad						
1. PVC Resins	3,662	25.6	3,606	23.3	4,440	27.0
2. Caustic Soda	0	0	102	0.7	65	0.4
3. VCM	0	0	0	0	0	0
Total Sales Abroad	3,662	25.6	3,708	24.0	4,504	27.4
Sales in Thailand and Abroad						
1. PVC Resins	9,046	63.2	8,981	58.0	9,849	59.9
2. Caustic Soda	3,098	21.6	4,335	28.1	4,353	26.5
3. VCM	1,450	10.1	1,492	9.6	1,667	10.0
4. Others	734	5.1	664	4.3	591	3.6
Total Sales in Thailand and Abroad	14,328	100.0	15,473	100.0	16,459	100.0

Income Structure of Subsidiary Company

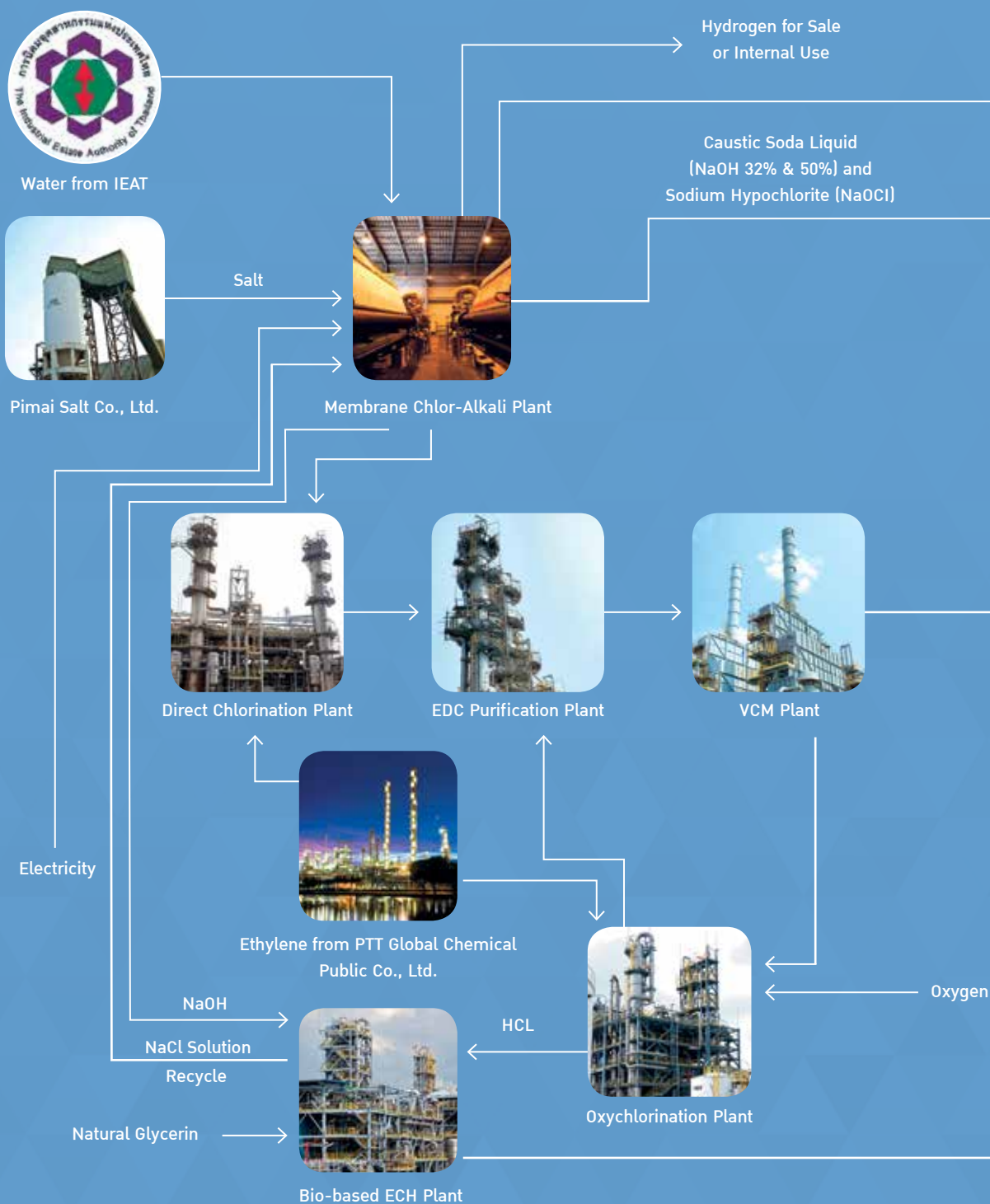
Product / Service	2019		2018		2017	
	Income (MTHB)	%	Income (MTHB)	%	Income (MTHB)	%
Advanced Biochemical (Thailand) Co., Ltd.						
Produce & Supply Epichlorohydrin	5,230	97.6	5,329	97.7	3,572	96.7
Others	130	2.4	123	2.3	121	3.3
% Shareholding by Vinythai		100		100		100

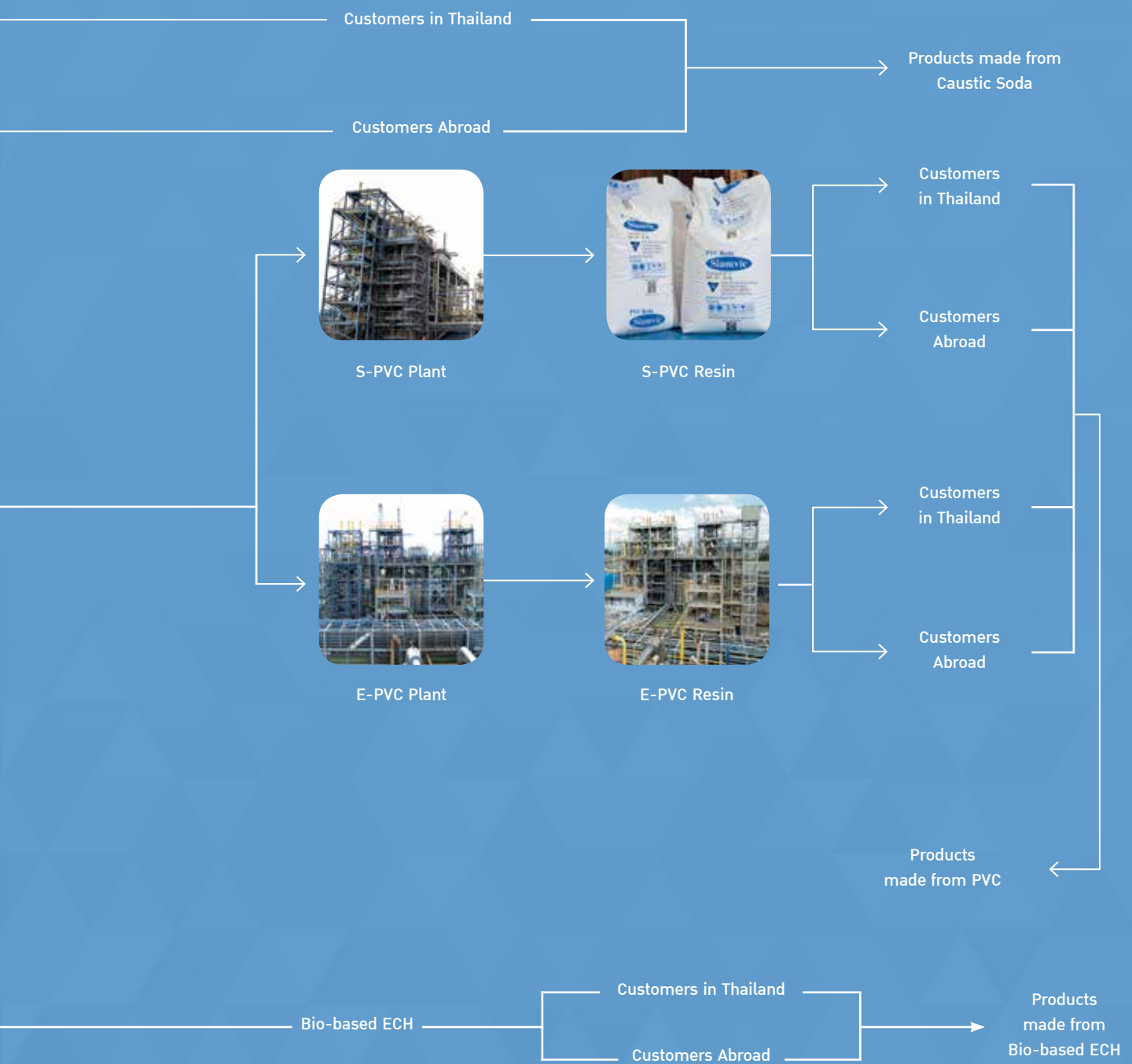
Income Structure of Subsidiary Company

Product / Service	2019		2018		2017	
	Income (MTHB)	%	Income (MTHB)	%	Income (MTHB)	%
Pimai Salt Co., Ltd.						
Produce & Supply Pure Refined Salt	1,758		1,694		1,639	
% Shareholding by Vinythai		20.56		20.56		28.49

PRODUCTION STRUCTURE

VINYTHAI IS FULLY INTEGRATED PRODUCTION PROCESS





PRODUCTION AND PROCESS DEVELOPMENT

SAFE AND STABLE OPERATION

Production and support team successfully applied the “Safe and Stable Operation” policy, one of top prioritized management policies with concrete result.

This has been proved by “no loss time accident” record for both Vinythai and business partner staff since 2016.

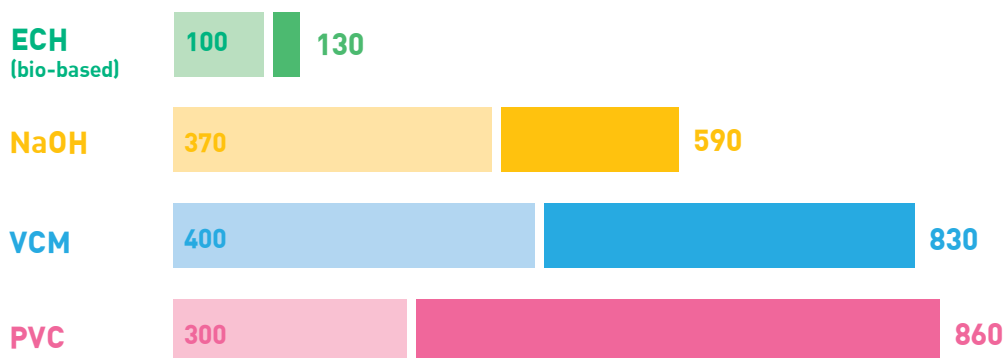
Moreover, Vinythai also demonstrated a new annual production record for PVC and ECH, while other productions maintained high operation rate.

Continuous Improving Productivity

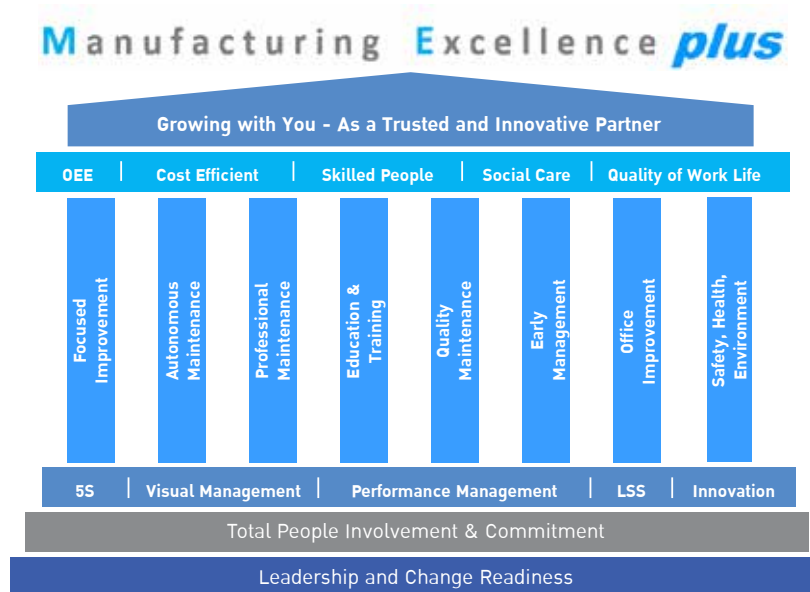


The good performance and market requirement support growth ambition for investment in an expansion project, named “Sakura Project”. The project can approximately double capacity of all productions.

Growth Ambition: Expansion Project



TPM (Total Productive Maintenance) is progressively implemented with incorporation in the existing Manufacturing Excellence System — with joint activities under name “ME *plus*” as announced in 2018.

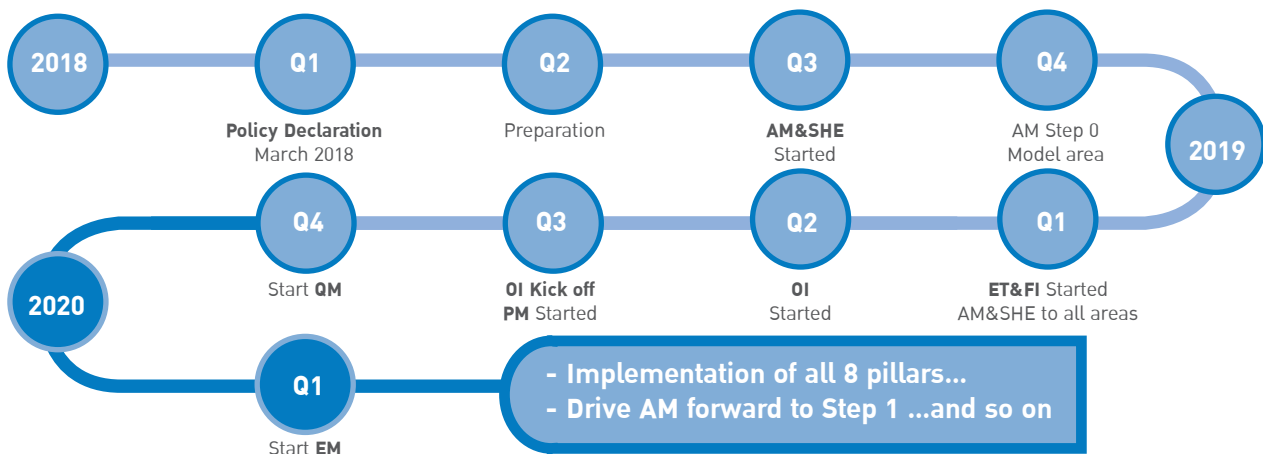


So far, 7 from 8 pillars of “ME *plus*” have been already implemented which are:

- Autonomous Maintenance
- Safety, Health and Environment
- Focus Improvement
- Education & Training
- Office Improvement
- Professional Maintenance
- Quality Maintenance

The remaining pillar, Early Management, will be implemented in 2020.

TPM Implementation in keeping on track...



Innovation and Suggestion Management

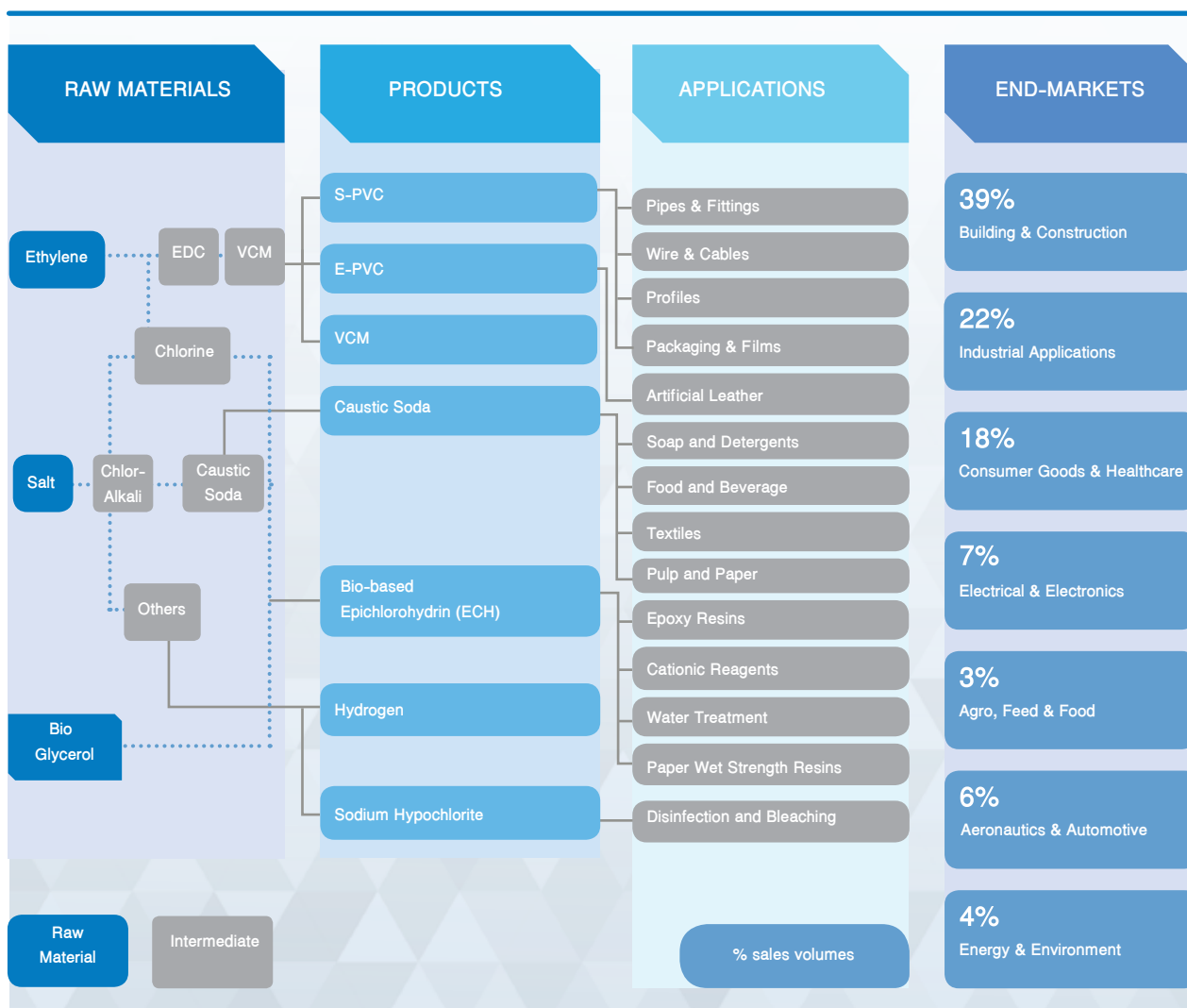
As an innovative partner, Vinythai initiated “Innovation Project” to encourage all employees to propose innovative ideas or suggestions to improve their daily operation in the following areas: safety and stable operation, cost and quality competitiveness, customer satisfaction, compliance, health & environment and

productivity. Executed under ME *plus*, innovation project has the ultimate goal in transforming ideas and suggestions into concrete actions. Outstanding innovations, which have been practically implemented, are recognized and rewarded in an annual event, ME *plus* Day.

MARKETING AND SALES

Vinythai and its subsidiary Advanced Biochemical (Thailand) produce and supply Caustic Soda, PVC, and Bio-based Epichlorohydrin to a wide range of industries in the emerging markets in Asia and worldwide.

PORTFOLIO OUTLINE



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

A high-quality range of suspension and paste PVC resins serving automotive, building & construction, electrical & electronics, consumer goods, packaging, healthcare, and other industries.

- Caustic Soda, or sodium hydroxide**

With a strong base and soluble in water, Caustic Soda is used in a range of applications that are part of daily life, among them pulp & paper, aluminum, detergents, fibers, and food & feeds.

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, finding uses in protective coatings, printed circuit boards, electronics components, adhesives, and advanced composites for automotive, aerospace, and wind turbine. Other applications include paper & water treatment chemicals, mild surfactants for personal care, and fine chemical.

Uniquely, Advanced Biochemical (Thailand)'s Epichlorohydrin is 100% bio-based from its renewable raw material, vegetable glycerin, and is manufactured using innovative processes leaving only the lightest environmental footprint. Nevertheless, the product can be utilized as a drop-in for conventional petro-based Epichlorohydrin. It both facilitates downstream bio-based content and offers environmental advantages.

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

Several factors contribute to Vinythai's success as a competitive player in South East Asia, notably:

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

The Company, in contrast to its main competitors, sells its products on the merchant market only. Moreover, it is recognized by its customers as a reliable and competitive partner to accompany their growth. This formula has enabled the Company to attain **leadership positions** in its core markets.

Sustainability Value Promotion Intensifies and Delivers PVC and Caustic Soda as a Sustainable and Versatile Solution for Society

Vinythai's teams work together in collaboration with the Company's customers, authorities and associations, to further develop and secure sustainable manufacture and use of PVC throughout industry.

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, Kosher Certificate, plus GMP and also FDA for manufacturing Caustic Soda.

Bio-based Epichlorohydrin (ECH)

Advanced Biochemical (Thailand) strengthened its ECH position by obtaining Kosher certification for it. It's all part of the Company's business development strategy to improve customer satisfaction and enable the Company to enter new markets, especially water treatment applications.

In Q4 2019, the Company launched a comparative life cycle assessment (LCA) study of the bio-based Epichlorohydrin and Petro routes. The study investigates environmental impacts and footprints using life cycle assessment (LCA) methodology in accordance with ISO 14040 and ISO 14044 standards. The results enable the Company to make credible environmental claims about its Bio-based Epichlorohydrin. They also support downstream users' efforts to reduce the environmental footprint of their products under their corporate social responsibility (CSR) strategies.

As for its innovation record, Advanced Biochemical (Thailand) works closely with academic partners developing bio-based materials under the "Growth Project". The project researches the suitability of various lignin organic polymers as substitutes for Bisphenol A in 100% bio-based epoxy resins.

The Company's long-term direction towards sustainability is further evidenced by the Roundtable on Sustainable Biomaterials (RSB) certification it has held since 2015.

In providing the most sustainable Epichlorohydrin and spreading its value ever deeper downstream, Advanced Biochemical (Thailand) Co., Ltd. aims to be the market leader synonymous with Bio-based Epichlorohydrin globally.

Summary and Outline for 2019

In 2019, the PVC industry continued to grow from 2018. However, new supply to the market was limited and there was one plant closure in the US. Supply from China was limited by ongoing environmental controls and some accidents. PVC demand in Asia continued to grow, especially in India and South East Asia. Vinythai, meanwhile, prioritized growth in Thailand and SEA and, in so doing, achieved record sales volume.

PVC prices were under pressure from the strong Thai baht and US-China trade tensions which created uncertainty in the market. Hence average prices in 2019 softened from 2018. On the upside of the strong baht, however, the Company benefited from lower price of Ethylene. The PVC-Ethylene spread was healthier in 2019 compared to 2018.

Caustic Soda demand slackened in 2019. This was mainly due to the Alumina sector sourcing good quality Bauxite. Trade tensions and a surfeit of supply in the market also impacted prices, forcing them lower in 2019 than in 2018. Vinythai's strategy has constantly been developed in Thailand and therefore is able to achieve higher sales volume of Caustic Soda this year.

Bio-based Epichlorohydrin business further strengthened in 2019, achieving record-high sales revenue and production volume. Thanks to geographically diversified customer portfolio as well as opened new customers. Company in Q4 acquired a new permit to produce 120 KTA. However, average market

prices of Epichlorohydrin were lower than in 2018. This was due to market and macroeconomic volatility, ECH demand softened in particular accounts and regions as a result of a number of ongoing geo-economic conflicts. But this did not offset the supply tightness due to sustained supply tightness in China carried over from 2018 and seasonal tightness outside China caused by heavy turnaround maintenance schedules among major producers.

On the raw material side, Glycerine prices were down in 2019, thanks to high demand and supply of bio-diesel blending mandates, leading to a significant widening in the spread between ECH and Glycerine.

Vinythai and its subsidiary Advanced Biochemical (Thailand) will continue seeking business growth opportunities and working to improve customer satisfaction in order to become first choice in chlor-alkali and biochemical production, for better living and sustainability, in line with the Company's new Vision and Mission.



HUMAN RESOURCES MANAGEMENT

Employees

As of 31 December 2019, total headcount is as follows:

	Vinythai	Advanced Biochemical (Thailand)
Map Ta Phut	469	0
Bangkok	45	0

Employees in each main working unit consist of:

	Vinythai	Advanced Biochemical (Thailand)
Managing Director Unit	12	0
Business and Administration	27	0
Production Unit	210	0
Production and Business Support Unit	265	0
Project and Construction Unit	0	0

Remuneration to Staff

In 2019, the total remuneration consisting of salary, bonus and other benefits, including provident fund scheme paid to employees is as follows:

	Vinythai	Advanced Biochemical (Thailand)
Total Remuneration of Employees (MTHB)	943	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 Human Resources for the Future

The Company Objectives 2019 focused on developing human resources for the future. Vinythai offers great learning opportunities to our employees to support them to achieve their career objectives.

We initiated new “**Vinythai Competency Model**” to be a set requirements for Vinythai employees who are expected to demonstrate desired behaviors in line with Vinythai shared values, divided into 2 categories:

Leading the Self: Engenders trust by exhibiting integrity, and is courageous to cope with crisis and overcomes adversity. Exhibits curiosity and is a life long learner. Driven by an internal passion for the business, actively challenges to innovation and realizes changes with customer service orientation.

Leading the Team: Provides clear vision and goal of the team, communicates and overcomes together with members toward the achievement. Maximizes diverse talents and provides members opportunities for growth in order to enable them to fulfill potential in each of members. Builds consistent and substantial organization.



Based on this competency model, we formulated Leadership and Management Development (LMD) Programs delivering innovative learning programs & activities that develop the capabilities of our employees to ensure the Company’s sustainability and growth and to foster the new Vinythai culture while responding to individual career aspirations.

Our Leadership and Management Development Program in 2019 focused on strengthening our Performance Management System and Customer-Focused Culture. Both management

and team leaders learned to form an effective team and individual objectives that directly supported and aligned with the organization objectives. Meanwhile, they were enabled to deliver powerful performance plan and discussion that could engage and reinforce the team performance.

To respond to the Company objectives on increasing customer satisfaction, creating customer-focused culture has been introduced in parallel. The management and team leaders learned to build customer-focused organization, developed critical success factors and improved their service process. Ultimately, the good service culture brought about higher customer satisfaction.

On the other hand, we enhanced the competency of our Sales and Marketing team to maximize the company competitiveness. We identified their functional competency, conducted assessment and set up Sales and Marketing Training Roadmap to close the competency gap.

In addition, as a part of TPM activities under Education & Training pillar (ET), the Skill Matrix of both industrial and non-industrial functions has been developing and will be completed in 2020 for all functions. Skill Matrix will be a tool to clearly and visibly illustrate the skills and competence held by individuals within a team. Skill Matrix identifies the skills that a job role requires, the skills of all individual employees, and any gap between the two, including the fulfillment of the gap.

In 2019, average training days per employee is 7 days. According to 2019 employee engagement survey, 68% employees say they have opportunities for learning and development.



7

training days average /
employee / year



68%

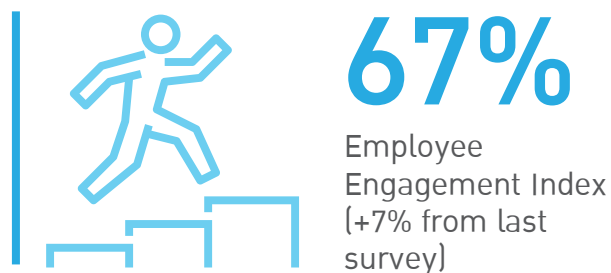
employees say they have
opportunities for learning
and development*

* From 2019 Employee Engagement Survey

3) We are Proud to Work at Vinythai

As we are working to create a corporate climate where highly-motivated employees can undertake challenges, the Employee Engagement Survey 2019 was launched in order to check the synergetic contribution of highly-motivated employees and the corporate climate of the Company and link the finding of the survey to actions. 99% of employee participation rate in this survey is really a “Reflection of Employees’ Voices”.

The overall employee engagement score represents the percentage of employees committed to the organization and willing to apply discretionary effort in their work. The results show our strong level of Employee Engagement at 67% which has improved from the year 2015 at 60%.



The Top three most favourable dimensions suggesting our strengths are:

- **Clear and Promising Direction (90%)** represents the trust you have on the company's direction and goals are the right ones and that it is making necessary changes to effectively compete; as well as the degree of your understanding of the linkage between your job towards the division/department's and overall company's objectives.
- **Quality and Customer Focus (89%)** is the degree that you seek to understand your customers' needs and requirements and committed to delivering high quality products and services while aligning your behaviours to comply with the Code of Conduct. This dimension is genuinely a reflection of one of our core competencies — Customer Focus.
- **Employee Enablement (81%)** is the extent you are well matched to the role and who experience job conditions that support them perform to their full potential.

Other areas considered to be our “Strength” include **Authority & Empowerment (75%)** where employees feel they have enough authority to carry out job effectively and ideas are adopted and put into use; as well as **Work Efficiency (75%)** where we strive to create a safe work environment and to continuously improve to achieve objectives.

Further from the Survey, the Management team will be working together to identify the area for improvement and key measures in order to make Vinythai an even better workplace for everyone.



4) New HR Platform - HRnext

In 2019, Vinythai implemented new HR platform called “HRnext” in order to integrate HR technology bringing clear added value through innovation, mobile functionality, leveraging best practices, user-friendliness, strong analytical tools and customer-focused at effective cost.

We started in 2019 the implementation of Employee Central, Performance Management and Compensation modules with cloud-based solutions, and we will continue Learning Management and Time Management modules in 2020.

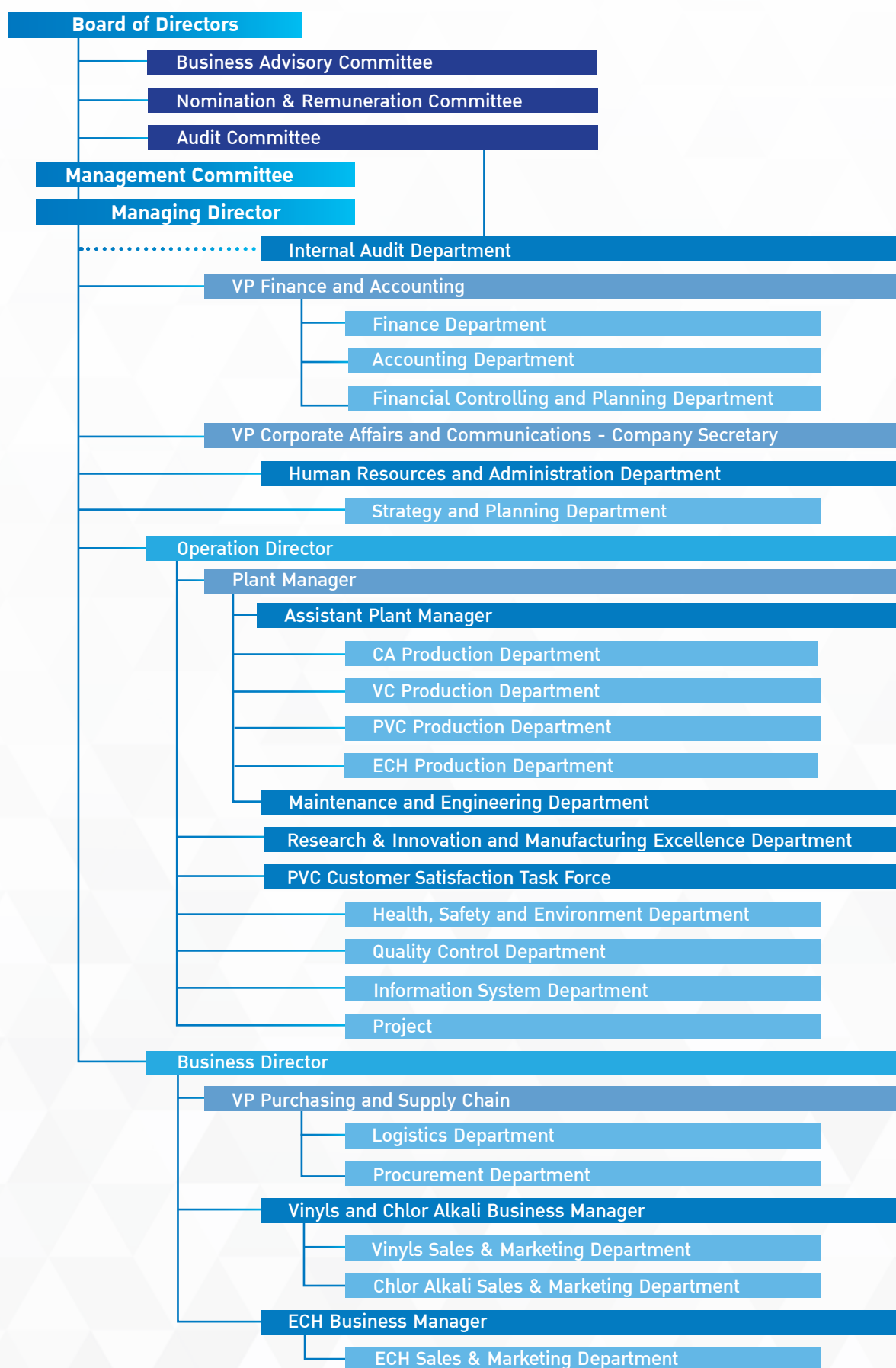
This is not just only the development of HR process and tools, but also long-term development of human capital. “HRnext” will support HR Management process and also internal customers (employee & Managers) with self-service tools. Simplifying Human Resources processes is another important step and is a great example of how we are aiming to be more employee-centric.





MANAGEMENT STRUCTURE

ORGANIZATION CHART OF VINYTHAI PUBLIC COMPANY LIMITED



THE BOARD OF DIRECTORS

[as of 31 December 2019]



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. Kazuaki Koga (Age 60)

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



**Mr. Wiboon
Chuchepchunkamon
(Age 57)**

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

* appointed as Vice Chairman of the Board of Directors and Member of Nomination & Remuneration Committee, with effect on November 22, 2019

Educational Qualification

- Master of Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Master of Science, Petroleum and Petrochemical, Petroleum and Petrochemical College, Chulalongkorn University
- Bachelor of Engineering, Electrical Engineering, Chulalongkorn University

Certificate:

- The Executive Program in Energy Literacy for a Sustainable Future, TEA, Class 13, 2019 Thailand Energy Academy
- Director Certification Program (DCP) Class 219/2016, Thai Institute of Directors Association (IOD)
- Stanford - NUS Executive Program in International Management, the Republic of Singapore
- Harvard - Leadership Development, Shanghai, the People's Republic of China

Proportion of Shareholding (%)

none

Family's Relationship Management

none

Work Experience in the past 5 years

Positions in Listed Company on SET (2)

22 Nov 2019 - Present	Vice Chairman of the Board of Directors, Member of Nomination & Remuneration Committee*, Vinythai Public Company Limited
1 Oct 2019 - Present	Acting Senior Executive Vice President - Downstream Petrochemical Business, PTT Global Chemical Public Company Limited
1 Jan 2018 - 30 Sep 2019	Senior Vice President - Polymers Business Unit, PTT Global Chemical Public Company Limited
1 Jul 2017 - 31 Dec 2017	Senior Vice President - Downstream Petrochemical Business, PTT Global Chemical Public Company Limited
1 Jan 2016 - 30 Jun 2017	Senior Vice President - EO-Based Performance Business Unit PTT Global Chemical Public Company Limited
1 Oct 2015 - 31 Dec 2015	Vice President - EO-Based Performance Business Unit PTT Global Chemical Public Company Limited
15 Feb 2013 - 30 Sep 2015	Vice President, Production - Olefins II, PTT Global Chemical Public Company Limited
1 Jan 2013 - 14 Feb 2013	Vice President, Production — LLDPE 1, PTT Global Chemical Public Company Limited

Positions in Non-Listed Company on SET (14)

26 Mar 2019 - Present	Chairman, Revolve Group Limited
15 Nov 2019 - Present	Chairman, GC Oxirane Company Limited
1 Oct 2019 - Present	Chairman, GC Glycol Company Limited
14 Nov 2019 - Present	Director, GC-M PTA Company Limited
14 Nov 2019 - Present	Director, Thai PET Resin Company Limited
9 Oct 2019 - Present	Director, Solution Creation Company Limited
1 Oct 2019 - Present	Director, PTT Phenol Company Limited
17 Oct 2018 - Present	Director, HMC Polymers Company Limited
19 Jun 2018 - Present	Director, Kuraray GC Advance Materials Company Limited
9 Jan 2018 - Present	Director, GC Marketing Solutions Company Limited
7 May 2019 - 10 Nov 2019	Chairman, GC Styrenics Company Limited
1 Jan 2018 - 31 Oct 2019	Chairman, GC Logistics Solutions Company Limited
1 Jan 2018 - 31 Oct 2019	Chairman, PL Global Transport Company Limited
22 Jan 2016 - 15 Jul 2017	Director/ Managing Director, TOC Glycol Company Limited



Ms. Duangkamol Settanung (Age 60)

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
- Accounting Standard-Business Combination, 2019

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
Oct 2011 - Nov 2015	Senior Executive Vice President, Corporate Accounting and Finance, IRPC Public Company Limited
1 Mar 2011 - 30 Nov 2018	Executive Vice President, PTT 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)

31 Oct 2019 - Present	Director, PTTGC International (USA) Inc
2 Mar 2018 - Present	Chairman, GC Treasury Center Company Limited
2 Jun 2017 - Present	Director, GC Polyols 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 66)

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)
- Risk Management for Corporate Leaders (RCL) 16/2019, 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)

26 Apr 2019 - Present	Independent Director and Chairperson of Audit Committee, Capital Nomura Securities Public Company Limited
29 Aug 2019 - Present	Member of Nomination and Remuneration Committee, Vinythai Public Company Limited
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 (5)

8 Mar 2018 - Present	Member of Good Governance and Social Responsibility Committee, Thai Public Broadcasting Service (ThaiPBS)
24 Jul 2018 - Present	Member of Financial Management Committee, Thai Public Broadcasting Service (ThaiPBS)
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 72)

Independent Director and Member
of Audit Committee

Educational Qualification

- Bachelor Degree, 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)

29 Aug 2019 - Present	Independent Director and Member of Audit Committee, Vinythai Public Company Limited
28 Nov 2017 - 28 Aug 2019	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 and Member of Nomination & Remuneration 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 66)

Independent Director and Member
of Audit Committee

Educational Qualification

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

Certificate:

- Certificate in Chairman 2000 Class 2/2001, Thai Institute of Director Association (IOD)
- Certificate in Director Certification Program (DCP) Class 57/2005, Thai Institute of Director 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
----------------------	--

Positions in Non-Listed Company on SET (3)

Mar 2019 - Present	Director, Hasfarm Holding Limited
Sep 2014 - Present	Director, Viet-Uc Seafood Joint Stock Company
Feb 2002 - Present	Managing Director, Private Equity (Thailand) Company Limited



Mr. Andre R. van der Heyden
(Age 72)

Independent Director

Educational Qualification

- Master Degree in Metallurgical Engineering, Universite 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 54)

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 - 30 Oct 2019 Chairman, Vinythai Holding Pte. Ltd., Singapore
 22 Feb 2017 - 19 Nov 2018 Chairman, Solvay Biochemicals (Taixing) Co., Ltd., China
 1 Jan 2017 - 21 Feb 2017 Deputy General Manager, Strategy & Planning Office, Corporate Planning Div., AGC Inc., 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 54)

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

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)

6 Apr 2018 - Present Director, AGC Chemicals Vietnam Co., Ltd.
 4 Apr 2018 - Present Director, AGC Chemicals (Thailand) Co., Ltd.
 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
 1 Apr 2017 - Present Director, PT Riken Asahi Plastics Indonesia
 27 Feb 2017 - 26 Mar 2018 Managing Director, Advanced Biochemical (Thailand) Co., Ltd.
 22 Feb 2017 - 30 Mar 2018 Director, Advanced Biochemical Europe
 22 Feb 2017 - 19 Nov 2018 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. Masahiko Fukamachi
(Age 57)

Director and authorized to sign to bind the Company

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

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 - 21 Feb. 2018 Chief Financial Officer, CMC ICOS Biologics Inc., USA
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, Building & Industry Glass Company, Japan/Asia Pacific, AGC Inc., Japan



Mr. Ryutaro Yamaki
(Age 55)

Director, and authorized to sign to bind the Company

Educational Qualification

- Master of Science, Graduate School of Science, The University of Tokyo

Proportion of Shareholding (%) none

Family's Relationship Management none

Work Experience in the past 5 years

Positions in Listed Company on SET (1)

22 Nov 2019 - Present Director*, Vinythai Public Company Limited

Positions in Non-Listed Company on SET (1)

1 Oct 2019 - Present Senior Manager, Essential Chemicals, General Div., AGC Chemicals, AGC Inc., Japan
21 Oct 2018 - 30 Sep 2019 GM, Production Planning & Management Div., AGC Chemicals, AGC Inc., Japan
1 Jan 2016 - 20 Oct. 2018 GM, Sales & Supply Chain Management Div., AGC Chemicals, AGC Inc., Japan
21 Apr 2010 - 31 Dec 2015 GL, Business Coordination Group, Essential Chemicals, General Div., AGC Chemicals, AGC Inc., Japan

* appointed as Director, with effect on November 22, 2019

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

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 2019, 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. Wiboon Chuchepchunkamon	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 Member of the Nomination and Remuneration Committee
7. Mr. Pipop Pruecksamars	Independent Director Member of the Audit Committee
8. Mr. Pote Videtyontrakich ^{2/}	Independent Director Member of the Audit Committee
9. Mr. Andre van der Heyden	Independent Director
10. Mr. Masahiko Fukamachi	Director
11. Mr. Ryutaro Yamaki	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 2019 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 5 times/ year **	Nomination and Remuneration Committee Total 3 times/ year	Annual General Meeting Year 2019 Total 1 time/ year
1. Mr. Kazuaki Koga ⁽¹⁾	5/5	-	-	3/3	1/1
2. Mr. Narongsak Jivakanun	4/4 ⁽²⁾	-	-	2/2 ⁽²⁾	1/1
3. Ms. Duangkamol Settanung	4/5	5/5	-	-	1/1
4. Mr. Tadashi Hiraoka ⁽¹⁾	4/4 ⁽³⁾	-	-	-	1/1
5. Mr. Yoshihisa Horibe	5/5	5/5	-	-	1/1
6. Mr. Hiroaki Sano	5/5	5/5	-	-	1/1
7. Associate Professor Dr. Danuja Kunpanitchakit	5/5	-	5/5	1/1 ⁽⁵⁾	1/1
8. Mr. Pipop Pruecksamars	5/5	-	5/5	2/2 ⁽⁴⁾	1/1
9. Mr. Pote Videtyontrakich	3/5	-	3/5	-	0/1
10. Mr. Andre R. van der Heyden	3/5	-	-	-	1/1
11. Mr. Masahiko Fukamachi	5/5	-	-	-	1/1
12. Mr. Wiboon Chuchepchankamon ⁽³⁾	1/1 ⁽⁶⁾	-	-	-	-
13. Mr. Ryutaro Yamaki	1/1 ⁽⁶⁾	-	-	-	-

(1) Directors whose residence are outside the Kingdom.

(2) Resigned from the member of Board of Directors and Nomination and Remuneration Committee effective from 22 November 2019; therefore the number of Board of Directors meeting is 4 times/year and Nomination and Remuneration Committee meeting is 2 times/year.

(3) Resigned from the member of Board of Directors effective from 22 November 2019; therefore the number of meeting is 4 times/year.

(4) Resigned from member of the Nomination and Remuneration Committee effective from 29 August 2019; therefore the number of meeting is 2 times/year.

(5) Appointed as the member of Nomination and Remuneration Committee effective from 29 August 2019; therefore the number of meeting is 1 time/year.

(6) Appointed as the member of Board of Directors effective from 22 November 2019; therefore the number of meeting is 1 time/year.

(**) Total 5 times/year, including the annual meeting with Auditor

COMMITTEES

The Board of Directors has set up 3 committees to strengthen the 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 2019, 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. Masaru 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 Kijjarovanvisal | 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 2019, 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 2019, the shareholders approved remuneration for the Board of Directors in the shareholders' meeting, including bonus payments based on the operational results for 2018. The total remuneration for the Board of Directors amounted to 6,960,000 Baht, inclusive of a total bonus payment of 16,500,000 Baht. Details are as follows:

Unit: Baht/year

Name	Position	Remuneration	Bonus paid in 2019	Total Remunerations and Bonus
1. Mr. Kazuaki Koga	Director Chairman of the Board of Directors Chairman of the Nomination and Remuneration Committee	840,000	1,500,000	2,340,000
2. Mr. Narongsak Jivakanun ⁽¹⁾	Director Vice Chairman of the Board of Directors Member of the Nomination and Remuneration Committee	535,000	1,500,000	2,035,000
3. Ms. Duangkamol Settanung	Director Chairperson of the Business Advisory Committee	780,000	1,500,000	2,280,000
4. Associate Professor Dr.Danuja Kunpanitchakit	Independent Director Chairperson of the Audit Committee Member of the Nomination and Remuneration Committee	780,000	1,500,000	2,280,000
5. Mr. Hiroaki Sano	Director Managing Director Member to the Business Advisory Committee	720,000	1,500,000	2,220,000

6. Mr. Yoshihisa Horibe	Director Member to the Business Advisory Committee	720,000	1,500,000	2,220,000
7. Mr. Tadashi Hiraoka ⁽¹⁾	Director	321,000	1,500,000	1,821,000
8. Mr. Pote Videtyontrakich	Independent Director Member to the Audit Committee	720,000	1,500,000	2,220,000
9. Mr. Pipop Pruecksamars	Independent Director Member to the Audit Committee	720,000	1,500,000	2,220,000
10. Mr. Andre van der Heyden	Independent Director	360,000	1,500,000	1,860,000
11. Mr. Masahiko Fukamachi	Director	360,000	1,000,000	1,360,000
Directors who were appointed during the year 2019				
12. Mr. Wiboon Chuchepchunkamon ⁽²⁾	Director Vice Chairman of the Board of Directors Member of the Nomination and Remuneration Committee	65,000	-	65,000
13. Mr. Ryutaro Yamaki ⁽²⁾	Director	39,000	-	39,000
Directors who resigned during the year 2018				
14. Mr. Hiroaki Ono ⁽³⁾	Director	-	500,000	500,000
Grand Total		6,960,000	16,500,000	23,460,000

(1) Resigned from the Company's director effective from 22 November 2019

(2) Appointed as the Company's director effective from 22 November 2019

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

In addition to above, as resolved by the Nomination and Remuneration Committee, executive who served as the company secretary is entitled to receive an appropriate remuneration comprising total annual remuneration of 240,000 Baht for year 2019.

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 9 executives (as the definition of the SEC) was 66,542,839 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 2019, 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>)

(Business Advisory Committee Charter on page 29-33)

(2) The Audit Committee

As of 31 December 2019, 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 2019, the Committee comprises the existing members as follows:

- | | |
|--|----------|
| 1. Mr. Kazuaki Koga | Chairman |
| 2. Mr. Wiboon Chuchepchunkamon | Member |
| 3. Associate Professor Dr. Danuja Kunpanitchakit | 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>)

(Nomination and Remuneration Committee Charter on 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;
- 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 of 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 2,060,000.-

(2) Non-Audit Fee

The Company paid the non-audit fee for corporate income tax review and other services in the past fiscal year in the amount of THB 1,675,000.-

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. 1/2020 on 21 February 2020 for acknowledgement. The Board of Directors has considered and reviewed the Corporate Governance Code by means that are suitable to the Company's business. 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 SET'S principles of good corporate governance for the listed companies.

1. Rights of Shareholders

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

Prior to the Annual General Meeting of Shareholders (AGM)

- Following the Board of Directors' resolution dated February 21, 2019 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:
 - 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.
 - 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 35 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 (25 April 2019)

- 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 10 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 The Phenomena 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 in a coral cultivation with PVC pipe.



3. Role of Stakeholders

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

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

Shareholders

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

Board of Directors and Management

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

Employees

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

- Offering equal employment opportunity, respect for human rights and respect employee's right, and developing and fully realizing employees' potential in performing their tasks and duties. The Company also implements equitable employment conditions and maintains a safe and conducive working environment. A welfare committee comprising representatives from the Management and employees monitors and reviews employee benefits to ensure the employee welfare is adequate and secures for them the parity with the industry.

- Providing training and employee development opportunities at all levels. Employees are encouraged to develop thorough knowledge and competencies so as to continuously upgrade both the ability of the organization and its capacity in each work area.
- Providing seminars and trainings for all employee levels in order to gain the knowledge and understanding in respect to the environment including creation of the awareness in protection of natural resources and environment within the community and the public. The training courses which have been provided to the employees are as follows:
 1. ISO 14001:2015 - Environment Aspect
 2. VOCs Inventory and Fugitive Management
 3. Water Pollution Operator
 4. Air Pollution Operator
 5. Industrial Waste Operator
- Promoting two-way communications within the whole Company and making employees proud to work for the organization.
- Providing suitable welfare for all levels of employees.
- Placing at the top of all priorities, hygiene, safety and environment in the workplace.

Customers

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

Creditors

The Company treats all creditors equally and is fully cognizant of its accountability to creditors and its obligation to ensure that its conduct strictly adheres to contractual commitments and financial obligations. To ensure that all creditors are kept up-to-date with relevant financial information, the Company submits its financial statement to all creditors on a quarterly and



annual basis. Furthermore, the Company's internal procedures ensure that it is open equally to all creditors to offer competitive pricing and services. In addition, the Company can only accept new credit facilities offered by any financial institution after they are proposed to and approved by resolution of the Board of Directors.

Business Partners

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

Business Alliances

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

Competitors

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

Community, Society and Environment

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

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 subcommittees, 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 from time to time. 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 2019 and changes from the past year is as follows:

- Directors: None of Directors holding the company's share
- Management: There are 9 managements (as the definition of the SEC) but there is only one holding the company's share

Name	as of 31 December 2018			as of 31 December 2019			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 2019, the Company recorded 30 visits by investors and analysts as follows:

Type of Visit	No. of Visits	No. of Companies
One-on-One Meeting	30	7

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)
- AGC Global Helpline : <https://whistle.jp/AGC/>
- AGC Thai Helpline : thai.helpline@agc.com
: telephone +81 3-3218-5745 ext. 11-5745
- VNT Helpline : nathawat.tirawatnangkoon@agc.com
: telephone 0-2030-6867

• 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, 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's 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 Subcommittee

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 2019, 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 one 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 is 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>)

Additional Speak Up Channels Provided by the Company

In February 2019, the AGC Global Helpline and AGC Thai Helpline were announced and implemented within the Company, in addition to the existing Internal Thai Helpline. The employees were encouraged to report to AGC Global Helpline, <http://whistle.jp/AGC/> in the case of issues affecting AGC Group including the bribery, violation of antitrust laws, and fraudulent accounting while the non-compliance matters should be reported through AGC Thai Helpline.

Here below are all speak up channels which employees can ask questions, voice concerns or make suggestion regarding the business practice of the Company:

1. Committee of the Code of Conduct;
2. Sub-Committee of the Code of Conduct;
3. Direct Manager;
4. Helpline of the Company (nathawat.tirawatnangkoon@agc.com or +66 (0) 2 030 6867); or
5. AGC Global Helpline (<http://whistle.jp/AGC/>); or
6. AGC Thai Helpline (thai.helpline@agc.com or +81 3-3218-5745 Ext. 11-5745); or
7. The Audit Committee of Company ([//www.vinythai.co.th/survey3.php](http://www.vinythai.co.th/survey3.php))

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 Thailand's 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 2019

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.
2. Employees at all levels must sign for 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 employee 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 and implemented the Code of Conduct for Suppliers since 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. During the year, the Company went through the self-assessment process for a re-certification of the Thailand's Private Sector Collective Action Coalition against Corruption for another 3 years. The Company has planned to submit relevant documents for the renewal of the CAC Certificate with the CAC Council around March 2020.
6. During the year, the Company has arranged two meetings of the Sub-Committee of the Code of Conduct in July and November 2019 and one meeting of the Committee of the Code of Conduct in November 2019 to transact activities defined in the Code of Conduct in respect to Compliance Organization.



INTERNAL CONTROL AND 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 implementation of the internal control system. The Management has formulated the internal control 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.3/2019 held on July 18, 2019, and year-end report of 2019 to the Board Meeting No.1/2020 held on February 21, 2020 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. The Company has provided sufficient resources to efficiently operate according to the determined processes. Current monitoring and follow-up of the operation including risk management system are 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 has been trained to the Company's management and employees at all levels on annual basis.

Under the Policy of Corporate Governance and Anti-Corruption, 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. In case of non-compliance is found, the Company timely proceeds to handle any violation case, as well as fixing remedial actions for improvement.

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 and adequate 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 risk management system steered by the Management Committee, risks are identified both from internal and external risk factors that could affect the achievement of the Company's objectives and the significance of financial reporting. Moreover, in 2019, the Risk Management Policy was revised by the Management Committee to strengthen the effective internal control, resulting in the change of the policy to "Internal Control and Risk Management Policy". The policy, approved by the Management Committee, was communicated to employees at all levels.

- 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, control over information system and accessibility, as well as the security of information assets. In addition, to emphasize the anti-corruption program implemented by the Company, the guideline of fraud risk assessment has been developed in some potential fraud 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 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 subsidiary. Transaction authority for significant activities and level of approval for each level of management have been clearly designated through line of authority in writing, and communicated to employees for compliance. 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 maintaining good control, the Company separates the function of authorization of the transactions from that of book recording and safeguarding of assets. All relevant parties are given a framework, within which they can control utilization of the Company's assets, while the duties of operational staff and inspectors are kept separate. Additionally, a financial control system has been introduced, via the implementation of a financial reporting process for the various levels of management.

- Regarding connected transaction, Directors and the management are well aware of and comply with the regulations governing the connected transactions. Significant related transactions had been reviewed by the 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 has implemented systematic data processing and enhanced information quality through a data governance program, as well as identifying, protecting, and retaining financial data and information with access and application control. The Company has developed 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 assets. In addition, in case of incident affecting the information system, the Company has prepared procedures 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 auditor and external auditor, the Company's J-SOX implementation in 2019 has been effective.

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 with significant information in details, which are kept for reference and traceability. Transactions and accounting records are completely filed and correction will be done when deficiencies are detected.

- 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's 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 determined monitoring measures to ensure adherence to the code of conduct, as well as defining 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, as well as, reporting progress of remedial actions. 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 2019, 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.

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 & Accounting, Plant Manager, Vice President Corporate Affairs & Communications, and Vice President Purchasing & 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 & 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.

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, raw material and utility prices in international markets

• Finished goods

Prices of PVC resin, Caustic soda and Epichlorohydrin on international markets can fluctuate considerably, due to demand & supply balance. 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 and utilities

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 40% of the Company's total production costs in 2019.

Mitigation:

Concerning fluctuations in its end product prices, Vinythai's marketing & sales teams closely monitor price evolution in order to proactively make adjustments to prevailing conditions. The Company's fully-integrated production processes help, to some extent, to shield it from Ethylene and Glycerin price volatility. To further reduce the impact of those cost factors, the Company negotiates with suppliers to ensure effective pricing management that best reflects Asian market conditions.

The Excellence programs launched since 2015 on manufacturing and maintenance sites, and purchasing & 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 & variable costs, productivity and price management in 2019.

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 and utilities. 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 and utility 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 2019, 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 Bio-based Epichlorohydrin production using "renewable raw material", 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, electronic components, and composite materials for automotive, aerospace, and windmill power-generating industries.

2.4 Cyber risk

Cyber Risk has become a serious threat to both personal and organizational level due to increasing application and data exchanging through Internet.

Mitigation:

Vinythai has established the IT security management in compliance with "AGC Group Common IT Security Standard Management Regulations" for augmenting the overall level of IT security across the Company. These regulations, will aim to raise the level of IT security management by implementing technical defenses against sophisticate cyber-attacks, detect when a security breach has occurred, respond to it immediately and appropriately, then promptly and safely recover any damage caused, including process for compliance with the regulations.

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

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), as well as asset and integrity management according to the guideline of international recognized standard and requirement developed by local organization. The external audit was also carried out by the Certified Auditors in accordance with IEAT's requirement in 2019 with no major nonconformity.

Continuously exercised the emergency preparedness and the Business Continuity Management (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 and regularly reviewing of these plans.

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

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 & 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 terms 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 management system*
- *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 2019



AUDIT COMMITTEE'S REPORT FOR 2019

The 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 accounting, finance and investment, 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).

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 pursues and promotes 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.

Major activities carried out by the Audit Committee during 2019 are summarized as follows:

Meetings

In 2019, the Audit Committee held totally five meetings comprising four ordinary meetings and one non-management meeting. Meeting attendance of each committee member was disclosed in the Annual Report 2019, under Management Structure. The management and the external auditor were invited to attend the quarterly meetings to discuss various issues of concern.

The Audit Committee held a non-management meeting once a year with the external auditor without the presence of the Company's management in order to freely discuss issues concerning the preparation of the financial statements, disclosure of information, 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 2018 and 2019 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 Key Audit Matters, compliance with Thai Financial Reporting Standards, and 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 sufficient 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 related transactions

The Audit Committee has exercised independent judgment in reviewing related transactions with the Company's major shareholder and transactions with potential conflicts of interest. The review is 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 and the external auditor nominated by the major shareholder, the result revealed that the Company's internal control system had been 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. In addition, in 2019, the Audit Committee emphasized on creating employee awareness regarding good internal control implemented in each operating unit.

The Audit Committee reviewed the internal audit reports of the Company's Internal Audit function, 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. In addition, in 2019, Corporate Internal Audit performed an audit on the Company and its subsidiaries, aiming to evaluate the design effectiveness of the Company's rules and operation effectiveness of the business. Based on the evaluation, the internal control has been established appropriately.

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 to streamline the risk assessment process and risk identification to ensure that all risks identified have been timely mitigated with adequacy and appropriateness for the business operation.

Review of Corporate Governance and Compliance

The Audit Committee reviewed overall management of the Company's corporate governance practices to ensure the practices are appropriate for business operation, as well as in compliance with criteria defined by the SEC, the SET and the Thai Institute of Directors (IOD), as well as acknowledge the guidelines of implementing the anti-corruption procedures. Moreover, on concern of the Corporate Governance Code (CG Code) for listed companies 2017 established by the SEC, the Audit Committee provided recommendations to the management to develop CG Code compliance and appropriate implementation to enhance sustainable value for the Company and its stakeholders.

The Audit Committee reviewed complaints from stakeholders communicating critical issues, deficient internal control or unethical behaviors via the Company's website and other channels as defined by the Company. The complaint cases reported in 2019 were investigated, resolved and reported to whistle-blowers and concerned parties.

The Audit Committee reviewed the Audit Committee Charter to ensure that the scope of duty and responsibilities have been in compliance with the requirement of the SET. In 2019, the Audit Committee unanimously agreed to amend the Charter in order to enhance the role of corporate governance. The revised Charter has been approved by the Board of Directors on 18 July 2019. In addition, the Audit Committee reviewed the Internal Audit Charter in order to strengthen the supporting role for Audit Committee under the corporate governance scope of responsibility.

The Audit Committee continued to self-assess the Audit Committee's overall performance to evaluate its general effectiveness. Based on 2019 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 Ms. Sureerat Thongarunsang, or Mr. Waiyawat Kosamarnchaiyakit, as the Company's auditor, and determined the auditor's remuneration for 2019.

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 related 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

CORPORATE SOCIAL RESPONSIBILITY



With Vinythai's mission "Vinythai, the first choice in chlor-alkali and biochemicals for better living and sustainability" is indispensable to the Company's mid-term and long-term business plans. As such, its corporate social responsibility ethic is commensurately strong, requiring all management and staff, including all stakeholders, internally and externally, to be actively involved in relevant measures.

CORPORATE SOCIAL RESPONSIBILITY POLICY

The Board of Directors' Engagement in Social Responsibility Practices

The Vinythai Board of Directors' engagement in Social Responsibility (SR) practices exists at the policy and management levels. The Board of Directors oversees the previous years' operations and results, including gives suggestions on needed improvements. Additionally, the Management adopted and participated in the 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 SR 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" workplace.
- To enhance and deliver satisfaction to the Group's key stakeholders — customers, suppliers or external providers, communities, including investors.

(Mr. Hiroaki Sano)
Managing Director

PROGRESSIVE SUSTAINABLE DEVELOPMENT

Vinythai adheres to ISO 26000 Social Responsibility guidelines in implementing the principle dimensions of its corporate responsibility strategies: economic, societal, environmental and cultural. Meeting the needs and expectations of the Company's six key stakeholders and incorporating pertinent provisions into its plans are the strategy's primary focus. With customers, employees, the planet, investors, suppliers, and communities alike, the main objective 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 the owner(s) of each area.

Each year, based on stakeholders' needs and expectations and company strategies, senior management identifies and reviews material sustainability issues in the context of corporate social responsibility. Each concerned area establishes targets and deploys action plans for achieving expectations. Monitoring and reporting continue to be managed during the year. Most recently, Vinythai reconsidered its initiatives in support of its Sustainable Development Goals (SDGs) and, after due reflection, extended them.

Material Sustainability Issues

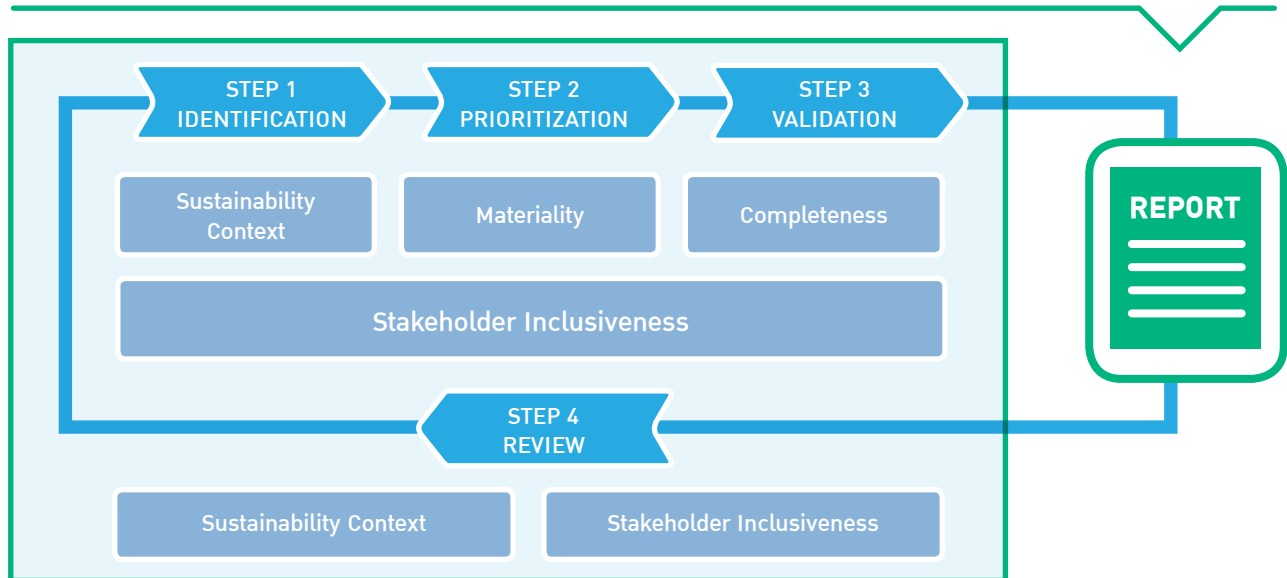
Vinythai established materials for sustainability issues based on the significance and relevance of topics according to ISO 26000 methodology and reported its sustainability performance accordance with The Global Reporting Initiatives Reporting Framework Version G4, GRI G4. Linkages between prioritized topics, ISO 26000 Core Subjects and issues can be illustrated as follows:

Matrix of CSR Issues Relating to Vinythai

ISO 26000 Items		Vinythai's High Material Issues	Stakeholders
Core Subjects	Issues		
Organizational Governance	Decision-making process and structures	Organizational governance	Investors
Human Rights and Labor Practices	Working conditions and social protection	Working conditions and social protections	Employees
	Health and safety at work	Occupational health & safety	Employees
	Human development and training in the workplace	Human resources development	Employees
The Environment	Prevention of pollution	Prevention of pollution	Planet
	Sustainable resource use	Sustainable use of resources	Planet
	Climate change mitigation and adaptation	Response to climate change	Planet
Fair Operating Practices	Fair competition	Compliance with antitrust and related laws	Suppliers
	Promoting social responsibility in value chain	Social responsibility in the supply chain	Suppliers
Consumer Issues	Protecting consumers' health and safety	Product safety	Customers
	Consumer service support and complaint	Customer satisfaction	Customers
Community Involvement and Development	Community involvement	Engage with the community & government agencies	Communities

Thus, Vinythai defines the content and boundaries of its material aspects based on GRI G4's methodology as follows:

Topics → Aspects → Disclosures on Management Approach + Indicators



Defining Material Aspects and Boundaries Process Overview

Source: Reporting Principles and Standard Disclosure, GRI Sustainability Reporting Guidelines, 2015

Vinythai's Materiality Matrix



Influence on Stakeholder Assessments and Decisions	High		Organizational Governance	<ul style="list-style-type: none">Organizational governance
			Human Rights & Labor Practices	<ul style="list-style-type: none">Working conditions and social protectionsOccupational health & safetyHuman resources development
			Environment	<ul style="list-style-type: none">Pollution preventionSustainable use of resourcesResponse to climate change
			Fair Operating Practices	<ul style="list-style-type: none">Compliance with antitrust and related lawsSocial Responsibility in the supply chain
			Consumer Issues	<ul style="list-style-type: none">Product safetyCustomer satisfaction
			Community Involvement and Development	<ul style="list-style-type: none">Engage with communities and government agencies
	Low			
		Low		High
		Significant Impact on Economy, Environment, and Society		

Responsible Practices Initiatives Relating to Material Issues

Vinythai Sustainability report 2015 – 2018 was published in September 2019, at <http://bit.ly/2RL5fWB>

The progress of major activities relating to Material Sustainability Issues in 2019 are as following;



Organizational Governance

Organizational Governance			
Target 2019 – 2021	Implement effective and efficient operation: <ul style="list-style-type: none"> Assign authorities and responsibilities in the organization; Promote integrity and ethical values to prevent bribery and corruption; Continue operations with PDCA according to ME Plus. 	Continue to promote compliance:- Promote and implement antitrust laws and code of conduct: <ul style="list-style-type: none"> Conduct compliance and code of conduct training; Continue Information Security Management System. 	Continue to ensure effective communications: <ul style="list-style-type: none"> Use a variety of communication tools to disseminate the Company's vision, mission and shared values; Promote dialogue with shareholders, disclose and disseminate information about management policy and business performance at investor briefings and general shareholder meetings by the Managing Director.
Progress of major activities in 2019	<ul style="list-style-type: none"> Organized Code of conduct awareness training to all employee; Organized the internal control awareness session for all departments & performed the internal audit by AGC internal audit team; Maintained the internal control over financial reporting (J-SOX) and performed audited by AGC internal audit and external auditor, respectively; Reviewed risk management programs annually; Maintained ME Plus program. 	<ul style="list-style-type: none"> Implemented internal audit program and comply with antitrust laws; Maintained Information Security Management System to prevent leakages of confidential information and secure data credibility. 	<ul style="list-style-type: none"> Communicated to shareholders through general shareholders' meeting, shareholders' factory visit, annual report and sustainability report regularly; Communicated the Company policy and objectives to all employees as planned.

Human Rights and Labor Practices

Human Rights and Labor Practices			
	Working Conditions and Social Protection	Occupational Health & Safety	Human Resources Development
Target 2019 – 2021	Respect employees' human rights and guarantee their social rights: <ul style="list-style-type: none"> Continue to comply with local laws and regulations; Continue HSE Committee and welfare Committee activities as employee representatives; Annual code of conduct awareness training for employees. 	Ensure employee health & safety: <ul style="list-style-type: none"> Maintain control of risks associated with occupational exposures; Promote health and well-being at work; Prevent occupational safety accidents by rigorously implementing the safety excellence program; Continue BMI competition. 	Develop employee skills training program: <ul style="list-style-type: none"> Vinythai's training roadmap is designed to sustain development of employee competency and expertise; Implement Industrial academy training program; Roll out leadership and management development program (competency-based training); Sales & Marketing Academy to be initiated in 2019; Employee Engagement survey in 2019; Continue innovation and suggestion program.

Progress of major activities in 2019	<ul style="list-style-type: none"> Conducted HSE Committee & welfare committee's meeting as planned; Organized Code of conduct awareness training to all employee. 	<ul style="list-style-type: none"> Conducted survey risks associated with occupational exposures; Conducted Process Safety Management External assessment & submitted report to IEAT in Aug-19; Conducted SHE survey (BBS, Ergonomic, Equipment safety, PPE) in 4 pilot areas with correction; Maintained 2nd year BMI competition and awards. 	<ul style="list-style-type: none"> Industrial Academy and Sales & Marketing Academy was implemented and on going; Leadership & Management Development program was rolled out across organization; Skill Matrix development is on progress; Employee Engagement Survey 2019 was conducted with improving engagement index from 61% to 67%.
--------------------------------------	--	---	---

Environment

The Environment			
	Prevention of Pollution	Sustainable Use of Resources	Response to Climate Change
Target 2019 - 2021	<p>Continue pollution reduction measures:</p> <ul style="list-style-type: none"> Maintain ISO 14001: 2015; Continue factory waste reduction; Continue air pollution and effluent monitoring; Continue Eco Factory program per Federation of Thai Industries' guideline. 	<p>Optimize main raw materials and utilities consumption:</p> <ul style="list-style-type: none"> Manage Salt, Ethylene and Glycerin sourcing; Continue system ramp-up (recycle condensate & brine); Resume available H2 consumption after equipment correction. 	<p>Continue energy conservation and GHG emission reduction program:</p> <ul style="list-style-type: none"> Continue energy conservation by Energy Committee; Process optimization at refrigeration unit; Replace R22 air conditioners in each building through 2024.
Progress of major activities in 2019	<ul style="list-style-type: none"> Maintained ISO 14001: 2015 and environment monitoring program; Implemented waste storage improvement project and maintained the zero landfill principal; Received Environmental Governance award (Green star); Received Certificate for eco-industrial town support. 	<ul style="list-style-type: none"> Maintained sourcing and set long term contracts with Salt, Ethylene and Glycerin vendors, including electricity and steam; Implemented equipment improvement project which could save electricity and steam; Continued reduce number of truck journey by optimizing transport and logistics efficiency; Maintained the condensate (steam) & brine recycle; Maintained H2 utilization (use instead of natural gas). 	<ul style="list-style-type: none"> Continued the energy conservation program by Energy Committee to closely monitoring of specific energy consumption; Started steam traps replacing project for steam saving and replaced Fluorescent to LED tube in each building for energy saving; Recertificated carbon footprint and carbon reduction for company products.

Fair Operating Practices

Fair Operating Practices		
	Compliance with Antitrust and Related Laws	Social Responsibility in the Supply Chain
Target 2019 - 2021	<p>Reinforcement of antitrust law and code of conduct training:</p> <ul style="list-style-type: none"> Train employees in the fundamentals of antitrust laws and fair trade practices; Train all management and staff in code of conduct and anti-corruption policy annually to maintain awareness. 	<p>Promote social responsibility in the supply chain:</p> <ul style="list-style-type: none"> Transport safety, energy saving, CO₂ reduction; Supplier management; complaints channel, waste management, and using goods and services that are environmentally-friendly; Supplier survey and feedback.

Progress of major activities in 2019	<ul style="list-style-type: none"> • Provided refresher training antitrust laws and fair trade practices to all employees; • Provided code of conduct and anti-corruption policy training to all management and staff and continued to promote internally to raise their awareness. 	<ul style="list-style-type: none"> • Maintained transporter awards, training, truck inspection, rush hour road program; • Applied on-line fatigue and distraction detectors to PVC bulk trucks, Caustic Soda trucks, ECH ISO tank to avoid driver drowsiness and distraction while driving; • Received feedback via Supplier management, complaints channel.
--------------------------------------	---	---

Consumer Issues

Consumer Issues		
	Product Safety	Customer Satisfaction
Target 2019 - 2021	Control product related risk: <ul style="list-style-type: none"> • Continue product stewardship program; • Manage "Substance of Very High Concern" (SVHC) for the marketed products; • Monitor SDS distribution for commercial products. 	<ul style="list-style-type: none"> • Continue customer visits and customer relationship management program; spread product awareness; • Make improvements indicated by customer satisfaction survey; • Continue PVC Customer Satisfaction Task Force.
Progress of major activities in 2019	<ul style="list-style-type: none"> • Tracked and evaluated regulatory compliance of products. • Upgraded all product safety data sheets and distributed them to all customers as well as identified the process to ensure they are up-to-date. • Systematically identified and managed Substance of Very High Concern. • Trained the Europe chemical regulation (REACH) to concerned persons. 	<ul style="list-style-type: none"> • Customer visited and communicated product awareness as planned; • Finished customer satisfaction survey in 2019 & set the improvement actions; • Continued "PVC Customer Satisfaction Task Force" to respond to customer requests, maintain customer trust and develop new product grades to meet customer needs.

Community Involvement and Development

Community Involvement and Development			
	Engagement with Communities and Government Agencies		
Target 2019 - 2021	Continue to engage with communities and promote positive perceptions among locals: <ul style="list-style-type: none"> • Regularly visit and participate in community events; • Encourage more than 200 Vinythai volunteers to participate in community events during the year; • Invite communities to visit the Company's plant and participate in CSR activities on Open House Day; • Provide information about Vinythai's business and CSR initiatives and activities. 	Continue to support education inside and outside the classroom: <ul style="list-style-type: none"> • Enhance youth knowledge with learning activities outside the classroom; • Provide scholarships for local students. Continue to enhance information about marketing and product improvement for community enterprise members; • Leverage the quality of Mab Kha - Mab Nai community enterprise products to be on par with the Thai government's OTOP standard; • Extend development support to one community enterprise every year. 	Continue to engage with academic institutes and government offices: <ul style="list-style-type: none"> • Participate in government activities and support information about legal and regulatory drafting processes and matters relating to safety and the environment; • Share information about PVC and petrochemical production with universities and concerned government offices.

Progress of major activities in 2019	Continue to engage with communities and cultivate positive perceptions among locals: <ul style="list-style-type: none"> Regularly visited and participated in community events and activities; Organized or supported events for communities in 2019, such as coral cultivation activity, annual robe presentation, Noenphra Vinythai super mini-marathon and Songkran festival; Around 440 locals from 38 communities, 4 community enterprises and 5 fisherman groups visited the plant and joined CSR activities on Open House Day; Vinythai's business and CSR activities were promoted via brochure, website, news release, banner and presentation. 	Continue to support education inside and outside the classroom: <ul style="list-style-type: none"> Over 6,000 students joined the Company's Marine Science Camps; Collaborated with Map Ta Phut Public Relations Club in music contest to unleash students' potential outside the classroom; Provided scholarships to students from 38 communities. Continue to enhance information about marketing and product improvement for community enterprise members: <ul style="list-style-type: none"> Provided training for Mab Kha-Mab Nai community enterprise members Participated in Thammasat Model project in leveraging Nong Fab community enterprise's marketing knowledge and strategies. 	Continue to engage with academic institutes and government offices: <ul style="list-style-type: none"> Supported information for drafting laws and regulations, trade negotiations, safety and environment by various government agencies; Joined the draft of the National management plan in accordance with the Stockholm Convention; Organized special lectures for science and engineering undergraduates at relevant universities; Collaborated with the Aquatic Resources Research Institute of Chulalongkorn University in coral cultivation by using PVC pipes.
---	---	--	---

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 2019, 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-term 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, system program failure and protest. In 2019, the Company reviewed its Business Continuity Plans as to ensure in providing products and services to its customers as per contract when disaster 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 received at "Very Good Level" for 13 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% sodium hydroxide
- Food and Drug Administration (FDA), Ministry of Public Health, Thailand, license to display an FDA stamp on 32% & 50% sodium hydroxide food additive
- A Central Islamic Committee of Thailand license to display a Halal stamp on 32% & 50% sodium hydroxide 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 Hydrogen

In 2019, Vinythai successfully re-certificated its Occupational Health and Safety Management System, OHSAS 18001:2007. 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. In 2019, our overall customer satisfaction was at very high level, the survey result showed more than 80% in all businesses, reflecting our continuous improvement and strong commitment to be a trusted and innovative partner for our customers.

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 2019 the Company continues "PVC Customer Satisfaction Task Force" to respond to customer requests, maintain customer trust and develop new grade products as needs by customers.

EcoVadis Recognition Level

In 2019, Vinythai is 2nd time rated Gold for Sustainability by EcoVadis, a worldwide accepted business sustainability rating company.

There are 4 topics for assessment which are Environment, Labor & Human Rights, Integrity, and Sustainable Procurement. Vinythai could reach a high score at 72 from 100 in 99th percentile.



ENVIRONMENTAL RESPONSIBILITY

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

- 120 Vinythai members and their families joined 4,500 participants from authorities, industrial enterprises and communities, enthusiastically participated in the 17th International Coastal Clean-up along 15 kilometers from Saengchan-Suchada beach to Namrin-Payoon-Pala beach.
- MOU Signing Ceremony for Collaboration in Marine and Coastal Resources Conservation was held on 26 April 2019 among Department of Marine and Coastal Resources; Department of National Parks, Wildlife and Plant Conservation; Rambhai Barni Rajabhat University; Aquatic Resources Research Institute, Chulalongkorn University; Marine Science Activity and Conservation Foundation supported by Vinythai Plc; and Vinythai Plc.
- Around 200 employees and their family members from AGC subsidiaries in Thailand jointly showed their synergy in coral cultivation activity on AGC CSR DAY.
- The coral cultivation project was established in 2 new areas: Ko Kut in Trat and Ko Sichang in Chon Buri. In 2019, there were around 16,200 people participating in coral cultivation activities.

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

1.1 Company's Product Stewardship

Vinythai and its subsidiary manage risks ensuring safety across the full product lifecycles. Risks include the possibility of injury or health impact to third parties or damage to their property arising from the use of products resulting from inappropriate use in a customer's plant or application for which the products are not designed.

The Company characterizes and manages risks related to the uses and applications of its products, and prioritizes mitigation actions relating to potential inappropriate use. Stewardship programs give adequate information and technical assistance to customers, ensuring a good understanding of safe use and handling.

Product stewardship management system

Vinythai's Product Stewardship Management System has been updated to consider new regulatory requirements and additional potential risk causes. The process ensures that health, safety, environment, regulatory, legal, supply chain, and commercial risks associated with a product's manufacture, distribution, and sale are identified, prioritized, reviewed, and managed.

The key achievement for 2019 is the prioritization of the necessary risk assessments of the Company's products and the more systematic deployment of risk assessments for sensitive product applications.

The product stewardship management system used includes the following requirements:

- regulatory compliance management for all products and applications
- product safety management (composition and hazard information, intended uses and exposure, risk assessment, value chain communication, management of change)
- requirements to establish improvement plans to continuously improve the existing management system

Communication and labeling of hazardous substances:

- Approach for substances of very high concern (SVHC) among products and raw materials
- Assess the adequacy of laws, regulations and standards regarding health and avoid the use of harmful chemicals in product development. If such chemicals must be included, products should be clearly labeled
- Assess and disclose information regarding human health risks before the introduction of new materials, technology or production methods
- Convey vital safety information to consumers using symbols
- Provide consumers with instructions regarding proper use of products and warnings about the risks that use may entail

Safety Data Sheets (SDS) authoring and distribution

In 2019, the Company upgraded the Safety Data Sheets of all products and distributed them to all customers. The SDS clearly explains the components, characteristics, dangers, usage, storage, disposal, and guidelines in case of physical contact or emergency. The sheets are created in compliance with the relevant laws, regulations, and international standards, such as the Global Harmonized System of Classification and Labeling of Chemicals (GHS) regarding chemical product classification and labeling.

Compliance with REACH and other regulations

The Company has updated the Global Harmonized System classification of its products based on data and know-how collated in the context of REACH.

The Company continues to adapt to emerging new product regulations in other countries, in particular in terms of the emergence of REACH-like regulations in non-EU countries, notably including Korea and Turkey.

1.2 Health and Safety Projects

In 2019, the company implemented the following projects notably:

- In collaboration with Noenphra Municipality and communities, Vinythai organized the 10th Noenphra-Vinythai Super Mini Marathon 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, 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 440 locals from 38 communities, 4 community enterprises and 5 fisherman groups 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.

2. Educational Support for Youths

- Scholarships were presented to the selected children in 38 communities.
- 40 students from Wat Chong Samaesan school were widened their horizon in marine and coastal resources at Sea Life Bangkok Ocean World, Siam Paragon Shopping Complex, Bangkok.

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, traditions and national days of Thailand. In 2019, the Company cooperated with surrounding communities to fund and organize the annual ceremonial presentation of robes at Soi Khiri temple. Other examples include the annual Thai New Year “Songkran” festival, and renovation of a mosque in a Muslim community in Map Ta Phut. In addition, the Company’s staff regularly volunteer for worthy causes undertaken as part of significant national celebrations, such as His Majesty the King’s Birthday, Her Majesty the Queen’s Birthday and Children’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 Nong Fab occupational group, who produces pineapple pies, 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 2019

The Company wishes to present the Management Discussion & Analysis (MD&A) on the operating and financial status for the year 2019. The MD&A would enable the investors to better understand the Company and its subsidiary's 2019 audited financial statements.

An Analysis of Performance *

Analysis of Income

The Company and its subsidiary recorded the total revenue of 18,830 MTHB of which 18,605 MTHB earned from sales revenue. The sales revenue decreased by 1,341 MTHB or 6.7% comparing to the year 2018. Such decrement was due to the overall selling price decrease, especially for Caustic Soda due to the fall of its market price trend, plus impact from appreciation of Thai Baht against US Dollar. However, those negative impacts were partially offset by higher sales volume of all main products as a result of stable operation. The share of domestic and export sales has no significant change comparing with the previous year.

Sales Revenue	2019		2018	
	MTHB	%	MTHB	%
Domestic Sales				
1. PVC Resins	5,385	28.9	5,375	26.9
2. Caustic Soda	2,753	14.8	3,920	19.7
3. VCM	1,450	7.8	1,492	7.5
4. ECH	888	4.8	905	4.5
5. Others	126	0.7	102	0.5
Total Domestic Sales	10,602	57.0	11,795	59.1
Export Sales				
1. PVC Resins	3,662	19.7	3,606	18.1
2. Caustic Soda	-	-	102	0.5
3. VCM	-	-	-	-
4. ECH	4,342	23.3	4,444	22.3
Total Export Sales	8,003	43.0	8,152	40.9
Domestic and Export Sales				
1. PVC Resins	9,046	48.6	8,981	45.0
2. Caustic Soda	2,753	14.8	4,022	20.2
3. VCM	1,450	7.8	1,492	7.5
4. ECH	5,230	28.1	5,348	26.8
5. Others	126	0.7	102	0.5
Total Domestic and Export Sales	18,605	100.0	19,946	100.0

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

Analysis of Costs and Expenses

1. In 2019, Cost of sales was 14,187 MTHB, decreased by 1,462 MTHB comparing to 2018 or 9.3% due the drastic decline in Ethylene and Glycerin price from ample supply plus lower crude oil price.

2. In 2019, distribution costs, administrative expenses, and doubtful debt expenses was 1,390 MTHB, increased by 137 MTHB from 2018 due to higher distribution costs from higher export portion, plus loss from unused assets disposal.

3. In October 2019, the Company completed the dissolution of Vinythai Holding Pte. Limited ("VNTH"), its subsidiary in Singapore, and then realized loss on foreign currency differences on dissolution amounting to -13 MB from other comprehensive income to the loss for the year.

Comparing to the previous year, the Company realized gain on foreign currency differences on dissolution of Solvay Biochemicals (Taixing) Limited amounting to 89 MB from other comprehensive income to the profit of the year 2018.

Summary of Performance

For the year 2019, the Company and its subsidiary recorded gross profit of 4,418 MTHB, improved by 2.8% from the year 2018 due to lower prices of raw materials this year and improvement of production reliability. However, such improvement was diminished by the increment of distribution costs and administrative expenses, plus foreign currency differences on dissolution of its subsidiaries as mentioned above.

At the bottom line, the Company and its subsidiary recorded net profit of 3,635 MTHB, increased by 576 MTHB or 18.8% comparing to the year 2018, which due to the recognition of deferred tax assets from loss carried forward of the Company and its subsidiary.

An Analysis of Financial Status *

Analysis of Assets

As of 31 December 2019, the Company and its subsidiary had 23,558 MTHB of the total assets, which was increased 1,962 MTHB or 9% from previous year.

Details of the major changes were following:

1. As of 31 December 2019, the Company and its subsidiary had net cash and cash equivalents amounting to 10,510 MTHB, increasing 2,970 MTHB or 39% comparing to 7,540 MTHB at the end of 2018. (see further information in analysis of cash flow)

2. The balance of trade receivables at the end of 2019 was 2,332 MTHB, decreasing by 280 MTHB comparing to 2,612 MTHB at the end of 2018 due to decline of products' selling price with good collection performance. Most of the receivables were not yet due. For the corresponding bad debt, the Company and its subsidiary had already set sufficient provision.

3. The Company and its subsidiary had net inventories at the end of 2019 amounting to 1,128 MTHB, decreasing from 1,374 MTHB of the year 2018 which mainly due to decline of main raw materials' price.

4. At the end of 2019, the Company and its subsidiary had net property, plant and equipment, and intangible assets amounting to 8,505 MTHB or decreasing by 823 MTHB comparing to 9,328 MTHB at the end of 2018, mainly from normal depreciation offset with asset acquisitions during the year.

5. The balance of deferred tax assets at the end of 2019 was 511 MTHB, increasing by 409 MTHB comparing to 102 MTHB at the end of 2018 following the recognition of deferred tax assets from loss carried forward in 2019.

Analysis of Liabilities

The Company and its subsidiary had total liabilities at the end of 2019 amounting to 1,718 MTHB which decreased by 110 MTHB or 6% comparing to 2018. The major change of the liabilities was from lower of trade accounts payable due to lower prices of raw materials, offset with higher provisions for employee benefits due to the change of severance payment policy following the amended Labor Protection Act.

Analysis of Shareholders' Equity

As of 31 December 2019, the shareholders' equity was 21,840 MTHB which increased by 2,072 MTHB or 10.5% comparing to 19,768 MTHB at the end of 2018. The increment was mainly from the net profit of 2019 offset with dividend paid to its shareholders.

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

Analysis of Cash Flow

As of 31 December 2019, the Company and its subsidiary's Statement of cash flows presented 10,510 MTHB of cash and cash equivalents. The sources and uses of funds were following:

1. In 2019, the net cash flow from operating activities was 4,877 MTHB which increased by 837 MTHB or 21% comparing to 2018 from the Company and its subsidiary's better operating results and working capital management.

2. In 2019, the net cash flow used in investing activities was 361 MTHB, decreased by 190 MTHB comparing to its amount of 551 MTHB in 2018 due to lower acquisition of machinery and equipment, plus more interest received from short-term investment on excess cash.

3. In 2019, the net cash flow used in financing activities amounting to 1,541 MTHB which was the dividends paid to shareholders.

Net cash flow from operating activities	4,877	MTHB
Net cash flow used in investing activities	(361)	MTHB
Net cash flow used in financing activities	(1,541)	MTHB
Translation adjustments of its subsidiary	(5)	MTHB
Net increase in cash and cash equivalents	2,970	MTHB

	2019	2018
Gross Profit margin	23.7%	21.5%
Net Profit margin	19.3%	15.2%
Debt to Equity ratio	0.08	0.09
Earnings per share	3.07	2.58
ROA	14.4%	15.8%
ROE	17.5%	16.3%

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 role and responsibilities to ensure that the Company operates the business effectively and in compliance with objectives, strategies and policies, as well as 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 2019 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 2019 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 of 31 December 2019, 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 of 31 December 2019 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 2019 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, 9, 10, and 11 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>One of the Group's business in Biochemical segment faced a number of challenges in the markets including the volatility of Epichlorohydrin prices and Glycerine prices, resulting in an operating loss of a wholly-owned subsidiary for many consecutive years which are indicators of impairment. However, the subsidiary could take advantage from reducing in excess capacity in China, and started to have an operating profit since 2018, the Group has continuously considered the valuation of assets and, during 2019, recorded a reversal of allowance for impairment loss on investment in subsidiary.</p> <p>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.</p>	<p>My audit procedures in this area included, among others:</p> <p>Obtaining an understanding of management's procedures for identifying an indication of impairment, impairment testing process as well as assessing the appropriateness of the identification of cash-generating units based on my knowledge of the client.</p> <p>To challenge the recoverable amounts of assets using the value in use, I:</p> <ul style="list-style-type: none"> 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. 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 2019 and Independent Auditor's Report

Recognition of deferred tax assets	
Refer to Notes 3(t) and 18 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>The Group has been granted privileges by the Board of Investment resulting the Group has recognised a deferred tax assets of Baht 445.6 million in the consolidated financial statement and Baht 245.6 million in the separate financial statement in respect of a portion of unused tax losses. The recoverability of recognized deferred assets is in part dependent on the Group's ability to generate future taxable profits sufficient to utilize tax losses (before tax losses expire).</p> <p>Future taxable profits involves significant judgments and estimates by management and since the balance of the assets is significant, so this is a focus area in my audit.</p>	<p>My audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> • 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.

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.

Vinythai Public Company Limited and its Subsidiaries

Financial statements for the year ended

31 December 2019 and Independent Auditor's Reports

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 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.

Vinythai Public Company Limited and its Subsidiaries

Financial statements for the year ended

31 December 2019 and Independent Auditor's Reports

- 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 2020

Vinythai Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated financial statements		Separate financial statements	
Assets	Note	31 December 2019	31 December 2018	31 December 2019	31 December 2018
(in Baht)					
Current assets					
Cash and cash equivalents	5	10,509,720,011	7,540,181,775	10,317,304,811	7,211,721,035
Trade accounts receivable	4, 6	2,332,377,946	2,611,957,367	1,684,451,315	1,873,101,380
Other receivables	4, 25	43,143,950	83,724,865	65,006,776	47,744,249
Short-term loans to subsidiaries	4	-	-	-	1,200,000,000
Current portion of long-term loans to subsidiary	4	-	-	642,840,000	595,246,667
Inventories	7	1,128,126,182	1,374,155,532	760,561,011	901,577,101
Other current assets	25	147,615,049	185,170,597	105,012,625	105,546,967
Total current assets		14,160,983,138	11,795,190,136	13,575,176,538	11,934,937,399
Non-current assets					
Investment in associate	8	357,031,317	355,139,527	397,678,320	397,678,320
Investments in subsidiaries	9	-	-	1,454,097,446	113,615,834
Long-term loans to subsidiary	4	-	-	1,285,680,000	1,928,520,000
Property, plant and equipment	10	8,203,310,512	9,104,832,005	5,980,643,701	6,560,245,322
Intangible assets	11	302,102,234	222,789,669	160,182,211	60,835,225
Deferred arrangement fee for long-term loan		-	1,379,762	-	-
Deferred tax assets	18	510,621,831	101,669,610	310,955,910	101,669,610
Other non-current assets		24,191,323	15,232,841	19,664,111	10,512,054
Total non-current assets		9,397,257,217	9,801,043,414	9,608,901,699	9,173,076,365
Total assets		23,558,240,355	21,596,233,550	23,184,078,237	21,108,013,764

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 2019	31 December 2018	31 December 2019	31 December 2018
(in Baht)					
Current liabilities	4				
Trade accounts payable	25	998,659,676	1,343,506,575	845,819,363	1,065,031,849
Other payables	11, 25	241,684,911	200,869,663	197,318,540	160,468,663
Other current liabilities		128,387,502	104,746,232	120,114,271	93,793,823
Total current liabilities		1,368,732,089	1,649,122,470	1,163,252,174	1,319,294,335
Non-current liabilities					
Other non-current payables	4, 11	54,453,724	-	54,453,724	-
Provisions for employee benefits	12	295,051,703	178,737,591	295,051,703	178,737,591
Total non-current liabilities		349,505,427	178,737,591	349,505,427	178,737,591
Total liabilities		1,718,237,516	1,827,860,061	1,512,757,601	1,498,031,926
Equity					
Share capital:	13				
Authorised share capital		7,111,160,664	7,111,160,664	7,111,160,664	7,111,160,664
Issued and paid-up share capital		7,111,160,664	7,111,160,664	7,111,160,664	7,111,160,664
Share premium:					
Share premium on ordinary shares	13	1,303,712,790	1,303,712,790	1,303,712,790	1,303,712,790
Retained earnings:					
Appropriated					
Legal reserve	14	711,116,066	711,116,066	711,116,066	711,116,066
Unappropriated		12,740,255,623	10,676,453,052	12,545,481,650	10,484,862,802
Other components of equity		(26,242,304)	(34,069,083)	(150,534)	(870,484)
Total equity		21,840,002,839	19,768,373,489	21,671,320,636	19,609,981,838
Total liabilities and equity		23,558,240,355	21,596,233,550	23,184,078,237	21,108,013,764

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

Vinythai Public Company Limited and its Subsidiaries

Statement of comprehensive income

	Note	Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
		2019	2018	2019	2018
<i>(in Baht)</i>					
Revenue	4				
Revenue from sale of goods	15	18,605,092,962	19,946,304,217	14,328,047,064	15,472,505,031
Interest income		131,367,856	75,342,214	219,697,687	185,762,328
Gain on foreign currency differences on dissolution of indirect subsidiary		-	89,451,902	-	-
Other income, net		94,184,564	59,573,495	230,620,872	171,993,553
Total revenues	15	18,830,645,382	20,170,671,828	14,778,365,623	15,830,260,912
Expenses	4				
Cost of sales of goods	7	14,186,768,137	15,649,075,350	11,818,541,481	12,634,306,354
Distribution costs		875,575,512	830,707,046	549,664,903	497,828,375
Administrative expenses		514,494,514	422,578,225	421,976,995	330,980,708
Loss on foreign currency differences on dissolution of subsidiary		13,043,036	-	-	-
Reversal of impairment losses on investment in subsidiaries	9	-	-	(1,448,648,521)	(29,393,086)
(Reversal of) doubtful debt expense		137,154	(45,511)	137,514	(690,000,000)
Finance costs		8,261,494	7,721,141	6,196,490	5,438,484
Total expenses		15,598,279,847	16,910,036,251	11,347,868,862	12,749,160,835
Share of profit of associate	8	1,891,790	1,158,801	-	-
Profit before income tax		3,234,257,325	3,261,794,378	3,430,496,761	3,081,100,077
Tax income (expense)	18	401,170,902	(202,383,591)	201,747,743	(203,178,586)
Profit for the year		3,635,428,227	3,059,410,787	3,632,244,504	2,877,921,491

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

Vinythai Public Company Limited and its Subsidiaries

Statement of comprehensive income

	Note	Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
		2019	2018	2019	2018
(in Baht)					
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translating foreign operations		(5,168,477)	(7,524,821)	-	-
Reclassification of foreign currency differences on dissolution of subsidiary and indirect subsidiary		13,043,036	(89,451,902)	-	-
Gain (loss) on cash flow hedges	18	(47,780)	(1,241,043)	719,950	(1,156,828)
Total items that will be reclassified subsequently to profit or loss		7,826,779	(98,217,766)	719,950	(1,156,828)
<i>Items that will not be reclassified to profit or loss</i>					
Gain (loss) on remeasurements of defined benefit plans	18	(30,874,179)	5,628,937	(30,874,179)	5,628,937
Total items that will not be reclassified to profit or loss		(30,874,179)	5,628,937	(30,874,179)	5,628,937
Other comprehensive income (expense) for the year, net of tax		(23,047,400)	(92,588,829)	(30,154,229)	4,472,109
Total comprehensive income for the year		3,612,380,827	2,966,821,958	3,602,090,275	2,882,393,600
Profit attributable to:					
Owners of the parent		3,635,428,227	3,059,410,787	3,632,244,504	2,877,921,491
Profit for the year		3,635,428,227	3,059,410,787	3,632,244,504	2,877,921,491
Total comprehensive income attributable to:					
Owners of the parent		3,612,380,827	2,966,821,958	3,602,090,275	2,882,393,600
Total comprehensive income for the year		3,612,380,827	2,966,821,958	3,602,090,275	2,882,393,600
Basic earnings per share	19	3.07	2.58	3.06	2.43

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

Statement of changes in equity

(in Baht)

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
Note				Legal reserve	Unappropriated			
(in Baht)								
Year ended 31 December 2019								
Balance at 1 January 2019	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								
Transactions with owners, recorded directly in equity								
Distributions to owners of the parent								
Dividends	20	-	-	(1,540,751,477)	-	-	-	(1,540,751,477)
Total distributions to owners of the parent		-	-	(1,540,751,477)	-	-	-	(1,540,751,477)
Comprehensive income for the year								
Profit		-	-	3,635,428,227	-	-	-	3,635,428,227
Other comprehensive income (expense)		-	-	(30,874,179)	7,874,559	(47,780)	-	7,826,779
(23,047,400)								
Total comprehensive income (expense) for the year		-	-	3,604,554,048	7,874,559	(47,780)	-	7,826,779
3,612,380,827								
Balance at 31 December 2019	7,111,160,664	1,303,712,790	711,116,066	12,740,255,623	-	(1,121,582)	(25,120,722)	(26,242,304)
21,840,002,839								

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	
(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	20	-	-	-	(1,066,674,100)	-
						(1,066,674,100)
<i>Total distributions to owners of the parent</i>		-	-	-	(1,066,674,100)	-
						(1,066,674,100)
Comprehensive income for the year						
Profit		-	-	-	2,877,921,491	-
Other comprehensive income (expense)		-	-	-	5,628,937	(1,156,828)
						4,472,109
<i>Total comprehensive income (expense) for the year</i>		-	-	-	2,883,550,428	(1,156,828)
						2,882,393,600
Balance at 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 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	Total equity
(in Baht)						
Year ended 31 December 2019						
Balance at 1 January 2019		7,111,160,664	1,303,712,790	711,116,066	10,484,862,802	(870,484) 19,609,981,838
Transactions with owners, recorded directly in equity <i>Distributions to owners of the parent</i>						
Dividends	20	-	-	-	(1,540,751,477)	- (1,540,751,477)
Total distributions to owners of the parent		-	-	-	(1,540,751,477)	- (1,540,751,477)
Comprehensive income for the year						
Profit		-	-	-	3,632,244,504	- 3,632,244,504
Other comprehensive income (expense)		-	-	-	(30,874,179)	719,950 (30,154,229)
Total comprehensive income (expense) for the year		-	-	-	3,601,370,325	719,950 3,602,090,275
Balance at 31 December 2019		7,111,160,664	1,303,712,790	711,116,066	12,545,481,650	(150,534) 21,671,320,636

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	
		2019	2018	2019	2018
(in Baht)					
<i>Cash flows from operating activities</i>					
Profit for the year		3,635,428,227	3,059,410,787	3,632,244,504	2,877,921,491
Adjustments to reconcile profit to cash receipt (payments)					
Tax expense (income)		(401,170,902)	202,383,591	(201,747,743)	203,178,586
Depreciation and amortisation		1,281,909,942	1,241,270,583	942,171,463	907,268,777
Amortisation of arrangement fee for long-term loan		1,379,761	1,379,761	-	-
Unrealised (gain) loss on foreign exchange		(3,598,277)	1,968,280	(4,842,071)	1,405,319
Unrealised loss on derivatives		2,159,806	7,487,334	456,558	687,823
Share of profit of associate		(1,891,790)	(1,158,801)	-	-
Loss on dilution on investment in associate	8	-	32,459,706	-	-
Reversal of losses on inventories devaluation		-	(30,367,756)	-	(30,367,756)
Reversal of impairment losses on investments in subsidiaries	9	-	-	(1,448,648,521)	(29,393,086)
Loss on write-off of plant and equipment		48,580,530	5,562	48,398,459	-
Loss on disposals of plant and equipment		73,764,580	14,004,673	25,958,713	14,004,673
Foreign currency differences on dissolution of subsidiary and indirect subsidiary		13,043,036	(89,451,902)	-	-
Interest income		(131,367,856)	(75,342,214)	(219,697,687)	(185,762,328)
(Reversal of) doubtful debt expenses		137,154	(45,511)	137,154	(690,000,000)
Provisions for employee benefits		79,295,056	16,659,539	79,295,056	16,659,539
		4,597,669,267	4,380,663,632	2,853,725,885	3,085,603,038
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		277,561,159	(20,153,164)	188,203,762	140,298,989
Other receivables		47,016,565	(26,286,585)	(11,126,175)	2,933,007
Inventories		246,029,351	(230,297,309)	141,016,089	(23,317,240)
Other current assets		35,285,188	41,624,876	977,723	(1,244,798)
Other non-current assets		(8,958,482)	(2,328,237)	(9,152,056)	(2,096,918)
Trade accounts payable		(344,837,045)	(195,159,883)	(219,210,223)	(192,723,359)
Other payables		5,113,188	27,461,827	4,742,932	24,510,268
Other current liabilities		23,641,267	(22,080,252)	26,320,448	(11,287,334)

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	
		2019	2018	2019	2018
(in Baht)					
Employee benefit paid		(1,573,669)	(651,876)	(1,573,669)	(651,876)
Income tax paid		-	(729,019)	-	-
Net cash flows from operating activities		4,876,946,789	3,952,064,010	2,973,924,716	3,022,023,777
Cash flows from investing activities					
Proceeds from sale of plant and equipment		2,852,106	1,034,583	2,469,866	1,034,583
Acquisition of plant and equipment		(452,578,584)	(604,244,097)	(410,234,741)	(533,454,658)
Acquisition of intangible assets		(36,837,060)	(15,793,274)	(36,837,060)	(15,793,274)
Capital refund from subsidiary	9	-	-	108,166,910	-
Proceeds from repayment of short-term loan to subsidiary		-	-	1,200,000,000	661,795,410
Proceeds from repayment of long-term loan to subsidiary		-	-	595,246,667	-
Short-term loans to subsidiary		-	-	-	(197,200)
Interest received		124,932,205	68,171,751	213,561,334	179,093,017
Net cash flows from (used in) investing activities		(361,631,333)	(550,831,037)	1,672,372,976	292,477,878
Cash flows from financing activities					
Dividends paid to owners of the Company		(1,540,751,477)	(1,066,674,100)	(1,540,751,477)	(1,066,674,100)
Total cash flows used in financing activities		(1,540,751,477)	(1,066,674,100)	(1,540,751,477)	(1,066,674,100)
Translation of the financial statement		(5,168,477)	(7,514,577)	-	-
Net increase in cash and cash equivalents, before effect of exchange rates		2,969,395,502	2,327,044,296	3,105,546,215	2,247,827,555
Effect of exchange rate changes on cash and cash equivalents		142,734	245,789	37,561	(178,019)
Net increase in cash and cash equivalents		2,969,538,236	2,327,290,085	3,105,583,776	2,247,649,536
Cash and cash equivalents at 1 January		7,540,181,775	5,212,891,690	7,211,721,035	4,964,071,499
Cash and cash equivalents at 31 December	5	10,509,720,011	7,540,181,775	10,317,304,811	7,211,721,035
Non-cash transactions					
Purchase of fixed assets for which no cash has been paid		50,810,869	36,184,292	43,165,659	32,349,602
Purchase of intangible assets for which no cash has been paid		75,532,585	-	75,532,585	-

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

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Related parties
5	Cash and cash equivalents
6	Trade accounts receivable
7	Inventories
8	Investment in associate
9	Investments in subsidiaries
10	Property, plant and equipment
11	Intangible assets
12	Provisions for employee benefits
13	Share capital
14	Reserves
15	Segment information and disaggregation of revenue
16	Employee benefit expenses
17	Expenses by nature
18	Income tax
19	Basic earnings per share
20	Dividends
21	Financial instruments
22	Commitments
23	Events after the reporting period
24	Thai Financial Reporting Standards (TFRS) not yet adopted
25	Reclassification of accounts

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

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 2020.

1 General information

Vinythai Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand in February 1995. The Company’s registered office at No. 2, I-3 Road, Tambol Map Ta Phut, Amphur Muang, Rayong 21150.

The Company’s major shareholders during the financial year were AGC Inc. (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 (ECH). Detail of the Company’s subsidiaries and associate as at 31 December 2019 and 2018 are given in notes 8 and 9.

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 and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. There is no material impact on the Group’s financial statements. The Group has initial applied TFRS 15 Revenue from Contracts with Customers (“TFRS 15”) which replaces TAS 18 Revenue (“TAS 18”), TAS 11 Construction Contracts (“TAS 11”) and related interpretations. The details of accounting policies are disclosed in note 3(p).

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 24.

(b) Functional and presentation currency

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

(c) 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 the Group’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

Assumptions and estimation uncertainties

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

Note 9, 10 and 11	Impairment test: key assumptions underlying recoverable amounts;
Note 12	Measurement of defined benefit obligations: key actuarial assumptions; and
Note 18	Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised

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 recognizes 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 recognized 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.

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.

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

Interests in equity - accounted investees

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

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

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

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.

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

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 current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

(d) Hedging

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative 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.

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

(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*

A receivable is recognised when the Group has an unconditional right to receive consideration.

A receivable is stated at invoice value less allowance for doubtful accounts which is determined based on an 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.

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.

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

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

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

Any gains and losses on disposal of 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
Vehicle	5 - 10 years

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

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

(k) 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.

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure are recognised in profit or loss as incurred.

Amortisation

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

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

Patents	15 - 20 years
Software licenses	5 - 10 years

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

(I) 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.

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

(m) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(n) Employee benefits

Defined contribution plans

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

Defined benefit plans

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

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

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

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

Other long-term employee benefits

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

Short-term employee benefits

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

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

(p) 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.

(q) Measurement of fair values

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.

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 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 or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.

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.

(r) Revenue

Accounting policies for revenue recognition in 2019

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

Sale of goods and services

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

Revenue for rendering of services is recognised over time as the services are provided. The related costs are recognised in profit or loss when they are incurred.

For bundled packages, the Group accounts for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items and a customer can benefit from it) or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices which are determined based on the price list at which the Group sells the products and services in separate transactions.

Accounting policies for revenue recognition in 2018

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.

(s) Interest income

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

(t) 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.

(u) Lease payments

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

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

(v) *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 at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(w) *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.

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

(x) Related parties

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

(y) 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

Relationships with subsidiaries and associate are described in notes 8 and 9. Other related parties that the Group had significant transactions with during the year were as follows:

Name of entities	Country of Incorporation / Nationality	Nature of relationships
AGC Inc.	Japan	Major shareholder, 59% shareholding
PTT Global Chemical Public Company Limited	Thailand	Major shareholder, 25% shareholding
AGC Chemicals (Thailand) Company Limited	Thailand	Related company
AGC Chemicals Vietnam Co., Ltd.	Vietnam	Related company
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
Thai Tank Terminal Limited	Thailand	Related company
GC Logistics Solutions Company Limited	Thailand	Related company
AGC Technology Solutions Co., Ltd.	Japan	Related company
AGC Chemicals Europe, Ltd.	United Kingdom	Related company
GC-M PTA Co., Ltd.	Thailand	Related company
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

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

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

Transactions

Parent

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

Pricing policies

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, service expenses and other manufacturing expenses	At agreed price and contract rate

Associate

Purchase of raw materials	Contract price of salt which approximate production cost
---------------------------	--

Other related parties

Revenue from sale of goods	With reference to market price
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
Insurance premium, commission expenses and other operating expenses	Contract rate

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

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

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018

(in thousand Baht)

Parent

Purchase of spare parts and other service expenses	21,626	48,319	21,626	48,319
License and technical assistance service expenses	18,485	5,954	18,485	5,954
Insurance premium and other operating expenses	4,518	6,423	4,197	6,194
Service income, net	815	-	815	-

Subsidiaries

Revenue from sale of goods	-	-	952,673	874,582
Interest income	-	-	92,361	112,914
Service income, net	-	-	150,378	133,320
Revenue from sale of spare parts	-	-	10,521	7,562
Purchase of raw materials	-	-	197,311	191,521
Purchase of spare parts, services expenses and other manufacturing expenses	-	-	1,015	719

Associate

Purchase of raw materials	402,900	381,128	402,900	381,128
---------------------------	---------	---------	---------	---------

Other related parties

Revenue from sale of goods	961,453	1,333,755	815,654	1,163,308
Purchase of raw materials	4,826,156	6,432,158	4,553,915	5,966,350
Purchase of spare parts, services expenses and other manufacturing expenses	185,480	164,394	83,990	73,091
Insurance premium, commission expenses and other operating expenses	12,953	10,471	7,585	6,243

Key management personnel

Key management personnel compensation				
Short-term employee benefit	75,450	95,187	75,450	95,187
Post-employment benefits and other long-term benefits	4,140	1,030	4,140	1,030
Total key management personnel compensation	<u>79,590</u>	<u>96,217</u>	<u>79,590</u>	<u>96,217</u>

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

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

<i>Trade accounts receivable</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>(in thousand Baht)</i>				
Parent	4,662	6,314	-	-
Subsidiaries	-	-	83,019	90,042
Other related parties	93,483	145,933	81,163	88,018
Total	98,145	152,247	164,182	178,060

<i>Other receivables</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>(in thousand Baht)</i>				
Subsidiaries	-	-	22,650	21,004
Total	-	-	22,650	21,004

Movements of loans to	Interest rate		Separate financial statements			
	At 31 December 2019	At 31 December 2018	At 1 January 2019	Increase	Decrease	At 31 December 2019
<i>(% per annum)</i>			<i>(in thousand Baht)</i>			
<i>Short-term loan</i>						
Subsidiary	-	1.85	1,200,000	-	(1,200,000)	-
<i>Long-term loan</i>						
Subsidiary	THBFIX+ Fixed rate	THBFIX+ Fixed rate	2,523,767	-	(595,247)	1,928,520
Total			3,723,767			1,928,520

The Company reversed an allowance for doubtful accounts of long-term loan to subsidiary of Baht 690 million in the separate statements of comprehensive income for the year ended 31 December 2018.

<i>Trade accounts payable</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>(in thousand Baht)</i>				
Parent	-	5,375	-	5,375
Subsidiaries	-	-	18,464	11,919
Associate	32,824	37,066	32,824	37,066
Other related parties	344,338	462,985	323,488	429,995
Total	377,162	505,426	374,776	484,355

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

Other payables	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>(in thousand Baht)</i>				
Parent	23,750	15,351	23,750	15,351
Subsidiaries	-	-	-	3,926
Other related parties	7,025	7,285	5,996	5,320
Total	30,775	22,636	29,746	24,597

Other current liabilities	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>(in thousand Baht)</i>				
Other related party	7,432	8,202	-	-
Total	7,432	8,202	-	-

Other non-current payables	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>(in thousand Baht)</i>				
Parent	54,454	-	54,454	-
Total	54,454	-	54,454	-

Significant agreements with related parties

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.

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

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.

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 agreement 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 agreed to enable the Company to use computer system for enterprise resources planning including supply chain and project managements. In consideration thereof, the Company agreed to pay service fees including maintenance cost 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 60 days before the expiration date. On 1 January 2019, the Company entered into an amendment agreement to specify service fees for the year 2019 with the same terms and conditions as defined in the master agreement.

Safety data sheet service agreement

On 1 March 2019, the Company entered into service agreement with AGC Inc. ("AGC"), whereby the latter agreed to prepare the safety data sheets of the Company and its subsidiary's products via AGC's licensed software. In consideration thereof, the Company agreed to pay service fees at the amounts as stipulated in the agreement. The term of this agreement is for a period of three years commencing on 1 April 2019 and shall be automatically renewed for another consecutive one year unless terminated by either party by giving the other party a written notice at least 30 days in advance.

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

Chlorine supply agreement

On 1 November 2019, the Company entered into the chlorine supply agreement with AGC Chemicals (Thailand) Company Limited ("ACTH"), a subsidiary of AGC Inc., whereby the Company agreed to purchase chlorine gas from ACTH at the price specified in the agreement. The term of this agreement is from 1 November 2019 to 31 December 2022 and shall be automatically extended annually for a successive one year period unless terminated by either party by giving the other party a written notice at least 6 months in advance before the initial term or any subsequent term.

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>(in thousand Baht)</i>				
Cash at banks — current accounts	325,834	619,691	324,814	504,872
Cash at banks — savings accounts	3,133,886	3,518,643	2,942,491	3,305,001
Highly liquid short-term investments	7,050,000	3,401,848	7,050,000	3,401,848
Total	10,509,720	7,540,182	10,317,305	7,211,721

6 Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>(in thousand Baht)</i>				
Within credit terms	2,232,951	2,522,960	1,617,426	1,795,839
Overdue:				
Less than 3 months	96,921	88,997	64,519	77,263
3-6 months	2,643	-	2,643	-
Over 12 months	430,858	430,858	430,858	430,858
	2,763,373	3,042,815	2,115,446	2,303,960
Less allowance for doubtful accounts	(430,995)	(430,858)	(430,995)	(430,858)
Net	2,332,378	2,611,957	1,684,451	1,873,102

The normal credit term granted by the Group ranges from 15 days to 90 days.

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

7 Inventories

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
(in thousand Baht)				
Finished goods	599,935	812,672	383,815	484,296
Raw materials	188,969	154,539	128,424	135,245
Packaging	8,827	6,023	8,375	5,619
Spare parts	270,729	245,975	239,947	221,250
Goods in transit	59,666	154,947	-	55,167
Total	1,128,126	1,374,156	760,561	901,577
Inventories recognised in cost of sale of goods				
- Cost	14,186,768	15,679,443	11,818,541	12,664,674
- Reversal of write-down to net realisable value	-	(30,368)	-	(30,368)
Net	14,186,768	15,649,075	11,818,541	12,634,306

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

8 Investment in associate

	Consolidated financial statements									
	Ownership interest		Paid-up capital		Cost		Equity		Dividend income for the year	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(in thousand Baht)									
Associate										
Pimai Salt Company Limited	20.56	20.56	268,640	268,640	397,678	397,678	357,031	355,140	-	-
	Separate financial statements									
	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(in thousand Baht)									
Associate										
Pimai Salt Company Limited	20.56	20.56	268,640	268,640	397,678	397,678	-	-	397,678	397,678

The Company's associate was incorporated and mainly operated 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

Notes to the financial statements for the year ended 31 December 2019

Immaterial associate

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

	Immaterial associate	
	2019	2018
	<i>(in thousand Baht)</i>	
Carrying amount of interests in immaterial associates	357,031	355,140
Group's share of profit from continuing operations	1,891	1,160

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

9 Investments in subsidiaries

Separate financial statements														
Type of business	Country of operation	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income for the year		
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	
(%)														
(in thousand Baht)														
Advanced Biochemical (Thailand) Company Limited	Manufacturing and trading of chemical products	Thailand	100	100	Baht	Baht								
					1,500 million	1,500 million								
					1,454,097	1,454,097	1,454,097	1,454,097	-	(1,454,097)	1,454,097	-	-	-
Vinythai Holding Pte. Limited ("VNTH")	Holding Company	Singapore	100	100	CNY	CNY								
					287 million	287 million								
					-	1,416,400	-	(1,302,784)	-	113,616	-	-	-	
						1,454,097	2,870,497			1,454,097	113,616	-	-	

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

The management of VNTH approved the liquidation process since 2017 and presented the carrying values of the assets at their realisable value and the liabilities at their estimated settlement amounts, thus, an allowance for impairment loss on investment in VNTH of Baht 29.4 million was reversed in the separate financial statements for the year ended 31 December 2018.

The dissolution date of VNTH was effective on 30 October 2019 and the Company received capital refund of Baht 108.2 million, thus, cost of investment of Baht 1,416.4 million and allowance for impairment loss of investment of Baht 1,302.8 million were reversed while impairment loss on investment in VNTH of Baht 5.4 million was additionally recorded in the separate financial statements for the year ended 31 December 2019.

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 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 since 2018, the Group has continuously considered the valuation of assets and 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.

As the recoverable amount of investment in ABT was more than its carrying amount, the Company recorded a reversal of allowance for impairment loss on investment in ABT of Baht 1,454.1 million in the separate financial statements during the year ended 31 December 2019.

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

10 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
<i>(in thousand Baht)</i>						
<i>Cost</i>						
At 1 January 2018	576,088	2,131,355	22,727,306	261,261	6,462	26,113,036
Additions	10,383	4,167	278,438	25,750	1,406	605,971
Transfers	-	1,104	132,142	44	-	-
Disposals	-	(52)	(50,810)	(895)	(5,771)	(57,528)
At 31 December 2018 and 1 January 2019	586,471	2,136,574	23,087,076	286,160	2,097	26,661,479
Additions	1,427	60,384	66,623	8,037	-	467,205
Transfers	3,564	34,339	403,411	12,011	12,333	-
Disposals	(2,596)	(7,061)	(366,039)	(16,984)	(598)	(425,377)
At 31 December 2019	588,866	2,224,236	23,191,071	289,224	13,832	26,703,307

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

	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
<i>(in thousand Baht)</i>						
Depreciation						
At 1 January 2018	267,753	787,228	15,086,004	237,575	6,462	-
Depreciation charge for the year	21,905	68,477	1,109,781	13,892	59	-
Disposals	-	(27)	(36,044)	(647)	(5,771)	-
At 31 December 2018 and 1 January 2019	289,658	855,678	16,159,741	250,820	750	-
Depreciation charge for the year	11,547	68,970	1,150,293	11,855	864	-
Disposals	(1,215)	(3,288)	(280,031)	(15,048)	(598)	-
At 31 December 2019	299,990	921,360	17,030,003	247,627	1,016	-
Net book value						
At 1 January 2018	308,335	1,344,127	7,641,302	23,686	-	410,564
At 31 December 2018 and 1 January 2019	296,813	1,280,896	6,927,335	35,340	1,347	563,101
At 31 December 2019	288,876	1,302,876	6,161,068	41,597	12,816	396,078
						8,203,311

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

	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
<i>(in thousand Baht)</i>						
Cost						
At 1 January 2018	576,088	1,581,596	18,754,838	259,536	6,462	347,139
Additions	10,383	4,168	253,716	18,729	1,406	243,034
Transfers	-	1,011	78,520	44	-	(79,575)
Disposals	-	(52)	(50,810)	(895)	(5,771)	-
At 31 December 2018 and 1 January 2019	586,471	1,586,723	19,036,264	277,414	2,097	510,598
Additions	1,427	59,630	57,636	7,981	-	294,378
Transfers	3,564	33,979	352,922	11,931	12,333	(414,729)
Disposals	(2,596)	(7,061)	(269,404)	(16,984)	(598)	(32,099)
At 31 December 2019	588,866	1,673,271	19,177,418	280,342	13,832	358,148
						22,091,877

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

	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
<i>(in thousand Baht)</i>						
Depreciation						
At 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 and 1 January 2019	289,658	710,261	14,191,522	247,131	750	- 15,439,322
Depreciation charge for the year	11,547	47,637	853,695	10,082	864	- 923,825
Disposals	(1,215)	(3,288)	(231,765)	(15,048)	(598)	- (251,914)
At 31 December 2019	299,990	754,610	14,813,452	242,165	1,016	- 16,111,233
Net book value						
At 1 January 2018	308,335	918,469	5,346,996	23,686	-	347,139 6,944,625
At 31 December 2018 and 1 January 2019	296,813	876,462	4,844,742	30,283	1,347	510,598 6,560,245
At 31 December 2019	288,876	918,661	4,363,966	38,177	12,816	358,148 5,980,644

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 2019 amounted to Baht 3,898.1 million and Baht 3,877.6 million, respectively (2018: Baht 3,766.1 million and Baht 3,745.3 million, respectively).

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

11 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 2018	356,245	23,938	761	4,575	385,519
Additions	-	-	-	15,793	15,793
Disposals	-	-	(761)	-	(761)
At 31 December 2018 and 1 January 2019	356,245	23,938	-	20,368	400,551
Additions	-	110,127	-	7,566	117,693
Transfers	-	20,269	-	(20,269)	-
Disposals	-	(4,106)	-	-	(4,106)
At 31 December 2019	356,245	150,228	-	7,665	514,138
<i>Amortisation</i>					
At 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 and 1 January 2019	156,681	21,080	-	-	177,761
Amortisation charge for the year	22,821	15,560	-	-	38,381
Disposals	-	(4,106)	-	-	(4,106)
At 31 December 2019	179,502	32,534	-	-	212,036
<i>Net book value</i>					
At 1 January 2018	222,384	6,564	640	4,575	234,163
At 31 December 2018 and 1 January 2019	199,564	2,858	-	20,368	222,790
At 31 December 2019	176,743	117,694	-	7,665	302,102

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

	Separate financial statements			
	Patents	Software licenses	Software under installation	Total
<i>(in thousand Baht)</i>				
<i>Cost</i>				
At 1 January 2018	55,729	23,938	4,575	84,242
Additions	-	-	15,793	15,793
At 31 December 2018 and 1 January 2019	55,729	23,938	20,368	100,035
Additions	-	110,127	7,566	117,693
Transfer	-	20,269	(20,269)	-
Disposals	-	(4,106)	-	(4,106)
At 31 December 2019	55,729	150,228	7,665	213,622
<i>Amortisation</i>				
At 1 January 2018	15,334	17,374	-	32,708
Amortisation charge for the year	2,786	3,706	-	6,492
At 31 December 2018 and 1 January 2019	18,120	21,080	-	39,200
Amortisation charge for the year	2,786	15,560	-	18,346
Disposals	-	(4,106)	-	(4,106)
At 31 December 2019	20,906	32,534	-	53,440
<i>Net book value</i>				
At 1 January 2018	40,395	6,564	4,575	51,534
At 31 December 2018 and 1 January 2019	37,609	2,858	20,368	60,835
At 31 December 2019	34,823	117,694	7,665	160,182

During the year 2019, the Company acquired the computer system for enterprise resources planning including supply chain and project management from the parent company amounted to Baht 103.4 million. The cost of intangible assets will be repaid from 2019 to 2023 as stipulated in the system usage agreement. The Company presented amount of Baht 21.1 million as other payables and Baht 54.5 million as other non-current payables in the statement of financial position as at 31 December 2019.

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

12 Provisions for employee benefits

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2019
<i>(in thousand Baht)</i>				
Post-employment benefits	285,992	173,209	285,992	173,209
Other long-term employment benefits	9,060	5,529	9,060	5,529
Total	295,052	178,738	295,052	178,738

Defined benefit plan

The Group 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.

Present value of the defined benefit obligations	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2019
<i>(in thousand Baht)</i>				
At 1 January	178,738	169,766	178,738	169,766
Included in profit or loss				
Current service cost	19,995	11,575	19,995	11,575
Past service cost	51,821	-	51,821	-
Interest on obligation	7,479	5,085	7,479	5,085
	79,295	16,660	79,295	16,660
Included in other comprehensive income				
Actuarial (gain) loss				
- Demographic assumptions	14,250	44,023	14,250	44,023
- Financial assumptions	31,766	(27,774)	31,766	(27,774)
- Experience adjustment	(7,423)	(23,285)	(7,423)	(23,285)
	38,593	(7,036)	38,593	(7,036)
Benefits paid	(1,574)	(652)	(1,574)	(652)
At 31 December	295,052	178,738	295,052	178,738

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

On 5 April 2019, the Labor Protection Act was amended 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 has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service cost recognised increased.

Principle actuarial assumptions	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(%)			
Discount rate	1.80	3.11	1.80	3.11
Future salary growth	6.33	6.50	6.33	6.50
Employee turnover	2.75	3.34	2.75	3.34

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

At 31 December 2019, the weighted-average duration of the defined benefit obligation was 16 years (2018: 16 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant.

Effect to the defined benefit obligation	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
	(in thousand Baht)			

At 31 December 2019

Discount rate (1% movement)	(32,161)	37,966	(32,161)	37,966
Future salary growth (1% movement)	33,775	(29,320)	33,775	(29,320)
Employee turnover (10% movement)	(3,119)	3,220	(3,119)	3,220

At 31 December 2018

Discount rate (1% movement)	(18,950)	22,131	(18,950)	22,131
Future salary growth (1% movement)	20,846	(18,174)	20,846	(18,174)
Employee turnover (10% movement)	(2,323)	2,405	(2,323)	2,405

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

13 Share capital

	Par value per share	2019		2018	
		Number	Amount	Number	Amount
	(in Baht)	(thousand shares / in thousand Baht)			
Authorised shares at 31 December		1,185,193	7,111,161	1,185,193	7,111,161
<i>Issued and paid-up shares</i>					
At 1 January					
- ordinary shares	6	1,185,193	7,111,161	1,185,193	7,111,161
<i>At 31 December</i>					
- 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.

14 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

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

Other components of equity

Currency translation differences

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign operation.

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

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.

15 Segment information and disaggregation of revenue

Management determined that the Group operates in two reportable segments, which are the Group's strategic divisions for different products and services, and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each of the Group's reportable segments.

- Segment 1 Vinyl segment
- Segment 2 Biochemical segment

Each segment's 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. Inter-segment pricing is determined on an arm's length basis.

For the year ended 31 December	Consolidated financial statements					
	Vinyl segment		Biochemical segment		Total reportable segments	
	2019	2018	2019	2018	2019	2018
<i>(in thousand Baht)</i>						
<i>Information about reportable segments</i>						
External revenue	13,375,374	14,597,923	5,229,719	5,348,381	18,605,093	19,946,304
Inter-segment revenue	952,673	874,582	129,683	126,324	1,082,356	1,000,906
Total revenue	14,328,047	15,472,505	5,359,402	5,474,705	19,687,449	20,947,210
Other revenue					225,552	224,368
Elimination of inter-segment revenue					(1,082,356)	(1,000,906)
Consolidated revenue					18,830,645	20,170,672
Finance costs	6,196	5,438	2,065	2,283	8,261	7,721
Depreciation and amortization	942,171	907,269	339,739	334,002	1,281,910	1,241,271
Share of profit of investments in associates	1,891	1,160	-	-	1,891	1,160
Tax income (expense)	201,748	(203,179)	199,423	795	401,171	(202,384)
Segment profit before income tax	3,437,837	2,330,406	1,264,272	933,847	4,702,109	3,264,253
Elimination of inter-segment profit					(1,467,852)	(2,459)
Consolidated profit before income tax					3,234,257	3,261,794

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

For the year ended 31 December	Consolidated financial statements					
	Vinyl segment		Biochemical segment		Total reportable segments	
	2019	2018	2019	2018	2019	2018

(in thousand Baht)

Disaggregation of revenue

Major products:

Polyvinyl Chloride (PVC)	9,037,343	8,980,732	-	-	9,037,343	8,980,732
Sodium Hydroxide (caustic soda)	2,753,099	4,022,143	-	-	2,753,099	4,022,143
Vinyl Chloride Monomer (VCM)	1,449,862	1,492,400	-	-	1,449,862	1,492,400
Epichlorohydrin (ECH)	-	-	5,229,719	5,348,381	5,229,719	5,348,381
Others	135,070	102,648	-	-	135,070	102,648
Total revenue	13,375,374	14,597,923	5,229,719	5,348,381	18,605,093	19,946,304

Timing of revenue recognition:

At a point in time	13,375,374	14,597,923	5,229,719	5,348,381	18,605,093	19,946,304
--------------------	-------------------	-------------------	------------------	------------------	-------------------	-------------------

Other material non-cash items:

Loss on disposal of plant and equipment	25,959	14,005	47,806	-	73,765	14,005
Loss on write-off of plant and equipment	48,398	-	183	6	48,581	6
Loss on dilution on investment in associate	-	32,460	-	-	-	32,460
(Reversal of) doubtful debts expenses	137	-	-	(46)	137	(46)
Foreign currency differences on dissolution of subsidiary and indirect subsidiary	13,043	-	-	(89,452)	13,043	(89,452)
Capital expenditure	421,051	531,436	46,154	74,535	467,205	605,971
Segment assets	19,655,145	17,807,047	3,903,095	3,789,187	23,558,240	21,596,234
Segment liabilities	1,494,293	1,482,186	223,945	345,674	1,718,238	1,827,860

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

For the year ended 31 December	Separate financial statements	
	2019	2018
	<i>(in thousand Baht)</i>	
<i>Disaggregation of revenue</i>		
<i>Major products:</i>		
Polyvinyl Chloride (PVC)	9,037,343	8,980,732
Sodium Hydroxide (caustic soda)	3,098,007	4,334,796
Vinyl Chloride Monomer (VCM)	1,449,862	1,492,400
Others	742,835	664,577
Total revenue	14,328,047	15,472,505
<i>Timing of revenue recognition:</i>		
At a point in time	14,328,047	15,472,505

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	
	2019	2018
	<i>(in thousand Baht)</i>	
Thailand	10,828,227	12,018,976
India	2,240,200	2,386,520
South Korea	1,064,653	877,462
Vietnam	802,565	771,510
China	777,543	856,237
Malaysia	511,505	533,910
Indonesia	439,477	347,576
Taiwan	417,069	302,557
Others	1,749,406	2,075,924
Total	18,830,645	20,170,672

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

Major customer

Revenues of the Group's segment one of two customers represents approximately Baht 3,005.3 million (2018: Baht 2,984.9 million) of the Group's total revenues.

Promotional privileges

The Group has been granted promotional certificates by the office of the Board of Investment which included:

	The Company				A subsidiary in Thailand
1. Promotional certificate No.	1166(2)/2548	1164(2)/2550	9010(2)/2553	2012(2)/2553	1694(2)/2551
2. Operations for which the privileges have been granted	Manufacture of additional 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

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

Year ended 31 December	Consolidated financial statements					
	2019			2018		
	Promoted business	Non-promoted business	Total	Promoted business	Non-promoted Business	Total
<i>(in thousand Baht)</i>						
Export sales	4,341,735	3,661,683	8,003,418	2,983,633	5,168,063	8,151,696
Local sales	1,678,122	8,923,553	10,601,675	4,316,988	7,477,620	11,794,608
Total revenues	6,019,857	12,585,236	18,605,093	7,300,621	12,645,683	19,946,304

Year ended 31 December	Separate financial statements					
	2019			2018		
	Promoted business	Non-promoted business	Total	Promoted business	Non-promoted Business	Total
<i>(in thousand Baht)</i>						
Export sales	-	3,661,683	3,661,683	535,054	3,173,014	3,708,068
Local sales	1,742,811	8,923,553	10,666,364	1,697,545	10,066,892	11,764,437
Total revenues	1,742,811	12,585,236	14,328,047	2,232,599	13,239,906	15,472,505

16 Employee benefit expense

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>(in thousand Baht)</i>				
Wages and salaries	527,139	494,591	527,139	494,406
Bonus	200,874	165,971	200,874	166,127
Director's remuneration	23,700	35,288	23,700	35,288
Defined contribution plans	27,773	25,744	27,773	25,611
Defined benefit plans	79,295	16,660	79,295	16,660
Others	84,518	91,578	84,514	89,369
Total	943,299	829,832	943,295	827,461

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

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.

17 Expenses by nature

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>(in thousand Baht)</i>				
Changes in inventories of finished goods	212,737	(152,092)	100,481	34,592
Raw materials and consumables used	8,287,960	10,352,214	6,545,642	7,648,503
Electricity and fuel expense	3,519,275	3,436,734	3,356,772	3,280,913
Depreciation and amortisation	1,281,910	1,241,271	942,171	907,269
Employee benefit expenses	943,299	829,832	943,295	827,461
Transportation expenses	429,915	410,889	257,124	253,783
Others	901,742	783,513	644,698	510,594
Total cost of sales of goods, distribution costs and administrative expenses	15,576,838	16,902,361	12,790,183	13,463,115

18 Income tax

Income tax recognised in profit or loss	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>(in thousand Baht)</i>				
<i>Current tax expense</i>				
Current year	-	(794)	-	-
	-	(794)	-	-
<i>Deferred tax expense</i>				
Movements in temporary differences	(15,571)	203,178	(16,148)	203,178
Previously unrecognised tax losses	(385,600)	-	(185,600)	-
Total	(401,171)	202,384	(201,748)	203,178

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

Income tax	Consolidated financial statement					
	2019			2018		
	Before tax	Tax benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax

(in thousand Baht)

Recognised in other comprehensive income

Cash flow hedges	(111)	63	(48)	(1,530)	289	(1,241)
Defined benefit plan actuarial gains (losses)	(38,592)	7,718	(30,874)	7,036	(1,407)	5,629
Total	(38,703)	7,781	(30,922)	5,506	(1,118)	4,388

Income tax	Separate financial statement					
	2019			2018		
	Before tax	Tax benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax

(in thousand Baht)

Recognised in other comprehensive income

Cash flow hedges	900	(180)	720	(1,446)	289	(1,157)
Defined benefit plan actuarial gains (losses)	(38,592)	7,718	(30,874)	7,036	(1,407)	5,629
Total	(37,692)	7,538	(30,154)	5,590	(1,118)	4,472

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

Reconciliation of effective tax rate	Consolidated financial statements				Separate financial statements			
	2019		2018		2019		2018	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		<u>3,234,257</u>		<u>3,261,794</u>		<u>3,430,497</u>		<u>3,081,100</u>
Income tax using the Thai corporation tax rate	20	646,851	20	652,359	20	686,099	20	616,220
Income not subject to tax from promotional privileges		(236,614)		(189,945)		-		(37,875)
Expenses additionally deductible for tax purposes		(5,175)		(35,663)		(6,080)		(35,663)
Expenses additionally deductible from promotional privileges		(153,973)		(150,944)		(141,269)		(138,670)
Effect of different tax rates in foreign jurisdictions		-		(3,279)		-		581
Expenses not deductible for tax purposes		5,967		769		5,922		-
Previously unrecognised tax losses		(385,600)		-		(185,600)		-
Utilisation of previously unrecognised deferred tax assets		(272,627)		(70,913)		(560,820)		(201,415)
Total	(12)	<u>(401,171)</u>	6	<u>202,384</u>	(6)	<u>(201,748)</u>	7	<u>203,178</u>

Deferred tax At 31 December	Consolidated financial statements				Separate financial statements			
	Assets		Liabilities		Assets		Liabilities	
	2019	2018	2019	2018	2019	2018	2019	2018
<i>(in thousand Baht)</i>								
Total	511,052	101,710	(430)	(40)	311,052	101,710	(96)	(40)
Set off of tax	(430)	(40)	430	40	(96)	(40)	96	40
Net deferred tax assets	<u>510,622</u>	<u>101,670</u>	<u>-</u>	<u>-</u>	<u>310,956</u>	<u>101,670</u>	<u>-</u>	<u>-</u>

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

Deferred tax	Consolidated financial statements			
	At 1 January	(Charged) / credited to		At 31 December
		Profit or loss	Other comprehensive income	
(in thousand Baht)				
2019				
Deferred tax assets				
Allowance for impairment loss on assets	5,963	452	-	6,415
Employee benefit obligations	35,747	15,545	7,718	59,010
Loss carry forward	60,000	385,600	-	445,600
Allowance for doubtful account of trade accounts receivable	-	27	-	27
Total	101,710	401,624	7,718	511,052
Deferred tax liability				
Derivatives	(40)	(453)	63	(430)
Total	(40)	(453)	63	(430)
Net	101,670	401,171	7,781	510,622
2018				
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

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

Deferred tax	Separate financial statements			
	At 1 January	(Charged) / credited to		At 31 December
		Profit or loss	Other comprehensive income	
(in thousand Baht)				
2019				
Deferred tax assets				
Allowance for impairment loss on assets	5,963	452	-	6,415
Employee benefit obligations	35,747	15,545	7,718	59,010
Loss carry forward	60,000	185,600	-	245,600
Allowance for doubtful account of trade accounts receivable	-	27	-	27
Total	101,710	201,624	7,718	311,052
Deferred tax liability				
Derivatives	(40)	124	(180)	(96)
Total	(40)	124	(180)	(96)
Net	101,670	201,748	7,538	310,956
2018				
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

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

Unrecognised deferred tax assets	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>(in thousand Baht)</i>				
Allowance for doubtful account of trade accounts receivable	86,171	86,171	86,171	86,171
Allowance for impairment losses on investments	-	-	-	551,376
Provision for trade discount	14,179	16,916	14,179	16,916
Loss carry forward	274,198	673,333	15,617	210,659
Loss on dissolution of subsidiary	-	260,557	-	-
Others	-	(4,202)	-	(2,735)
Total	374,548	1,032,775	115,967	862,387

The tax losses expire during 2021 to 2025. The deductible temporary differences do not expire under current tax legislation. The Group has not recognised these items as deferred tax assets because it is not probable that the Group will have sufficient future taxable profit to utilise the benefits therefrom.

As of 31 December 2019 and 2018, 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.

19 Basic earnings per share

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<i>(in thousand Baht / thousand shares)</i>				
Profit attributable to ordinary shareholders of the Company (basic)	3,635,428	3,059,411	3,632,245	2,877,921
Number of ordinary shares outstanding	1,185,193	1,185,193	1,185,193	1,185,193
Basic earnings per share (in Baht)	3.07	2.58	3.06	2.43

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

20 Dividends

The shareholders of the Company have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share	Amount
			(Baht)	(in million Baht)
2019				
Annual dividend	25 April 2019	May 2019	1.3	1,540.8
2018				
Annual dividend	26 April 2018	May 2018	0.9	1,066.7

21 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 mitigate this risk by ensuring that all loan receivables are at fixed interest rate.

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

	Separate financial statements				
	Effective interest rates	Maturity period			
		Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(% per annum)	(in thousand Baht)			
<i>At 31 December</i>					
<i>2019</i>					
<i>Financial assets</i>					
Long-term loans	3.0	642,840	1,285,680	-	1,928,520
		<u>642,840</u>	<u>1,285,680</u>	<u>-</u>	<u>1,928,520</u>
<i>2018</i>					
<i>Financial assets</i>					
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>

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

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.

Assets and liabilities denominated in the foreign currencies as at 31 December	Consolidated financial statements									
	2019					2018				
	United States Dollars	Euro	Japanese Yens	Others	Total	United States Dollars	Euro	Japanese Yens	Others	Total
	(in thousand Baht)									
Cash and cash equivalents	145	-	-	-	145	400	113,965	-	77	114,442
Trade accounts receivable	788,483	12,320	4,662	-	805,465	962,595	57,915	6,314	-	1,026,824
Other receivables	116	326	17,342	111	17,895	50,032	13,102	13,102	-	76,236
Trade accounts payable	(129,330)	(2,721)	(968)	-	(133,019)	(318,948)	(7,533)	-	(69)	(326,550)
Other payables	(24,183)	(2,568)	(31,225)	(768)	(58,744)	(26,323)	(2,238)	(15,607)	(260)	(44,428)
Other non-current liabilities	-	-	(54,454)	-	(54,454)	-	-	-	-	-
Gross statement of financial position exposure	635,231	7,357	(64,643)	(657)	577,288	667,756	175,211	3,809	(252)	846,524
Estimated of forecast sales	401,725	333	1,885	-	403,943	394,687	-	5,034	-	399,721
Estimated of forecast purchases	(303,858)	(4,827)	(12,827)	-	(321,512)	(8,172)	-	-	-	(8,172)
Gross exposure	733,098	2,863	(75,585)	(657)	659,719	1,054,271	175,211	8,843	(252)	1,238,073
Currency forwards sales	(1,193,311)	(12,783)	(6,650)	-	(1,212,744)	(1,208,669)	(45,048)	(7,066)	-	(1,260,783)
Currency forwards purchases	324,323	7,339	18,055	-	349,717	165,768	1,258	250	-	167,276
Net exposure	(135,890)	(2,581)	(64,180)	(657)	(203,308)	11,370	131,421	2,027	(252)	144,566

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

Assets and liabilities denominated in the foreign currencies as at 31 December	Separate financial statements									
	2019					2018				
	United States Dollars	Euro	Japanese Yens	Others	Total	United States Dollars	Euro	Japanese Yens	Others	Total
	(in thousand Baht)									
Cash and cash equivalents	131	-	-	-	131	39	-	-	-	39
Trade accounts receivable	162,565	-	-	-	162,565	280,987	-	-	-	280,987
Other receivables	116	326	17,342	111	17,895	-	10,239	10,239	-	20,478
Trade accounts payable	(69,475)	(2,450)	(968)	-	(72,893)	(151,380)	(7,341)	-	(69)	(158,790)
Other payables	(9,984)	(655)	(29,926)	(217)	(40,782)	(6,925)	(895)	(15,607)	(237)	(23,664)
Other non-current liabilities	-	-	(54,454)	-	(54,454)	-	-	-	-	-
Gross statement of financial position exposure	83,353	(2,779)	(68,006)	(106)	12,462	122,721	2,003	(5,368)	(306)	119,050
Estimated of forecast sales	400,099	-	-	-	400,099	305,195	-	-	-	305,195
Estimated of forecast purchases	(286,253)	(4,827)	(12,827)	-	(303,907)	-	-	-	-	-
Gross exposure	197,199	7,606	(80,833)	(106)	(108,654)	427,916	2,003	(5,368)	(306)	424,245
Currency forwards sales	(566,171)	-	-	-	(566,171)	(456,834)	-	-	-	(456,834)
Currency forwards purchases	288,589	7,339	18,055	-	313,983	80,177	1,258	250	-	81,685
Net exposure	(80,383)	(267)	(62,778)	(106)	(143,534)	51,259	3,261	(5,118)	(306)	49,096

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

Credit risk

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

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

Liquidity risk

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

Carrying amounts and fair values

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

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

(in thousand Baht)

31 December 2019

Financial assets and financial liabilities measured at fair value

Derivatives (foreign currency forward contracts)		2,151	2,151	481	481
--	--	-------	-------	-----	-----

Financial assets and financial liabilities not measured at fair value

Long-term loans to subsidiary	4	-	-	1,928,520	1,929,474
-------------------------------	---	---	---	-----------	-----------

31 December 2018

Financial assets and financial liabilities measured at fair value

Derivatives (foreign currency forward contracts)		7,002	7,002	202	202
--	--	-------	-------	-----	-----

Financial assets and financial liabilities not measured at fair value

Long-term loans to subsidiary	4	-	-	2,523,767	2,546,452
-------------------------------	---	---	---	-----------	-----------

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

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

22 Commitments

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018

(in thousand Baht)

Capital commitments

Machinery and equipment	70,407	97,213	62,513	92,940
Total	70,407	97,213	62,513	92,940

Future minimum lease payment under non-cancellable operating leases

Within 1 year	198,929	149,741	139,986	71,694
1 - 5 years	698,986	415,407	386,180	102,646
After 5 years	1,682,028	261,836	1,478,425	-
Total	2,579,943	826,984	2,004,591	174,340

Other commitments

Purchase orders for raw material and spare parts	237,202	221,675	130,512	166,090
Bank guarantees	147,880	19,951	144,434	16,306
Total	385,082	241,626	274,946	182,396

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

As at 31 December 2019, the Group had:

- (a) operating lease agreements with both related and non-related parties covering their land for periods of 20 and 30 years expiring up to June 2039 and 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 2020 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, acquisition of intangible assets and export sale transaction which forecast that will be occurred as follows:

	Currency	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
(unit : thousand)					
Estimated sales export	USD	39,550	37,119	18,770	14,105
	JPY	24,046	24,179	-	-
	EUR	379	1,191	-	-
Estimated import purchase and acquisition of intangible assets	JPY	64,531	861	64,531	861
	USD	10,749	5,083	9,565	2,463
	EUR	218	33	218	33

23 Events after the reporting period

At the Board of Directors' Meeting hold on 21 February 2020, the directors resolved to propose the dividend payment of Baht 1.4 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

Notes to the financial statements for the year ended 31 December 2019

24 Thai Financial Reporting Standards (TFRS) not yet adopted

New and revised TFRS, which are relevant to the Group's operations, expected to have material impact on the consolidated and separate financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation

* TFRS - Financial instruments standards

(a) TFRS - Financial instruments standards

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability, with recognition exemptions for short-term leases and leases of low-value items. As a result, the Group will recognise new assets and liabilities for its operating leases. As at 31 December 2019, the Group's and Company's future minimum lease payments under non-cancellable operating leases amounted to Baht 2,579.9 million and Baht 2,004.6 million, respectively, on an undiscounted basis. Lease accounting for lessor remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is currently considering the potential impact from these TFRS on the financial statements in the initial period adopted.

Vinythai Public Company Limited and its Subsidiaries

Notes to the financial statements for the year ended 31 December 2019

25 Reclassification of accounts

Certain accounts in the 2018 financial statements which are included in the 2019 financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2019 financial statements as follows:

	2018					
	Consolidated financial statements			Separate financial statements		
	Before reclassification	Reclassification	After reclassification	Before reclassification	Reclassification	After reclassification

(in thousand Baht)

Statement of financial position

Other receivables	13,847	69,878	83,725	34,002	13,742	47,744
Other current assets	255,048	(69,878)	185,170	119,289	(13,742)	105,547
Trade accounts payable	1,343,507	-	1,343,507	1,061,106	3,926	1,065,032
Other payables	200,870	-	200,870	164,395	(3,926)	160,469
		<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.	:	+66-3892-5000
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	:	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.	:	+66-3892-5000
Fax No.	:	+66-3868-3048
Address of Business Office	:	No. 11 Q.House Sathorn, 18 th 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) 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.	:	+66-2633-9380-5
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 48 th Floor, Empire Tower 195 South Sathorn Road, Yannawa Sub-District Sathon District Bangkok 10120 Telephone No. : +66-2677-2000 Fax No. : +66-2677-2222
Legal Counsel	:	Tilleke & Gibbins International Ltd. Supalai Grand Tower, 26 th Floor 1011 Rama 3 Road, Chongnonsi, Yannawa, Bangkok 10120, Thailand Telephone No. : +66-2056-5555 Fax No. : +66-2056-5678 : The Phenomena Limited 88 Soi Bangna-Trad 30, Bangna-Trad Road, Bangna Tai Sub-District Bangna District, Bangkok 10260 Telephone No. : +669-4946-6991 : Chandler MHM Limited 36 th Floor, 98 Sathorn Square Office Tower North Sathorn Road, Silom, Bangrak, Bangkok 10500 Telephone No. : +66-2009-5000 Fax No. : +66-2009-5080

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

(1) Major Shareholders

- (a) Major Shareholders:

No.	Names of Shareholders	As of 7 May 2019	
		Number of Shares (Shares)	%
1	AGC INC. (JAPAN)	696,663,509	58.781
2	PTT GLOBAL CHEMICAL PUBLIC COMPANY LIMITED	296,038,689	24.978
3	THAI NVDR COMPANY LIMITED	20,328,392	1.715
4	MR. YANYONG PHATRALAOHA	9,937,135	0.838
5	BBHISL NOMINEES LIMITED	8,086,000	0.682
6	MR. KITTI PHATRALAOHA	6,721,230	0.567
7	MR. NARONG PHATRALAOHA	6,620,645	0.559
8	MS. WANNAM KITTHANAMONGKONCHAI	5,330,000	0.450
9	NORTRUST NOMINEES LIMITED-THE NORTHERN TRUST COMPANY RE IEDU UCITS CLIENTS 10 PCT ACCOUNT	5,168,300	0.436
10	K MID SMALL CAP EQUITY RMF	4,201,200	0.354

- (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:

1. AGC INC. (JAPAN) held a total of 696,663,509 shares, or 58.781%, in the Company
2. PTT Global Chemical Public Company Limited holds a total of 296,038,689 shares, or 24.978%, in the Company

(2) Holding Company

- none -

(3) Shareholder's Support Agreement

- none -

Other Securities

- none -

Dividend Policy

It is the policy of the Company to pay an annual dividend of not less than 30% 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.

2019 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	2018	2019
Transaction with parent company:						
1	AGC Inc. (Formerly Asahi Glass Co., Ltd.)	Production and distribution of glass	Major shareholder, 59% shareholding since February 22 nd , 2017	Purchase of spare parts and other service expenses	48,319	21,626
				License and technical assistance service expenses	5,954	18,485
				Insurance premium and other operating expenses	6,194	4,197
				Service income, net	-	815
Transaction with subsidiaries:						
1	Advanced Biochemical (Thailand) Co., Ltd.	Production of Epichlorohydrin (ECH)	Subsidiary, 100% shareholding	Revenue from sale of goods	874,582	952,673
				Interest income	112,847	92,361
				Service income, net	133,320	150,378
				Revenue from sale of spare parts	7,562	10,521
				Purchase of raw materials	191,521	197,311
				Purchase of spare parts, services expenses and other manufacturing expenses	719	1,016
2	Vinythai Holding Pte. Ltd.	Holding company	Subsidiary, 100% shareholding (dissolved on October 30 th , 2019)	Interest income	4	-
3	Advanced Biochemical Europe	Distribution of Epichlorohydrin (ECH)	Indirect subsidiary, 99.9% shareholding by subsidiary and 0.1% shareholding by the Company (dissolved on March 30 th , 2018)	Interest income	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	381,128	402,900
Transaction with related company:						
1	PTT Global Chemical Public Co., Ltd. and PTT's subsidiaries	Production and distribution of petrochemical products, by-products and the provision of support services	Holds 24.98 percent of the Company's share	Revenue from sale of goods	286,164	317,837
				Purchase of raw materials	5,949,509	4,537,253
				Purchase of spare parts, services expenses and other manufacturing expenses	70,450	74,610
2	AGC Inc.'s subsidiaries			Revenue from sale of goods	877,144	497,817
				Purchase of raw materials	16,842	16,662
				Purchase of spare parts, services expenses and other manufacturing expenses	2,642	9,381
				Insurance premium, commission expenses and other operating expenses	6,243	7,585

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 2019 financial statements as examined and reported by the auditor under his/her audit report dated 21 February 2020.



AWARDS

& CSR

2019

AWARDS AND RECOGNITIONS



Zero Accident Award



Certificate for Eco-Industrial Town Support



Good Environmental Governance Award



Carbon Footprint Certificate and Carbon Label



Responsible Care Award



Sustainability Disclosure Award 2019



1 of 100 listed companies having outstanding performance on Environmental, Social and Governance Responsibilities (2017 - 2019) from Thaipat Institute



EcoVadis Gold Rating for Sustainability

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 2019



Annual Report 2018



Annual Report 2017



Annual Report 2016



Annual Report 2015



Annual Report 2014



Annual Report 2013



Annual Report 2012



Annual Report 2011



Annual Report 2010



Annual Report 2009



Annual Report 2008



Annual Report 2007



Annual Report 2006



Annual Report 2005



Annual Report 2004



Annual Report 2003



Annual Report 2002



Annual Report 2001



Annual Report 2000



Annual Report 1999



Annual Report 1998



Annual Report 1997



Annual Report 1996

Vinythai Public Company Limited

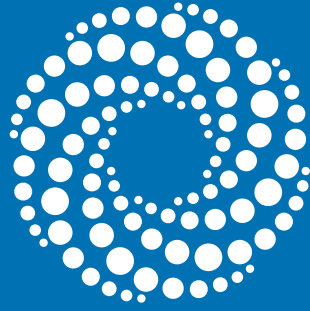
BKK Office: Q.House Sathorn Building, 18th Floor, 11 South Sathon Road, Thung Maha Mek, Sathon, Bangkok 10120

Tel: (66) 0-2030-6800 **Fax:** (66) 0-2030-6801-2

Head Office (Plant): No. 2, 1-3 Road, Map Ta Phut Industrial Estate, Tambon Map Ta Phut,

Amphoe Mueang Rayong, Rayong 21150 **Tel:** (66) 0-3892-5000 **Fax:** (66) 0-3868-3048

Website: www.vinythai.co.th, www.vinythaicoral.org



ONE TEAM SPIRIT