



PRODIGY PUBLIC COMPANY LIMITED

บริษัท พรอดิจ จำกัด (มหาชน)

รายงานประจำปี 2561

# ANNUAL REPORT 2018

English Version



ผลิตภัณฑ์ที่คำนึงถึงทุก ๆ ชีวิต

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## ข้อมูลทางการเงิน / Financial Highlights

ณ.วันที่ 31 ธันวาคม 2561	2561 2018	2560 2017	2559 2016	As Ended Of 31 December 2018
ฐานะทางการเงิน				Financial Status
สินทรัพย์รวม (ล้านบาท)	685.98	680.07	677.75	Total Asset (Million Baht)
หนี้สินรวม (ล้านบาท)	120.90	113.12	117.71	Total Liabilities (Million Baht)
ส่วนของผู้ถือหุ้น (ล้านบาท)	565.08	566.95	560.04	Shareholder's Equity (Million Baht)
ผลประกอบการ				Operational Performance
รายได้รวม (ล้านบาท)	705.67	653.61	639.62	Total Revenue (Million Baht)
รายจ่ายรวม (ล้านบาท)	633.83	560.25	522.66	Total Expenses (Million Baht)
กำไรก่อนภาษีเงินได้ (ล้านบาท)	71.57	93.00	116.67	Earnings Before Income Tax (Million Baht)
กำไรสุทธิ (ล้านบาท)	56.81	74.41	93.329	Net Earnings (Million Baht)
อัตราส่วนทางการเงิน				Financial Ratio
อัตราส่วนสภาพคล่อง (เท่า)	3.55	3.50	3.82	Current Ratio (Times)
อัตรากำไรสุทธิ (%)	8.05	11.38	14.59	Net Profit Margin (%)
อัตราผลตอบแทนผู้ถือหุ้น (%)	10.04	13.21	17.17	Return On Shareholder's Equity (%)
อัตราผลตอบแทนจากสินทรัพย์ (%)	10.52	13.75	14.37	Return On Total Asset (%)
อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น (เท่า)	0.21	0.20	0.21	Debt to Equity (Times)
ข้อมูลต่อหุ้น				Per Share Data
กำไรต่อหุ้น (บาท)	0.21	0.28	0.35	Earnings Per Share (Baht)
มูลค่าต่อหุ้น (บาท)	2.09	2.10	2.07	Value Per Share (Baht)
จำนวนหุ้นสามัญถ่วงเฉลี่ยถ่วงน้ำหนัก (หุ้น)	270,000,000	270,000,000	270,000,000	The Weight Average no of Common Stock (Share)

## Message from the Chairman



The economic 2018 in the first and second quarter were expanded in the frame 4.6 – 4.9%. The main factor driven economy as private consumption, the export and tourism. In the third quarter the economic expansion decreased as 3.3% cause the export and tourism were decreased.

The risk factor that impacted to Thailand's economic was expanded , the China and the United State are engaged in trade war. Meanwhile, the weak consumer purchasing power, agricultural products price still low. The Thailand's household debt figures were the high level so consumers were still cautions on spending. However the overall, Thai economic 2018 was expanded to 4%.

The PET industry grew only slightly in the domestic and highly competition. Raw material prices were fluctuated due to crude oil price in global market. Including to raw material's quantity couldn't supply in domestic due to the manufacture PET resin have supplied to mainly export market.

In 2018, we reviewed business plan for the economic was fluctuated, affect to cost of good sold that net profit was decreased.

However, Board of Director and staffs have committed for the company growth to generate good quality products, and good return of sustainability to stakeholders.



Assoc. Prof. Prayoon Boonprasurd  
Chairman




## Board of Directors and Executive Committee

Name	: Assoc.Prof.Prayoon Boonprasurd	
Position	: Chairman, Independent Director	
Age	: 77 Years	
Share Holding (Including related person)	: None	
% of Shareholding Change	: -	
Position in Other Business	: Other Listed Companies 1 : Other None Listed Company None	
Date of Appointment	: May 2013	
Educations & Certificates	: MBA Marketing and Operations Research, University of Detroit, U.S.A	
	: Master of Business Administration (Hons.) National Institute of Development Administration	
	: Bachelor of Mathematics Prasarnmitte, College of Education	
	: Doctorial level courses study on Operations Research, University of Detroit, U.S.A	
	: Management training on Environment Management, California State University, Hayward, U.S.A	
IOD Certification	: Director Accreditation Program (DAP) Class 105/2013	
Present Position	: Chairman/Independent Director/ Member of Audit Committee, Corporate Governance, Nomination and Remuneration Committee, Prodigy Public Company Limited	
	: Independent Director of Mahaphant Fiber Cement Public Company Limited.	
Experiences	: Head of Project “Promotion and Development of Hemp Industry” ISMED, Ministry of Industry	
	: Project Advisor “Spa Industry and Herbs Development” ISMED, Ministry of Industry	
	: Advisor to the Deputy Minister of Commerce, Ministry of Commerce System, Thammasat University.	
	: Head of Project “The Problem of SME and Designing of Franchise System, Thammasat University.	

Name	:	Miss Thipawan Uthaisang	
Position	:	Chairman of Audit Committee, Independent Director/ Corporate Governance, Nomination and Remuneration Committee	
Age	:	60 Years	
Share Holding (Including related person)	:	None	
% of Shareholding Change	:	-	
Position in Other Business	:	Other Listed Companies                      4 Other None Listed Company                      2	
Date of Appointment	:	May 2013	
Educations & Certificates	:	Master Degree, MBA, Thammasat University Bachelor Degree, Faculty of Commerce and accounting, Thammasat University	
IOD Certification	:	Director Certification Program (DCP 29/2003) King Prajadhipok's Institute (9) Capital Market Academy (8) National Defence College (53) Role of Compensation Committee (RCC 17/2013) Advance Audit Committee Program (AACP 26/2017)	
Present Position			
2015-Present	:	Independent Director/ Chairman of Audit Committee, AIRA & AIFUL Public Company Limited	
2013-Present	:	Independent Director /Chairman of Audit Committee/Nomination and Remuneration Committee, Prodigy Public Company Limited	
2013-Present	:	Independent Director /Audit Committee/ Chairman of Nomination and Remuneration Committee, Winner Group Enterprise Public Company Limited	
2009-Present	:	Independent Director/ Audit Committee, Ladprao Hospital Public Company Limited	
2007-Present	:	Managing Director, Papermate (Thailand) Co., Ltd.	
2005-Present	:	Independent Director /Audit Committee Eason Paint Public Company Limited	
Experiences	:	Manager, National Semiconductor (Bangkok) Co.,Ltd. Deputy Managing Director, Data General (Thailand) Co.,Ltd. Chief Executive officer, IEC PCL. Managing Director, IEC Internet Co.,Ltd.	

Name	:	Miss Pikul Taksinwaracharn	
Position	:	Independent Director/ Chairman of Corporate Governance, Nomination and Remuneration Committee/ Audit Committee	
Age	:	64 Years	
Share Holding (Including related person)	:	None	
% of Shareholding Change	:	-	
Position in Other Business	:	Other Listed Companies	None
	:	Other None Listed Company	None
Date of Appointment	:	May 2013	
Educations & Certificates	:	Bachelor of Economics (International Economics) Chulalongkorn University	
	:	Certificate of Top Executive program in Commerce and Trade Commerce Academy	
	:	Certificate of Thailand Insurance Leadership Program Office of Insurance Commission OIC	
	:	Certificate Executive, Civil Service Training Institute	
	:	Certificate Executive, Thammasat University	
IOD Certification	:	Director Accreditation Program (DAP 105/2013)	
	:	Role of the Compensation Committee (RCC 19/2014)	
Present Position			
2014 – Present	:	Independent Director and Chairman of Corporate Governance, Nomination and Remuneration Committee and Audit Committee of Prodigy Public Company Limited	
2017 – Present	:	Qualified member of The Gem and Jewelry institute of Thailand (Public Organization) (GIT)	
Experiences			
2010 - 2014	:	Deputy Director – General Department of Business Development, Ministry of Commerce	
2007 – 2010	:	Deputy Director – General Department of Internal Trade, Ministry of Commerce	
2004 - 2012	:	Commission Member The Agricultural Futures Trading Commission	
2001 – 2002	:	Administrative Sub-Commission The Agricultural Futures Trading Commission	


Name	: Dr.Thanet Norabhoompipat	
Position	: Independent Director	
Age	: 67 Years	
Share Holding (Including related person)	: None	
% of Shareholding Change	: -	
Position in Other Business	: Other Listed Companies	
	: Other None Listed Company	
Date of Appointment	: February 2015	
Educations & Certificates	: Bachelor and Master of Sciences in Civil Engineering, Massachusetts Institute of Technology, U.S.A.	
	: Ph.D. in Civil Engineering, Camegie-Mellon University, U.S.A.	
	: Top Executive Program in Commerce and Trade, Class 3	
	: Director Accreditation Program (DAP 120/2015)	
IOD Certification	: Director Accreditation Program (DAP 120/2015)	
Present Position	: Independent Director of Prodigy Public Company Limited	
	: Professor	
	: Director, Her Royal Highness the Princess Mother's Medical Volunteer Foundation.	
	: Director, Puey Ungphakorn Institute	
Experiences		
	2003-2007	: Director, Executive Board, Office of Small and Medium Enterprises Promotion (OSMEP) Public Organization.
	2000-2012	: Executive Director, Institute for Small and Medium Enterprises Development (ISMED).
	1998-2000	: Independent Director and Chairman of the Audit Committee, President Rice Products Public Company Limited.
	1997-2000	: Director and Executive Board, North Park Group of Companies
	1996-1998	: Director, Thammasat University Council
	1995-1998	: Dean, Faculty of Commerce and Accountancy, Thammasat University

Name	:	Mr.Thongchai Tansutat	
Position	:	Managing Director/Executive Committee/ Risk Management Committee	
Age	:	58 Years	
Share Holding (Including related person)	:	2.22% of Total Voting Shares	
% of Shareholding Change	:	-	
Position in Other Business	:	Other Listed Companies                      None Other None Listed Company                      None	
Date of Appointment	:	April 1992	
Educations & Certificates	:	Master degree MBA, Kasetsart University MINI MBA, Thammasat University Holistic Finance for the Boss The Psychology for Management	
IOD Certification	:	Company Reporting Program (CRP 8/2014) Board Reporting Program (BRP 13/2014) Directors Certification Program (DCP 170/2013) Risk Management Committee Program (RMP 1/2013)	
Present Position	:	1992 - Present                      Director/ Executive Committee/ Risk Management Committee Managing Director, Prodigy Public Company Limited	
Experiences	:	Sales Manager, Cheer (Thailand) Co.,Ltd. Sales Manager, Nakornchaisri Oil Co.,Ltd. Retail Manager, B&P Product Co.,Ltd.	

Name	: Mr.Visuth Vitayathanagorn	
Position	: Director/ Corporate Governance Nomination and Remuneration Committee	
Age	: 65 Years	
Share Holding (Including related person)	: 4.44% of Voting Shares	
% of Shareholding Change	: -	
Position in Other Business	: Other Listed Companies 2 Other Non-Listed Companies 8	
Date of Appointment	: April 1995	
Educations & Certificate	: Ph.D., Honorary Graduates, Marketing, Ramkhamhaeng University	
	: M.B.A., Kasesart University	
	: M.A., Political Science, Ramkhamhaeng University	
	: B.A., Business Administration, Rajabhat Institute SuanDusit	
	: B.A., Political Science, Ramkhamhaeng University	
IOD Certification	: Thai Institute of Directors Association (IOD)	
	- Director Accreditation Program (DAP) 43/2005	
	- Finance for Non-Finance Director 31/2006	
	: Business Revolution and innovation network (BRAIN) Federation of Thai Industries	
Present Position	: Director, Corporate Governance, Nomination and Remuneration Committee /Prodigy Public Company Limited	
	: Director, Executive Director /Thai Ha public Company Limited	
	: Director /Nakornchaisri Oil Industrial Co.,Ltd.	
	: Director/ Sing Heang Industry Co.,Ltd.	
	: Director/Cheer (Thailand) Co.,Ltd.	
	: Director/ Chairman of Executive Committee Management & Psychology Company Limited.	
	: Chairman/ Chaiphirom Co.,Ltd.	
	: Director/ Vapo Friendship Co.Ltd.	
	: Director/ Chumseensup Co.,Ltd.	
	: Director/ Chairman of Executive Committee/ Nakob Co.,Ltd.	
	: Chairman of Executive Committee and Corporate Governance Nomination and Remuneration Committee, Thai Vegetable Oil Public Co.,Ltd.	






Name	:	Mr.Vorravuth Tangpiroonthum	
Position	:	Director	
Age	:	45 years	
Share Holding (Including related person)	:	None	
% of Shareholding Change	:	-	
Position in Other Business	:	Other Listed Companies 3 Other None Listed Company 1	
Date of Appointment	:	April 2015	
Educations & Certificates	:	MBA, Concentrate in Marketing and Finance SASIN Graduate Institute of Business Administration of Chulalongkorn University  BBA, Concentrate in Management, Commerce and Accountancy of Chulalongkorn University	
IOD Certification	:	<b>The Institute of Director (IOD)</b>  -Director Diploma, Board Nomination and Compensation Program 4/2018 (BNCP)  -Director Diploma, Advance Audit Committee Program 23/2016 (AAP)  -Director Diploma, Corporate Governance for Capital Market Intermediaries 15/2016 (CGI)  -Director Diploma, Family Business Sustainability 4/2016 (FBS)  -Director Diploma, Monitoring the internal Audit Function 6/2009(MIA)  -Director Diploma, Examination 22/2007 (EXAM)  -Director Diploma, Director Certification Program 92/2007 (DCP)  -Director Diploma, Finance for Non - Finance Directors 35/2007 (FND)  -Director Diploma, Director Accreditation Program 14/2004 (DAP)  : Thai Intelligence Investors Program, Thai Investors Association : Professional CFO Diploma, National Institute of Developments Administration (NIDA)	

#### Present Position

2017-Present	:	Director, Thai Vegetable Oil Public Company Limited
2016-Present	:	Director, Audit Committee and Member of Corporate Governance, Nomination and Remuneration Committee, Major Development Public Company Limited
2015-Present	:	Director and Strategic and Investment Committee, Prodigy Public Company Limited
1997-Present	:	Director and Chairman of the Risk Management Committee, Thaiha Public Company Limited
2007 – 2014	:	Chief Financial Officer (CFO) and Chairman of the Risk Management Committee, Thaiha Public Company Limited
2011-Present	:	Chief Executive Officer (CEO), Cheer Group Holding Co.,Ltd.

#### Experience

- : Class President of SCBS infinite Wealth 2016 (IWP3), SCB Securities
- : Co-Founder of “SASIN FOR FARMER” Program, Sasin graduate Institute of Business Administration of Chulalongkorn University and Thai Rice Foundation Under Royal Patronage
- : Practitioner in Business Finance, Master of Engineering in innovation & Entrepreneur, Engineer Faculty, Mahidol University
- : Committee of Commerce & Accountancy of Chulalongkorn University
- : Committee of Selection Candidate MBA, Mahidol University
- : Fellow Member, The Institute of Directors


Name	:	Mr.Vachara Vitayatanagorn	
Position	:	Director/Executive Committee/ Risk Management Committee	
Age	:	49 Years	
Share Holding (Including related person)	:	2.22% of Total Voting Shares	
% of Shareholding Change	:	-	
Position in Other Business	:	Other Listed Companies 1 Other None Listed Company 1	
Date of Appointment	:	April 2008	
Educations & Certificates	:	Master of Arts in Economic, University of Colorado at Denver, U.S.A. Bachelor	
	:	Bachelor of Business Administration in Finance and Banking, Assumption University	
	:	Thailand Energy Academy Leadership Program Class 12/2018	
	:	Capital Market Leadership Program Class 22/2016, Capital Market Academy (CMA)	
	:		
IOD Certification	:	Directors Certification Program (DCP 174/2013)	
	:	Risk Management Committee Program (RMP 1/2013)	
	:	Effective Minute Taking (EMT 28/2014)	
	:	Company Reporting Program (CRP 8/2014)	
	:	Board Reporting Program (BRP 13/2014)	
	:	How to Develop a Risk Management Plan (HRP 5/2014)	
Present Position			
2013-Present	:	Director, Thai Vegetable Oil Public Company Limited	
2008-Present	:	Director/ Executive Committee/ Risk Management Committee Prodigy Public Company Limited	
	:	Director, Golden Thread Co.,Ltd.	
	:	Advisor, Committee on Economics, Monetary and Finance (NLA)	
Experiences			
2013-2016	:	Corporate Secretary, Prodigy Public Company Limited	
2004-2016	:	Admin and Warehouse Manager, Prodigy Public Company Limited	
2004-2013	:	Marketing Manager, Prodigy Public Company Limited	
2000-2004	:	Assistant Managing Director, Prodigy Public Company Limited	
1998-2000	:	Warehouse Manager, China-Thai Vegetable Oil Company Limited	
1993-1994	:	Finance Officer, Thai Vegetable Oil Public Company Limited	

Name : Mr.Wimon Wongchan  
 Position : Chairman of Risk Management Committee /  
 Executive Committee/ Production Manager  
 Age : 55 Years  
 Share Holding (Including related person) : 0.07% of Total Voting Shares  
 % of Shareholding Change : -  
 Position in Other Business : None  
 Date of Appointment : June 2013  
 Educations & Certificates : B.SC. (Food Technology and Biochemical Technology),  
 Chulalongkorn University  
 IOD Certification : Director Accreditation Program (DAP SEC/2013)  
 : How to Develop a Risk Management Plan (HRP 5/2014)  
 Present Position  
 1992- Present : Production Manager, Prodigy PCL  
 Experiences  
 1991-1992 : Deputy Project Manager, Thai Vegetable Oil PCL  
 1986- 1991 : Production Engineer, Thai Vegetable Oil PCL




Name : Mrs.Lakkanar Romruen  
 Position : Executive Committee / Risk  
 Financial & Accounting Manager  
 Age : 52 Years  
 Share Holding (Including related person) : None  
 % of Shareholding Change : -  
 Position in Other Business : None  
 Date of Appointment : June 2013  
 Educations & Certificates : Bachelor of Business Administration,  
 NakhonPathomRajabhat University  
 IOD Certification : Director Accreditation Program (DAP SEC/2013)  
 : Company Secretary Program (CSP 55/2014)  
 : Effective Minute Taking (EMT 28/2014)  
 : Company Reporting Program (CRP 8/2014)  
 : How to Develop a Risk Management Plan (HRP 5/2014)  
 Present Position 2010-Present : Accounting and Financial Manager, Prodigy Public Company Limited  
 1996-2010 : Accounting, Prodigy Public Company Limited  
 Experiences : Accountant, Thai Vegetable Oil Public Company Limited



Name	:	Mr.Pawinpreecha Yaikvawong	
Position	:	Executive Director / Admin and Warehouse Manager	
Age	:	46 Years	
Share Holding (Including related person)	:	None	
% of Shareholding Change	:	-	
Position in Other Business	:	None	
Date of Appointment	:	August 2016	
Educations & Certificates	:	Bachelor's degree in Human Resource Management Phetchaburi Rajabhat University	
IOD Certification	:	None	
Present Position	:		
2016-Present	:	Administration and Warehouse Manager, Prodigy Public Company Limited	
Experiences	:	Human Resource and Administrations Manager True Energy Co.,Ltd. Director of HR and operations Somchai Transports And Logistics Co.,Ltd. Human Resource and Administrations Manager Thantawan Public Company Limited	

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Name	:	MissThitikan Sa-nganetpetch	
Position	:	Company Secretary/ Investor Relation	
Age	:	44 Years	
Share holding (Including related person)	:	None	
% of Shareholding Change	:	-	
Position in Other Business	:	None	
Date of Appointment	:	9 May, 2017	
Education & Certificate	:	Bachelor Degree, Administration Rajamonkala Institute Borpitpimuk Charkrawad	
IOD Certification	:	Company Secretary Program (CSP 8/2004, 80/2017) Board Reporting Program (BRP 2/2010) Effective Minute Taking (EMT 2/2006) Enhancing Good Corporate Governance based on CGR Scorecard	
Present Position	:		
2017 - Present	:	Company Secretary/ Investor Relation, Prodigy Public Company Limited	
1999 - 2016	:	Secretary of Board of Director/ Secretary for MD, Pharmacosmet PCL.	

## General Information

Company's name : Prodigy PCL.

Abbreviation : PDG

Nature of business : Manufacturer and distributor of Polyethylene Terephthalate (PET) packaging

Location of Head Office : 7/3 Moo 3 Bangkrabau sub-district, Nakornchaisri district, Nakornpathom province 73120

Telephone : (034) 332611-2 , (034) 228298-301

Fax : (034) 332613

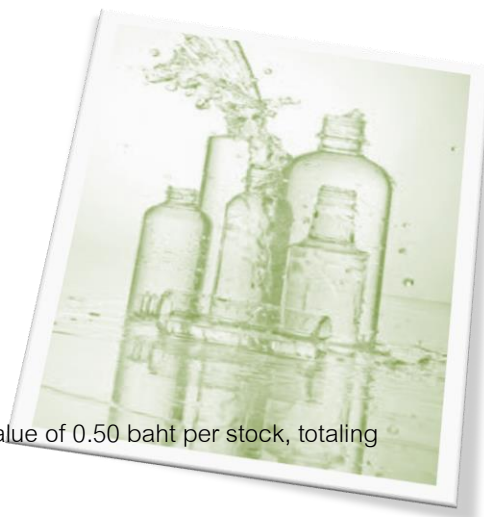
Home Page : <http://www.prodigy.co.th>

Email : [info@prodigy.co.th](mailto:info@prodigy.co.th)

Register number : 0107556000388

Registered capital : 270,000 common stocks, with par value of 0.50 baht per stock, totaling 135,000,000 baht

Paid-up registered capital : 270,000 common stocks, with par value of 0.50 baht per stock, totaling 135,000,000 baht



### Office location, telephone number and names of reference

Securities registrar : Thailand Securities Depository Co., Ltd.

The Stock Exchange of Thailand Building, 93 Ratchadapisek Road,  
 Dindaeng, Dindaeng, Bangkok 10400  
 Tel. 02-009-9000 Fax. 02-009-9992

Auditors : 1. Mrs. Chonlaros Suntiasvaraporn Certified Public Accountant no.4523

Or 2. Mr. Supachai Phanyawattano Certified Public Accountant no. 3930

Or 3. Ms. Waraporn Prapasirikul Certified Public Accountant no. 4579

EY Office Limited

193/136-137 Ratchadapisek Road, Klongtoey sub-district, Klongtoey district,  
 Bangkok 10110 P.O. Box 1047 Bangkok 10501 Tel. 02-264-9090

Fax. 02-264-0789-90

## Background and key changes

Prodigy PCL. ("the Company") was registered as the listed company on April 23, 1992, to manufacture and distribute Polyethylene Terephthalate packaging ("PET packaging"). The co-founders included Thai Vegetable Oil PCL. and Thai Edible Oil Co., Ltd. With the initial registered capital of 30 million baht, the registered capital has grown to 135 million baht, with paid-up registered capital of 135 million baht, as of December 31, 2017. It consisted of 270 million common stocks, with par value of 0.50 bath per stock, totaling 135,000,000 baht. The Company has neither subsidiary nor affiliate.

Below is the Company's major development from the establishment in 1992:

1993	<p>Prodigy Co., Ltd. was established by Thai Vegetable Oil Plc.</p> <ul style="list-style-type: none"> <li>● Prodigy PCL. was registered on April 23, 1992, with the registered capital of 30 million baht.</li> <li>● The Company ordered the first manufacturing line from the United States of America, with the production capacity of 50 tons per month. Building one, with utility space about 2,400 sq.m., was constructed to serve as production facility and warehouse.</li> <li>● The company's paid-up registered capital increased to 50 million baht due to the fundraising of Thai Edible Oil Co., Ltd. It then spent that money on the machines from Japan, with the production capacity of 30 tons per month.</li> </ul>
1996	<ul style="list-style-type: none"> <li>● Building two was constructed, with utility space about 2,400 sq.m., to serve as warehouse.</li> </ul>
1997	<ul style="list-style-type: none"> <li>● The Company ordered machinery, with production capacity of 30 tons per month, to produce large bottles (five-liter bottles).</li> </ul>
2004	<ul style="list-style-type: none"> <li>● Building three was constructed, with utility space about 2,700 sq.m., to serve as production facility.</li> </ul>
2007	<ul style="list-style-type: none"> <li>● The Company was certified with ISO 9001: 2000 by Intertek Certification Ltd.</li> </ul>
2008	<ul style="list-style-type: none"> <li>● Building four was constructed, with utility space about 2,000 sq.m., to serve as warehouse.</li> </ul>
2005 -	<ul style="list-style-type: none"> <li>● The Company continuously increased its production capacity to 500 tons a month with 15 production lines added.</li> </ul>
2010	<ul style="list-style-type: none"> <li>● The Company ordered more machinery from Japan to increase the production capacity by 50%.</li> </ul>
2010	<ul style="list-style-type: none"> <li>● The Company was certified with ISO 9001: 2008 and GMP food safety management system by Intertek Certification Ltd.</li> </ul>



2011-2012	<ul style="list-style-type: none"> <li>The Company increased its production capacity by ordering 10 more machines.</li> </ul>
2012	<ul style="list-style-type: none"> <li>The Company installed five automatic labeling machines, with production capacity of six million plastic bottles per month, and an automatic packing machine, with production capacity of 1.2 million plastic bottles per month.</li> </ul>
2013	<ul style="list-style-type: none"> <li>The Company installed an automatic packaging machine, with production capacity of 2.4 million plastic bottles per month.</li> </ul>
2013	<ul style="list-style-type: none"> <li>Building five was constructed to serve as manufacturing facility.</li> </ul>
2013	<ul style="list-style-type: none"> <li>The Company was converted into a public company limited to become the listed company in the Stock Exchange of Thailand.</li> </ul>
2014	<ul style="list-style-type: none"> <li>On July 29, 2014, the Securities Exchange Commission allowed the Company to purchase or sell its common stocks, as the registered securities, in the Stock Exchange of Thailand.</li> </ul>
2014	<ul style="list-style-type: none"> <li>The Company paid the dividends of 18.9 million baht from the operation between January and June 2014.</li> </ul>
2015	<ul style="list-style-type: none"> <li>The Company was certified with Green Industry by Ministry of Industry</li> </ul>
2016	<ul style="list-style-type: none"> <li>The Company was certified with ISO 9001: 2015 by Intertek Certification Ltd.</li> </ul>
2017	<ul style="list-style-type: none"> <li>Expanding the area of Building five for installing new machine</li> <li>investment new machine for new product “preform” to serve expanding of business</li> </ul>
2018	<ul style="list-style-type: none"> <li>Distribution New Product “ Preform”</li> <li>The Company was certified By Thailand’s Collective Action Coalition Against Corruption “CAC”</li> </ul>

## Policy and Business Outlook

**Vision** : To be the leader in packaging business with the quality and professional service.

**Mission** : We are committed to improving the quality of products and service to serve the customers' needs and ensure their satisfaction with advanced technology and continuously trained employees. We also consider the benefits the society and communities will gain as well as environmental friendliness.

**Sustainability Strategic** : Company and Social that all stakeholders will get positive impact by company performance

## Business Goal

The Company sets the goal to be the leader in manufacturing and distributing business of PET packaging. It aims to manufacture the high-quality, clean and safe products that meet the customers' requirements, leading to the consumers' better quality of life. Furthermore, the Company can deliver the products to the customers on time to ensure their smooth operation. It also focuses on good service by recommending the customers on how to select the proper products for their production process and improve the key production processes to ensure the maximum effectiveness of the drink or sauce filling line.

Also aiming to create long-term and sustainable growth and prosperity for the shareholders, the Company uses over 20 years of experience in PET bottle manufacturing and distribution to maximize the effectiveness of production line, reduce the production costs, and develop the Polyethylene Terephthalate (PET) packaging to serve the customers' needs. It is also the Company's policy to conduct the business with transparency and good governance to ensure the fairness and promote equality among all shareholders. With the corporate social responsibility, it is strongly committed to the communities, consumers and environment.

## The Operational Policy of the Company, Subsidiaries and Affiliates

The Company has neither subsidiary nor affiliate for the investment policy related to its business to enhance its long-term competitiveness. To manage the subsidiaries or affiliates, the Company will appoint the representatives to join those companies' committee in a proper proportion and supervise their operation to ensure the proper direction and maximum benefits of the Company.



Moreover, the investment request must comply with the notice of Capital Market Supervisory Board and the Securities and Exchange Commission, including the related laws, rules and regulations.

## Industry Outlook and Competition

### Key Policies and Nature of Market

#### Competition Strategy

The Company manufactures and distributes high-quality PET packaging for drinking water, juice, vegetable oil, and seasoning sauce based on the customers' requirements. Its product and service quality was widely accepted. Throughout these years, the Company has focused on the manufacturing process, starting from designing the product shapes, finding raw materials, controlling the manufacturing process, monitoring the quality and completion of the items, and punctually delivering the products to ensure that the products meet the customers' needs. In the competition, the Company applies the following strategies:

#### (1) Product Quality

The Company pays attention to the product quality control to ensure that the product specifications match the customers' needs. PET packaging must be clean and safe and does not react with food. The size and capacity must be consistent and meets the requirements to help the customers' bottling process run smoothly. Focusing on product design and high-quality raw materials that meet customers' needs, the Company selects new grade-A plastic resin and will never consider the recycled ones in lower quality. It also supervises and controls each and every manufacturing process as well as the quality of finished products. The quality review of finished products is divided into in two levels: 1) in-process monitoring and control 2) final monitoring and control before the product delivery. This is to ensure that the specifications of delivered products meet the customers' requirements.

Throughout these years, the Company's PET packaging is produced in high-quality process with advanced technology from Japan to be safe for consumers and meet their needs. The manufacturing process is certified with ISO 9001:2015, Recommended International Code of Practice – General Principles of Food Hygiene CAR/RCP, GMP and HACCP by Intertek Certification Ltd.

In additional, the Company collaborates with the customers in designing the packaging to truly serve their usage purpose. It also develops a wide variety of products by creating new mold patterns as new options for the customers.



## (2) Punctual Product Delivery

The Company focuses on the product control and punctual delivery to gain the customers' confidence. Furthermore, it manages the inventory of ready-made products for the regular customers so that the products will be promptly delivered when these customers place an order.



## (3) Stable Manufacturing Process

The Company can manufacture the products that meet the customers' needs in the specific quantity and timeline thanks to the stable manufacturing process. The Company's manufacturing facility is designed as if there are two separate factories. Each has separate public utility system, such as electricity, air pump, water pump and cooling system. If the production problem occurs at any side of factory, the other can continue working to serve the customers. Moreover, as of December 31, 2017, the Company has 35 production lines, which has the capacity with 61.5 million bottles and 20 million pieces preform per month, each of which can interchangeably produce the PET packaging. In case of the machine damage in any line, other lines can substitute for it.



## (4) Improved Production Process to Enhance the Effective Cost Management

Throughout these years, the Company has improved the production process and cost management to enhance the competitiveness and attract the customers to purchase its products. With Cost Plus Pricing used in the industry, the Company can reduce the cost and increase the customers' competitiveness.



As the example of production process, the Company installed the automatic labeling and packing machines of PET packaging, which saves labor cost, reduces the production period, and enhances the items' efficiency.

#### (5) Production Cost Efficiency from Using the Machines of a Single Supplier

The Company currently manufactures PET packaging with the machine ordered from a Japanese manufacturer only, which helps it reduce the cost of parts and machine management. It can reduce the storage of parts because the machines can use parts interchangeably. Furthermore, it is easier to control the manufacturing and maintain the machines.

#### (6) Expert Engineer Team

Valuing the development of production engineer team, The Company sent them to attend the training in the machine factory in Japan. As a result, the current team can efficiently operate and repair the machine, without any help from outsiders. This helps the Company control the production cost very well.



#### (7) Responsibilities and Good Customer Relations

- Ability to increase the production capacity to serve the customers' needs: In some cases, the customers may suddenly need more products in a certain period. The Company can adjust the production line and increase the capacity to suit their needs in a short term.
- Maintaining the long-term customer relations: The Company has developed good relations with customers by properly formulating the sales promotion policy and always supporting the customers' activities. Moreover, it focuses on serving their needs by having enough products available for them and collaborating with them in packaging development to meet their needs. Furthermore, the Company's engineer team is involved in the customers' packing process at their factories.
- Keeping the customers' confidential information: Valuing the customers' confidentiality, the Company makes sure that the technical information related to the products it was hired to produce or other confidential information of the customers, including other information that affects their competitiveness and business conduct, will not be disclosed to outsiders or exploited for personal interest.



### Customer Character and Target Segments

Most customers of Prodigy own well-known brands in each industry as well as general consumers who want high-quality PET packaging that meet the standard. Below are the customer segments:

No.	Customer Segment	Current Customer Character
1	PET juice packaging	The medium and large juice manufacturers in Bangkok and vicinity, without their own bottle-blowing machine.
2	PET drinking water packaging	The medium and large drinking water manufacturers in Bangkok and vicinity, without their own bottle-blowing machine. This segment is hired to produce bottled drinking water for modern trade, hospitals, commercial banks and large restaurants.
3	PET vegetable oil packaging	The large vegetable oil manufacturers, such as Thai Vegetable Oil PCL., which produces A-Ngoon vegetable oil, and Thai Edible Oil Co., Ltd., which produces King rice bran oil
4	PET seasoning sauce packaging	The medium seasoning sauce manufacturers, such as fish sauce, soy sauce, vinegar and lime juice, in Bangkok and vicinity, without their own bottle-blowing machine.
5	Preform	The large to small PET bottle manufacturers that own blowing machine in their line.

The Company's target groups are located in Bangkok and vicinity, near the location of its manufacturing facilities. In case of long-distance transportation, the PET packaging may be damaged or deformed, which will affect the customers' production process.

### Distribution Channels

Currently, the Company sells all products to domestic customers via several distribution channels as below to approach the target customers:



- 1) Distribution via the marketing team: The experienced, knowledgeable and capable marketing team with customer insight directly contacts the customers by visiting them and presenting the products, with the details that meets their needs. From this, the team will also learn their recent needs. Sometimes, they coordinate with several departments to present the information that suit each individual customer's requirements.



- 2) Direct contact by customers: Sometimes, the customers directly contact the Company and order the products because they were referred by the existing customers. The Company also promotes the products via website, <http://www.prodigy.co.th>, and uses its trucks as the movable media. Including social network such as Facebook and Line for enables communication even more comfortable.

Throughout these years, Prodigy has delivered the products to the customers in Bangkok and vicinity for free of charge if their order meets the minimum requirement. For the customers in provincial areas, the Company charges for delivery service at actual cost.

### Certificates and International Standard

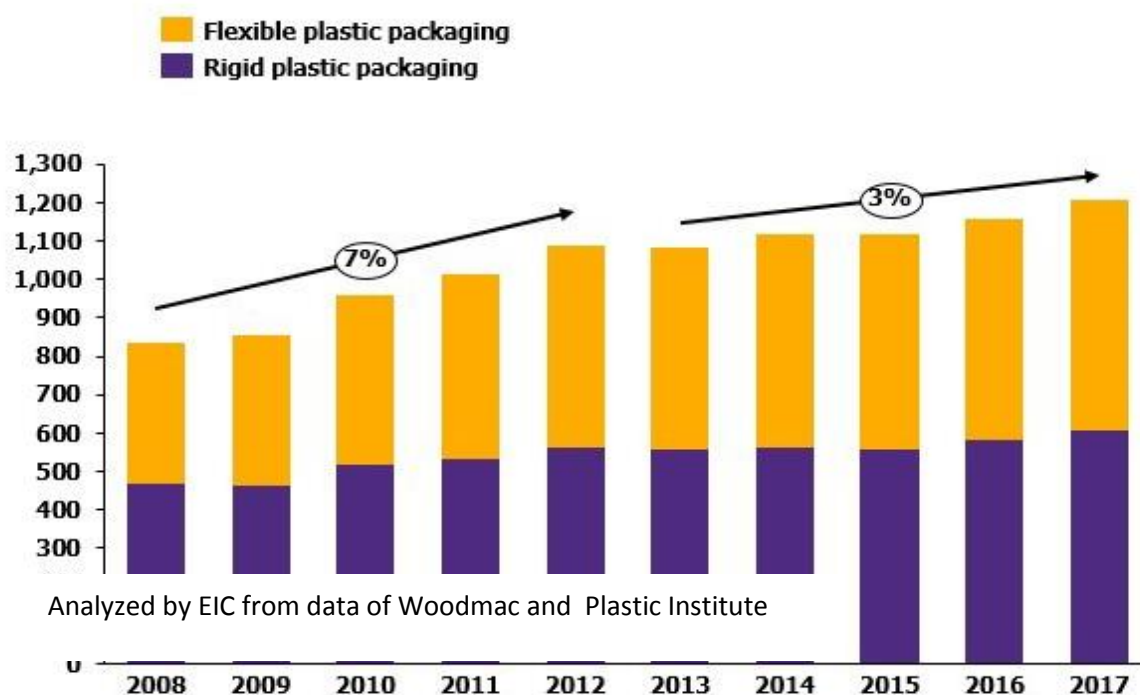
The Company aims to improve the efficiency of manufacturing and management to become the widely accepted factory that meets the standard. It received the certificates of international standard as below:





## Plastic Industry Outlook and Competition

Under environmental conservation, reducing plastic waste campaigns could not decrease the usage of plastic packaging but only slow down the growth rate from 7% during 2008 – 2012 to 3% during 2013 – 2017. There are approximately 3,000 processed plastic manufacturers in Thailand. Moreover, the petrochemical industry has capacity in 2017 about 32 million tons or ranking the 1<sup>st</sup> of ASEAN and 16<sup>th</sup> of the world. This information indicates the necessary of plastic packaging for food and beverage, especially PET packaging. Which is enough safe to contain food and beverage. Because of the clarity and prevention of gas leakage, PET packaging could help to preserve the food. The property of durability makes PET packaging suitable for the transportation, storage and usage. Moreover, PET packaging is a type of plastic which could be reused and recycled so it is more eco-friendly than other types of packaging.



ที่มา: การวิเคราะห์โดย EIC จากข้อมูลของ Woodmac, สถาบันพลาสติก

Food and beverage plastic packaging is still able to meet the needs of consumers. Due to the current living lifestyle, which is in rush and requires comfortability, consumers tend to use plastic packaging rather than other materials, such as glass, to contain food and beverage. Nowadays, packaging business pays more attention to the study of consumer behavior in order to develop the package which could satisfy the consumers' needs in terms of sustainable and smart packaging. Those could meet the consumers' various lifestyles, which are the key factor to develop the good products.

The plastic packaging manufacturers have not only focused in marketing but also environmental matter such as Carbon Footprint, which is the calculation of carbon-dioxide emission during all production processes. This aspect will be the important trend for packaging industry in the future.

Plastic packaging industry in Thailand is very important to Thailand economy because plastic packaging is considered as the necessarily products for domestic consumption and also exported products, which tend to grow with the same direction of Thailand economy. The plastic packaging business could be categorized by production processes and types of plastic products into 13 categories as follows:

No.	Manufacturing Process	Product Category	Raw Materials (Type of Plastic resin)
1	Blow Molding	Motor oil bottles/shampoo bottles	PP, PE, PET, HDPE
2	Stretch Blow Molding	PET packaging	PET, PP, HDPE
3	Injection Molding	Automotive parts, electronic parts (IC), electric appliances and shelves	Thermoplastic (PP, PE, HDPE, ABS, PS, PC)
4	Blown Film Extrusion	Plastic bags	HDPE, LDPE, LLDPE
5	Film Extrusion	Film (plastic film and adhesive tape)	PP, PE, LDPE, HDPE
6	Sheet Extrusion	Plastic sheets and folders	PP, PE, PS, PMMA
7	Pipe/Tube Extrusion	Pipes, drainpipes and PVC/PE	PVC, PE, PP
8	Profile Extrusion	Rain gutters, window edge cover, wire ways and window frames	PVD Rigid, HDPE
9	Rotational Molding	Water tanks, garbage bins and containers	PVC, PP, HDPE
10	Thermoforming	Food trays and cups	PS, PE, PP, PET
11	Laminating	Snack bags and multi-layer bags	PE, PP
12	Tape Yarn/Filament	Plastic sacks, fertilizer bags and jumbo bags	PP, HDPE, PA6, PA66, PET
13	Compressed Molding	Melamine tableware	Melamine
14	Other (Calendering, etc.)	Other plastic products	Others

Source of information: Department of Alternative Energy Development and Efficiency, Ministry of Energy

Since PET plastic industry mainly depends on domestic market, the shortage demand situation in Thailand 2018 made a direct impact to the industry. So, the year 2018 was another year which the PET plastic industry grew at the decreased rate. Therefore, the supply of PET packaging is over the demand.

Due to the anti-dumping policy on Chinese PET Resin in Japan, Japanese plastic manufacturers chose to purchase PET Resin from Thailand instead. As a result that the PET Resin producers in Thailand intended to focus in exporting rather than domestic market, the plastic packaging manufacturers in Thailand need to import their raw materials from abroad. In addition, the prices of raw materials are much fluctuated owing to the fluctuation of world crude oil price. Early of 2018, PET Resin price has been very high, which directly affected the company's cost and profit. However, the company has price adjustment referred to the real costs and good stock management of PET Resin, which is our main raw material.

## **Key Factors that Impact the Plastic Industry**

### **Domestic Drinks Market**

In the first quarter of 2018, Thailand economy was in the recovery period. However, the recovery was only concentrated in the large enterprises, especially exporting and tourism sectors, which are the main drivers of Thailand economy. Besides, in the second half of 2018, the economic situation gradually grew because of many negative factors such as Trade War between USA and China, rising of Thai Baht, global economic fluctuation, tax increases and weaken price of agricultural products.

The purchasing power of consumer was low as a result of economic problem and weaken price of agricultural products. People carefully spent their money because the household debt problem and high oil prices reduced the consumer confidence.

The low purchasing power pressurized most businesses in Thailand, especially beverage sector, since the consumers could reduce their needs of it compared to other household expenses such as utility expenses and other household goods.

The domestic beverage industry, both alcoholic and non-alcoholic drinks, in 2018, is very competitive. The growth is limited or considered as decreases when is compared to the same period of last year. However, following factors could promote the beverage market.

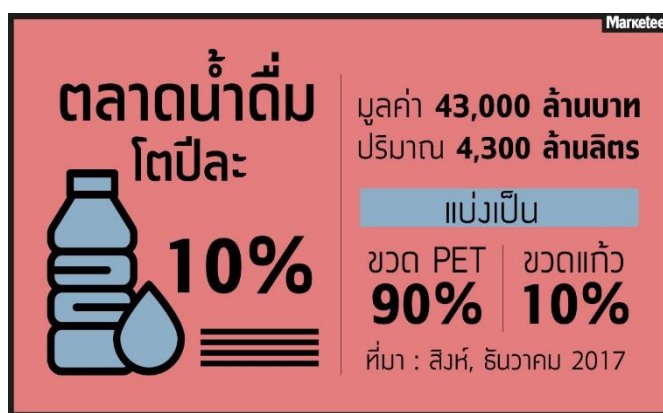
1. On account of high competition in non-alcoholic drink sector, many marketing campaigns have been launch to reach their target group, who likely to drink water contained in bottles. These could make the repetition to purchase drinking-water bottles.

2. High temperature in Thailand makes many beverages such as drinking water, soda, fruit juices, ready-to-drink tea and electrolyte drinks to gain the benefits from the high frequency to consume.
3. The expansion of urban society and increase of income per capita have increased the needed quantity of packaging especially plastic packaging for food and beverage.
4. The expansion of smaller household due to an increase in single and married without child couples that lead to an increase in demand for individual packaging products that are suitable for household consumption and for travelling.



The drinking water market in Thailand is important to Thailand economy because of the change of current consumer behaviors, which require the comfortable and instant. This trend has a positive effect to the drinking water bottle market to be popularized which could be proofed by many selling channels across the country.

According to the research, PET bottles are accounted for 90% of the drinking-water bottle market. Moreover, the drinking-water bottle market grows at 10% last year, which means there are still opportunities for the PET bottle manufacturers in Thailand.



Resource: <http://marketeer.co.th>

### The Industry Outlook of Cooking Oil and Fat in Thailand

Cooking oil and fat is necessary for the domestic consumption, both in household and restaurants. Currently, many brands of cooking oil and fat serve various needs of customers via convenient distribution channels. Moreover, the consumers today become more health conscience. These factors therefore promote the continued growth in the market of cooking oil and fat.





The consumption of cooking oil and fat increased thanks to the consumers' growing health consciousness nowadays. Consuming less animal fat to keep the cholesterol level down, they turn to more vegetable oil, which benefits the vegetable oil market. Currently, the consumers plan their expense for vegetable oil to prevent the disadvantage from animal oil consumption and oil reuse. This shows the future growth of vegetable oil.

## Product and Service Provision

The Company's manufacturing facility is located in Bangkrabao sub-district, Nakornchaisri district, Nakornpathom province. The property of 17-rai and 93 sq. wa consists of the office, warehouse and production line with key machines, namely injection machine and blowing machine. The manufacturing facility was designed like two adjacent factories with separate electric system. If any problems occur in the production line of one factory, the other can still continue. Below is the Company's maximum production capacity from 2016 to 2018.

	2016	2017	2018
Maximum production capacity (million plastic bottles per month)	60.00	61.50	61.50
Maximum production capacity (million preform per month)	-	-	20.00
Ratio of average machine usage (%)	59	55.6	40.52

*Remark: The Company operates in three shifts, eight hours per shift, and 26 working days per month.*

## Raw Material

The Company's main raw material is PET resin purchased from the domestic manufacturers, such as Indo Rama Polymers PCL., Thai-MC Co., Ltd. and Mitsui and Company (Thailand) Co., Ltd. During the past more than 10 years, the Company never faced the problem of raw material shortage.



## Customer Contact (in case that the customers need the available standard PET packaging)

1. The Company submits the samples of each PET bottle and proposes the quotation for the customers' consideration.
2. The Company discusses with the customers to agree upon the details of prices and conditions.

3. If the customers agree on the products and conditions, the Company will start manufacturing for commercial purpose and deliver the products as ordered.

#### Customer Contact (in case that the customers need the specific PET packaging)

1. The Company submits the details and past performance for the customers' consideration.
2. The Company allows the commercial site visit to assure the customers that its operating and manufacturing system meets the acceptable standard.
3. Technical evaluation is conducted to assess the Company's potential, capacity and quality in manufacturing the specific parts to meet the requirements.
4. The customers send the details of work, including the material types, shapes, dimensions and quantity, to the Company so that it can study the details, prepare the quotation, provide samples, and plan the production.
5. The Company studies the information and conducts cost analysis to propose the quotation to the customers.
6. The Company discusses with the customers to agree upon the details, price and conditions.
7. When the customers agree with the price, the Company will make the final sample and propose the production plan.
8. The customers review the accuracy of proposed samples and production plan.
9. If the customers agree with the samples and production plan, the Company will start manufacturing for commercial purpose and deliver the items as planned.

## Risk Factors

### Operational Risks

#### 1. Fluctuating Price of PET Resin

In 2018, crude oil prices on world markets have fluctuated greatly. Impacting resin prices, especially plastic PET (Pet Resin), a key raw material in the production of packaging, PET bottles, as is the continued refining of crude oil and natural gas, the price of raw materials such movements in a manner consistent with the price of oil and natural gas prices in the world market. However, although the company will purchase nearly all of these manufacturers in the baht currency. However, raw material prices are likely to move in the same direction woven material prices on the world market with trade dollars. With the fluctuations that vary according to market conditions and other factors .Due to the continued upward trend of PET resin price since the first year 2018.

So if the price of raw materials rose rapidly to death is likely to affect margins and financial position of the company. However, the company will negotiate rising price with customers as the cost of plastic resin that changes

to the company to inform the rising price each time. The company consider to changing prices in raw material prices and commercial conditions of each customer, they will tolerate.

Although changes in the prices of key raw materials such are beyond the Company's control. But the company was monitoring the situation of raw material prices in the global market closely. By providing a special team to track and analyze trends in raw material prices, raw material prices during the period. Including the assessment of the need for raw materials during the period. To allow companies to manage the procurement of raw material efficiency.

## **2. Substandard Product Quality**

The Company manufactures and distributes PET packaging that contains drink and other seasoning sauce. In the production process, the cleanliness must be taken into consideration and the packaging must not react with the products inside. Furthermore, it must consider the consumers' safety as top priority. If PET packaging does not meet the standard, is not clean, reacts with the products inside, or harms the consumers, the Company may face the lawsuit for a significant amount of damage. To use the Company's PET packaging in filling process, the bottle shape, size and volume matter. If the Company's products do not meet the requirements, the customers may not be able to use them in the automatic filling line and the Company is obligated to replace the products. This will affect the Company's performance and financial status.

However, the Company considers the quality as the key manufacturing factor, starting from selecting raw materials, using advanced and precise machine, and having the comprehensive process of quality review. Since its products are mostly related to food and beverage, the Company values the safe manufacturing control that meets the international standard. It therefore produces the items in compliance with the standard of GMP, HACCP and ISO 9001:2015 by Intertek Certification Ltd., which are the respectable manufacturing criteria. It also manages the basic environment of production process, such as controlling personal hygiene, controlling pests and animal vectors, and designing the factory structure as well as machinery and manufacturing equipment, which puts more focus on preventive than corrective measure. Moreover, it serves as the basic system of food safety. Throughout these years, the Company never had serious issues about the product quality.

## **3. Competition in the Manufacturing and Distributing Business of PET Packaging**

The consumer behavior tends to keep changing and it is not difficult to enter the manufacturing and distributing business of PET packaging because the raw materials are easy to buy and the manufacturing machines can be found anywhere. Therefore, the Company has several competitors in the market, which may lead to fiercer competition. In addition, the existing customers may consider producing PET packaging by themselves, which will pose the negative impact on the Company's performance and financial status.



Despite numerous competitors in the market, the Company has many major customers who regularly order its products. They are in the manufacturing and distributing business of bottled drinking water, juice, vegetable oil and seasoning sauce, which requires the containers whose quality meet the standard and requirements. The packaging must also focus on the cleanliness and safety. Currently, the Company enhances its competitiveness by increasing the production quality, properly controlling the production cost, focusing on the punctual product delivery, and paying attention to customer service. As the strength, the Company can design, make, and maintain the molds of PET packaging in the factory, which provides flexibility to serve the customers' needs in the designing and mold-making process. Furthermore, it has the expert internal engineer team that was trained by the foreign machine manufacturers. More importantly, the Company has high production capacity, leading to economy of scale that prevents the customers from producing PET packaging by themselves if the production amount is not high enough.

#### **4. Over-Dependence on Large Customers and Customer Concentration Risk**

Currently, the Company manufactures and distributes PET packaging for the industry of bottled drinking water, juice, vegetable oil, and seasoning sauce. which came from the related parties, namely Thai Vegetable Oil PCL. and Thai Edible Oil Co., Ltd. Normally, the Company does not make the long-term purchase agreement with the customers. Therefore, losing those large customers may affect the Company's performance and financial status.

Nevertheless, the Company focuses on the product quality, sets the competitive price, and always delivers the products on time, which lays the foundation of good customer relations. Thai Vegetable Oil PCL. has been ordering Prodigy products since the Company's establishment. Moreover, Thai Vegetable Oil PCL. is its major shareholder, with 31.85% share as of August 24, 2017. Throughout these years, the Company has tried to reduce the risk from being overly dependent on a single customer by diversifying the source of income and increasing the income ratio in other groups.

#### **5. Change in Government Policy**

Nowadays, the environmental factor is highly valued by the public and private organizations worldwide. In some countries, packaging is taxed to reduce the usage of non-environmentally friendly and hard-to-reuse packaging. The levels of taxation vary depending on the materials used, such as glass, can, plastic and paper. The countries enforcing the taxation include Germany, Ireland and the United Kingdom. If Thailand uses this law, it may affect the Company on higher cost, selling prices and competitiveness. However, the country has not enforced this law.

#### **6. Investment in the Company's Future Projects**

The Company's project for investment injection preform machine and blowing machine that increase the production line for supporting the customer's needs. The success of future projects depends on various factors, including the consumers' needs, cost and source of fund, risk of related law and regulations and domestic and global

technological, political and economic change. These factors may impact the Company's performance and financial status.

#### 7. Risk from the trend of reduce using plastic in Domestic and abroad

Currently, the trend reduce using plastic for reducing the volume of plastic waste that get feedback by both the public and private sectors in Domestic , so the some producers have adapted packaging which supported 4R trend (reuse, reduce, recycle and replace). The several all of government and private sector have set this campaign, it's determined measure for seriously abidance such as the hospitals in the Department of Medical Service Ministry of Public Health that they have stopped using a plastic bag for storing medicines in every unit and promote the campaign that the patients should bring a cloth bag for storing medicines or the large producer of soft drink announced using the recycle packaging for products.

But limited for operation especially, in Thailand, the using recycle plastic (rPET) packaging contain food and beverage, Notification of the Public Health ( No.295) No.8 It's prohibited to use plastic container made from re-used plastic exempt using for packaging fruits with peel. That's limited and unclearly for operating. Thus, plastic packaging producers haven't lacked of confidence form the government.

### Nature of Business

#### Business Outlook

The Company manufactures and distributes PET packaging to the customers, who will take care of the filling process themselves. The Company can produce several shapes and sizes of bottles, ranging from 60 to 6,000 ml., based on customers' needs. The standard and specific shapes can be produced for each individual customer. The PET packaging can be divided into four categories, namely juice, vegetable oil, drinking water and seasoning sauces. Below are details of each category:

- 1) **PET juice packaging:** The Company manufactures and distributes PET juice packaging, with the size ranging from 200 to 1,000 ml. (weight from 13 to 56 g.).
- 2) **PET vegetable oil packaging:** The Company manufactures and distributes PET vegetable oil packaging, with the size ranging from 250 to 5,000 ml. (weight from 15 to 110 g.), to the manufacturer and distributor of vegetable oil. Its key customer is Thai Vegetable Oil PCL., under the trade mark of "A-Ngoon", and Thai Edible Oil Co., Ltd., under the trademark of "King".
- 3) **PET drinking water packaging:** The Company manufactures and distributes PET drinking water packaging, with the size ranging from 350 to 6,000 ml. (weight from 13 to 110 g.).
- 4) **PET seasoning sauce packaging:** The Company manufactures and distributes PET seasoning sauce packaging, with the size ranging from 60 to 2,000 ml. (weight from 6 to 67 g.).
- 5) **Preform group** for the customers to blow bottle themselves

The company produce and distribute preform to the customers who blow bottle themselves or their blowing machine. At present, there are 2 size for preform as 13.5 g and 31 g. The company launched them in second quarter of 2018. The company has emphasized the expansion the customers' base in the out of town especially drinking water group that have been continuous growth.

The production process of PET packaging was in high standard, with advanced Japanese technology. Safe for the consumers and meets their needs, this process is certified with ISO 9001: 2015, Recommended International Code of Practice-General Principles of Food Hygiene CAR/RCP and GMP food safety management system and HACCP by Intertek Certification Ltd. The Company always pays attention to the quality control to make sure that the delivered products have high-quality; therefore, it has the quality assurance policy. Currently, its manufacturing facility is located in Bangkrabao sub-district, Nakornchaisri district, Nakornpathom province. On the property of 17 rai and 93 sq. wa, the facility has the production capacity of 61.5 million plastic bottles per month. In 2018, the Company had the average production capacity at 61.5 million pieces per month and preform 20 million pieces per month.

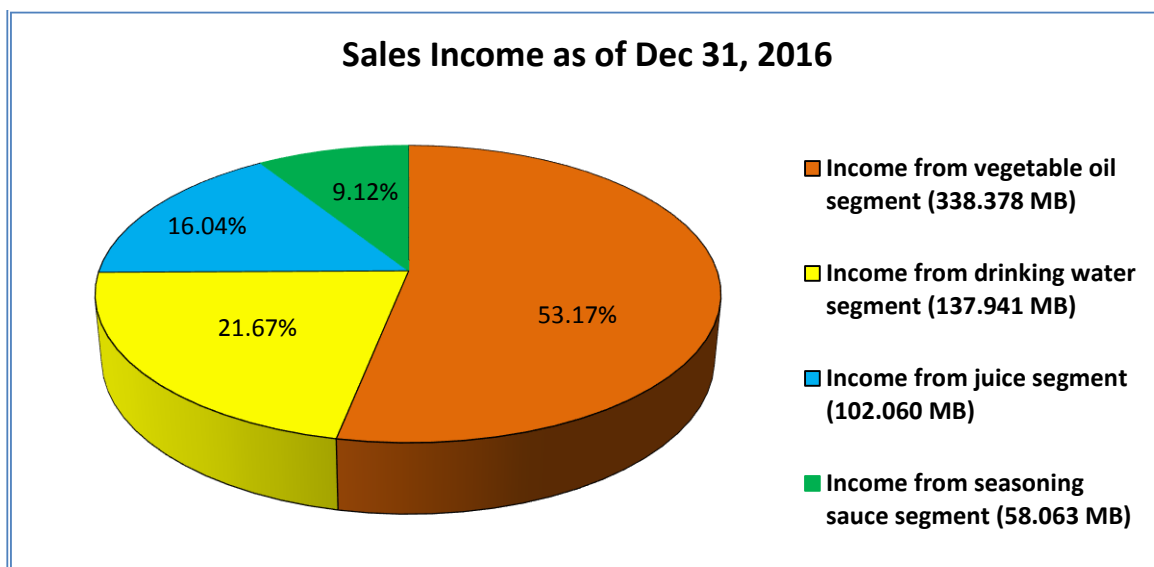
The Company mainly distributes PET packaging to the key target groups in Thailand. It directly sells the products to the manufacturers and distributors of bottled drinking water, juice, vegetable oil, seasoning sauce and preform. In order that, the Company also provides the product delivery service for the customers in Bangkok and vicinity and expansion to other provinces especially, preform launched in the second quarter 2018. The company free of charge if their order meets the minimum requirement. For the customers in provincial areas, it charges for delivery service at actual cost



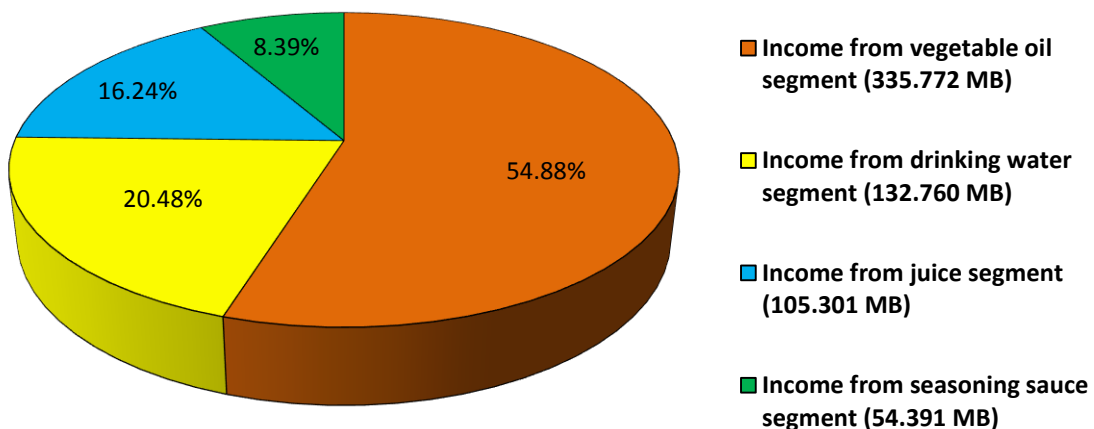
## Income Structure

The company mainly earned income from the customers in juice, vegetable and drinking water segment, as well as seasoning sauce and preform without overly depending on any single group. The company earned income each a group below shows the details of the Company's income structure:

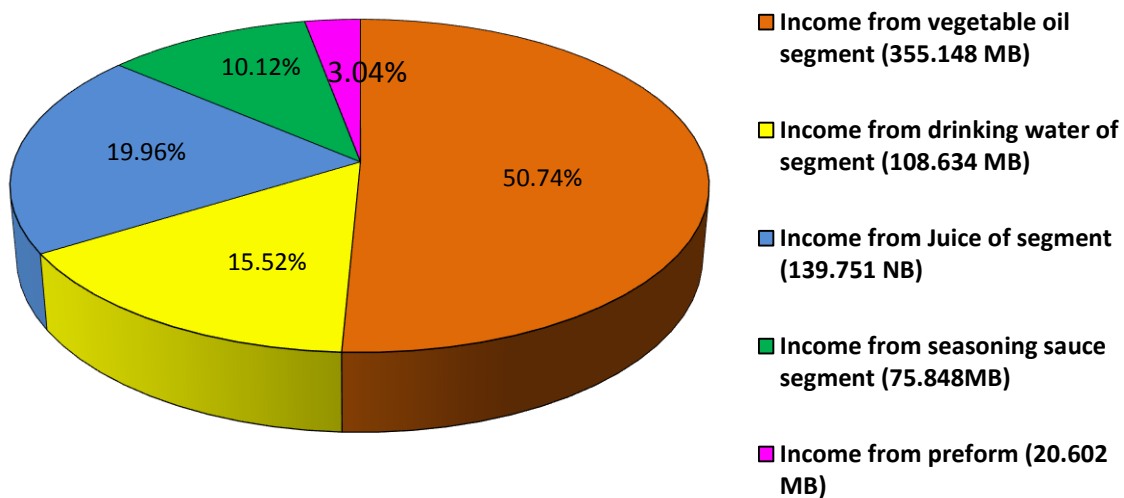
	Dec 31, 2016		Dec 31, 2017		Dec 31, 2018	
	Income (MB)	%	Income (MB)	%	Income (MB)	%
Income from vegetable Oil Segment	338.378	53.17	355.772	54.88	355.148	50.74
Income from drinking water Segment	137.941	21.67	132.760	20.48	108.634	15.52
Income from juice Segment	102.060	15.04	105.301	16.24	139.751	19.96
Income from seasoning sauce and other Segment	58.063	9.12	54.391	8.39	75.848	10.84
Income from preform segment	-	-	-	-	20.602	2.94
<b>Sales Income</b>	<b>636.442</b>	<b>100</b>	<b>648.224</b>	<b>100</b>	<b>699.983</b>	<b>100</b>



### Sales Income as of Dec 31, 2017



### Sales Income as of Dec 31, 2018



#### Business Conduct of Each Product Line

The Company manufactures and distributes Polyethylene Terephthalate packaging ("PET packaging") to the customers, who take care of the filling process themselves and preform to the customers who take of the blowing bottles themselves.

## Product Specifications

The Company manufactures and distributes plastic PET packaging in various shapes and sizes based on the usage requirements of customers, who are well-known brands in several industries as well as general consumers. The products, with sizes ranging from 60 to 6,000 ml., PET resin as the key raw material in the production process.

The Company produces PET packaging with different details for each customer depending on the purpose of use. Its specifications vary, such as shape, size, color, raw materials, special property of raw materials and label.

The products are divided into four categories based on the usage, namely PET juice packaging, PET vegetable oil packaging, PET drinking water packaging, PET seasoning sauce packaging and Preform. Below are the details of each category:

### PET Juice Packaging



The Company manufactures and distributes PET juice packaging, with sizes ranging from 200 to 1,000 ml. (weight from 13 to 56 g.). The packaging is available in transparent and opaque white to preserve the photosensitive drinks. The income earned from this segment accounts for 15.04%, 16.24% and 19.96% of gross income in 2016, 2017 and 2018 respectively.

### PET Vegetable Oil Packaging





The sizes of PET vegetable oil packaging range from 250 to 5,000 ml (weight from 15 to 110 g.). The key customers are in vegetable oil segment, namely Thai Vegetable Oil PCL., under the trademark of “A-Ngoon”, and Thai Edible Oil Co., Ltd., under the trademark of “King”. The income earned from this segment accounts for 53.17 %, 54.88% and 50.74 % of gross income in 2016, 2017 and 2018 respectively.

#### PET Drinking Water Packaging



The Company manufactures and distributes PET drinking water packaging in transparent and transparent blue, with sizes ranging from 350 to 6,000 ml. (weight from 13 to 110 g.). The income earned from this segment accounts for 21.67%, 20.48% and 15.52% of gross income in 2016, 2017 and 2018 respectively.

#### PET Seasoning Sauce Packaging



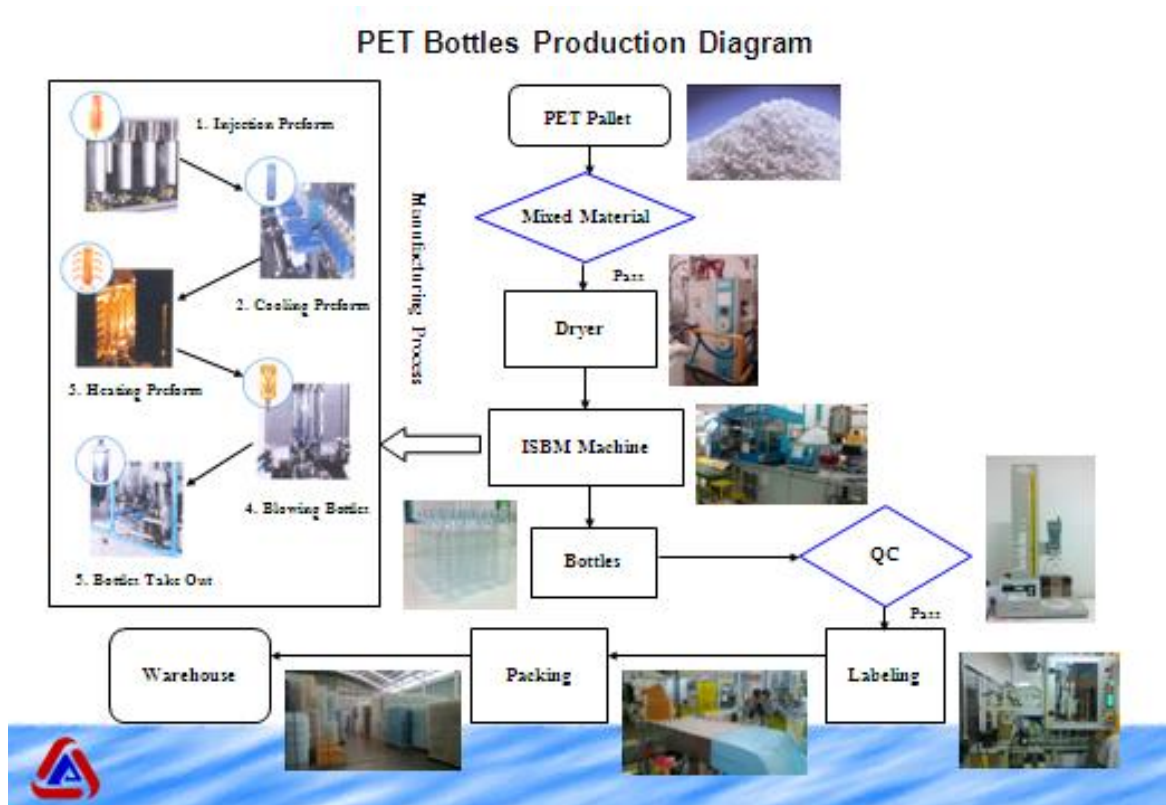
The Company manufactures and distributes PET seasoning sauce packaging, with sizes ranging from 60 to 2,000 ml. (weight from 6 to 67 g.). The income earned from this segment accounts for 9.12%, 8.39% and 10.84% of gross income in 2016, 2017 and 2018 respectively.

#### Preform (for blowing bottle)



The Company manufactures and distributes Preform for blowing bottle. Present, the Company produces preform 2 sizes as 13.5 g. and 31 g. both of size in transparent and transparent blue. The company has distributed in the second quarter in 2018, they are earned income for this product for 2.94% of sale income in 2018.





*Production Process*

Production process of PET packaging is divided into four major steps as below:

#### 1. Preparation of Raw Materials

PET Resin was dried by hot air and desiccants to get rid of the moisture, the key factor that lowers the quality of PET packaging.



*PET Resin*

## 2. Injection Process

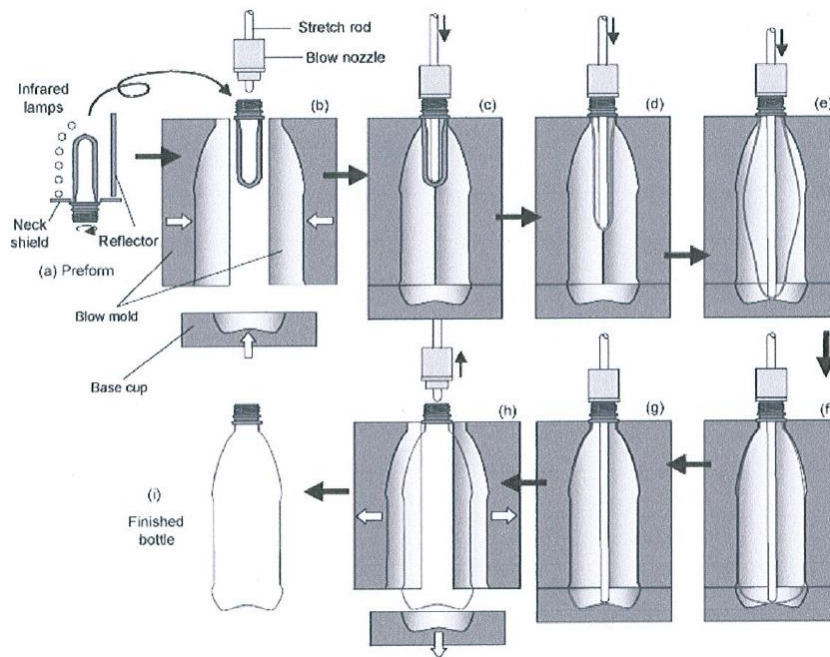
In this process, the dry PET Resin is conveyed by the air exhaust port to the machine, which melts it at 270-290 degree Celsius. The melted plastic is then injected into the mold, which shapes the Preform. This injection process uses high-quality ISBM (Injection Stretch Blow Molding) machine, manufactured by the leading company in Japan. Furthermore the anti-moisture system is installed in the manufacturing area to prevent the moisture in the air from damaging the Preform.



*Preform in several shapes and sizes*

## 3. Blowing Process

The Preform produced in the injection process will be transferred to the oven, with infrared lamps generating heat, to soften it like rubber. Next, it enters the blow mold installed on ISBM. In this process, Stretch Rod stretches the Preform and uses high-pressure air to blow and shape it into a bottle.



*Blowing Process*

#### 4. Quality Review Process

In this process, the released PET packaging enters the step of quality review, done by the employees in front of the machine, to screen out the sub-standard packaging. The selected packaging will be labeled, packed, and delivered to the warehouse to be sold later.



#### Environmental Impact

- None-

It does not cause environmental impact because the manufacturing process uses closed plant production system.

#### Research and Development

Recognizing the value of research and development to increase the competitiveness, the Company constantly conducts the research and development to serve the customers' needs. To enhance its operational effectiveness, it develops the standard quality system, which is divided into the below areas:

##### Product Development and Production Process

Currently, the Company works with the customers in product development based on their requirements, such as producing PET packaging in colors like transparent blue and opaque white. It also continuously develops the production process to enhance the competitiveness, such as reducing the production cost and increasing the channels to gain higher revenue in the future.

##### Development of Standard Quality System

The Company values the development of operating system to increase its efficiency and assure the customers. It was certified with ISO 9001:2015, GMP and HACCP by Intertek Certification Ltd. With the environmental concern, it joined the Green Industry Project of the Ministry of Industry, which encourages the industry sector to be socially and environmentally friendly.



## Shareholder Structure and Management

### Securities

The Company has registered capital of 135 million baht, accounting for 270,000,000 common stocks, with par value of 0.50 baht per share. The paid-up capital is 135 million baht, accounting for 270,000,000 common stocks, with par value of 0.50 baht per share.

### Shareholder Structure

The Top 10 Shareholders of the company. (Summary from the closing date of August 22,2018)

	List of Shareholders	As of August 22,2018	
		No. of Shares (Shares)	%
1	Thai Vegetable Oil PCL.	86,000,000	31.85
2	Thai Edible Oil Co., Ltd.	30,000,000	11.11
3	Cheer Thailand Oil Co., Ltd.	12,100,000	4.48
4	Mr. Visuth Vitayathanagorn	12,000,000	4.44
5	Mr. Thongchai Tansutat	6,000,000	2.22
6	Ms. Sudarat Vitayatanagorn	6,000,000	2.22
7	Mrs. Pattama Tangpiroontham	6,000,000	2.22
8	Mr. Vatchara Vitayatanagorn	6,000,000	2.22
9	Mrs. Rattana Chanpitak	6,000,000	2.22
10	Mr. Kuna Vitayatanagorn	4,000,000	1.48

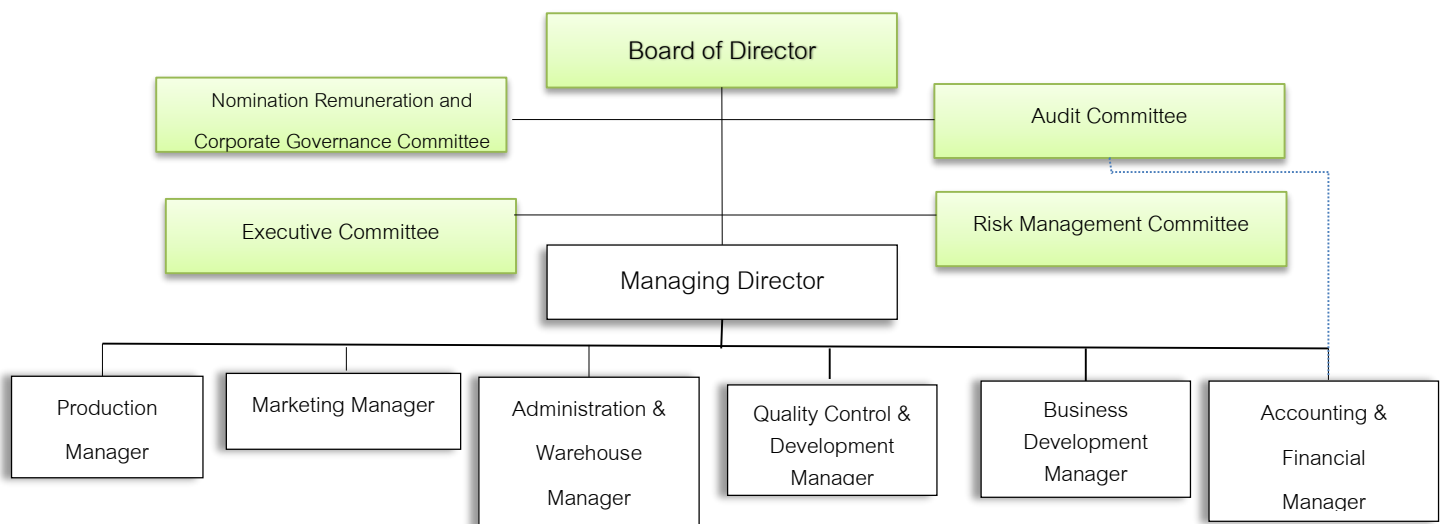
## Dividend Policy

It is the Company's policy to pay the dividend more than 50% of net profit, after the deduction of corporate income tax and provision. However, the payment rate may change depending on the liquidity, investment plan, operational plan, and terms and conditions of the agreement the Company is obligated to. The Board's resolution of dividend payment must be presented to the shareholders' meetings for the approval, except the interim dividend payment, which is under the Board's authority.



## Management Structure

As of December 31, 2018, the Company's management structure consists of the Board of Directors and four sub-committees as Audit Committee Executive Committee Risk Management Committee and Nomination Remuneration and Corporate Governance Committee below:



## Board of Directors

As of December 31, 2018, the Board of Directors consists of nine directors as below:

Name – Last Name	Position
1. Assoc. Prof. Prayoon Boonprasert	Chairman /Independent Director/ Audit Committee
2. Miss Thipawan Uthaisang	Independent Director/ Head of Audit Committee
3. Miss Pikul Taksinwarajarn	Independent Director/ Head of Nomination Remuneration Committee
4. Mr. Thanet Norabhoompipat	Independent
5. Mr. Thongchai Tansutat	Director/Managing Director
6. Mr. Visuth Vitayathanagorn	Director/ Nomination Remuneration Committee
7. Mr. Pramote Santiwattana	Director
8. Mr. Vorravuth Tangpiroonthum	Director
9. Mr. Vachara Vitayatanagorn	Director

## Authorized Signatories

Mr. Thongchai Tansutat or Mr. Vachara Vitayatanagorn signs his name with Mr. Visuth Vitayathanagorn or Mr. Vorravuth Tangpiroonthum and stamp the Company's seal.

## Board's Term of Office

In each Annual General Meeting of Shareholders, one third of the Board of Directors must resign. If the number does not match one third exactly, the Board must find the closest amount possible. The resigned directors in the first and second year after the Company's register must be decided by the draw. Afterward, the directors with the longest period of directorship must resign. However, the resigned directors can be re-elected to resume the position.

## Board's Scope of Authority, Work and Responsibilities

The resolution of the Board's meeting no. 2/2013 on August 7, 2013, defined the Board's scope of authority, work and responsibilities as below:

1. Conducting the tasks with integrity in compliance with law, the Company's objectives and regulations, and the resolution of shareholders' meetings as well as carefully protecting the Company's interest.
2. Approving the organization's vision and operational strategy formulated and presented by the management and elaborating the details.



3. Supervising the operation and performance of the management or any assigned parties to be aligned with the Board's policy.
4. Continuously monitoring the Company's operation to be in line with the operational plan and budget.
5. Having the management set up the credible accounting system, financial report and auditing and ensuring the sufficient and proper internal audit system.
6. Reviewing the risk management process and policy as well as monitoring the performance of Risk Management Department.
7. Deliberating and approving the acquisition and disposition of assets, investment and any operation that complies with the related law, notices, rules and regulations.
8. Deliberating and approving the connected transactions to ensure their compliance with the related law, notices, rules and regulations.
9. Preventing the conflicts of interest among the stakeholders
10. Fairly deliberating matters for the best interest of all shareholders and stakeholders. The directors must immediately inform the Company if they share the gain and loss in the contract made with the Company. For the transactions with the directors or any individual who may have the conflict of interest, those directors have no right to vote approval for those transactions.
11. Formulating the policy of good corporate governance in a written form and reviewing this policy to make sure that the Company is responsible for all stakeholders and treat them fairly.
12. If necessary, asking for the professional opinions from external parties as the reference for the right decision making.
13. Deliberating the appointment of Managing Director and sub-committees, such as Audit Committee and Executive Committee, and defining the authority of Managing Director and those sub-committees to supervise the management system and internal audit system to be in line with the policy.
14. Deliberating the appointment of secretary to ensure that the Board and the Company abide by law, notices, rules and regulations.
15. Revising or changing the scope of authority and responsibility of Audit Committee, Executive Committee and Managing Director as seen appropriate and if required.
16. Evaluating its own performance annually and finding the guideline to increase its operational effectiveness.

The authority must not be provided for or by the Board during the period that allows them and/or their attorney-in-fact to approve the transactions that he/she or those individuals may have conflicts of interest (as defined in the notices of Securities Exchange Committee or the notices of Capital Market Supervisory Board), share the gain and

loss, receive any benefits, or have any conflict of interest with the Company, except approving the transactions that comply with the policies or criteria approved by the shareholders' meetings or the Board.

#### Qualifications of Independent Directors

The Board sets the qualifications of Independent Directors to meet the requirements of the Stock Exchange of Thailand as below:

1. Holding shares less than 1% of total stocks with voting right in holding company, subsidiaries, affiliates, major stockholders, or authorized persons who control the company. This includes the shareholding by the persons related to the independent directors.
2. Not being or having never been the director involving in the management, employee, the consultant earning salary, or authorized person controlling the holding company, subsidiaries, affiliates, same-level subsidiaries, major stockholders, or authorized person who controls the company, except relieved from abovementioned status for at least two years before submitting the permission to the Office. However, the prohibited characteristics exclude that of civil service or consultant of government body with major shareholding or authorized persons.
3. Not being blood-related by or legally registering, in the manner of being father or mother, spouse, sibling, offspring, and spouse of the offspring of other directors, management, major shareholders, authorized person, or person nominated as Executive Director or authorized person of the subsidiaries.
4. Not having or having had the business relations with holding company, subsidiary, affiliate, major shareholder or authorized persons in the manner that may obstruct the independent exercise of discretion. Not being or having been a significant shareholder or authorized person with business relations with the holding company, subsidiary, affiliate, major shareholder or authorized person, except relieved from abovementioned status for over two years before the submitting the permission to the Office. This includes giving or receiving financial assistance through giving/receiving the loan, guaranteeing, providing the properties as collateral, including similar behavior that causes the company or contract party the debt burden to be settled with another party from 3% of net tangible assets of the company or from 20 million baht up, as which amount is lower. However, the debt burden calculation should follow the value calculation on related items as announced by the Securities Exchange Commission on Rules of Related Items, by mutatis mutandis. The consideration of such debt burden shall include debt burdens incurred at one previous year before the date of business relations with the same person.
5. Not being or having been auditor of the holding company, subsidiary, affiliate, major shareholder or authorized person and shall not be significant shareholder, authorized person or partner of auditing office with the auditor of the company, holding company, subsidiary, affiliate, major shareholder or authorized



person in attachment, except relieved from such characteristic for more than two years before the date of submitting the permission at the Office.

6. Not being or having been any professional provider, which includes legal consulting or financial consulting with service fee over two million baht a year from the company, holding company, subsidiary, affiliation, major shareholder or authorized person of the applicant, and not being a significant shareholder, authorized person or partner of the professional provider, except relieved from such characteristic for more than two years before the date of submitting the permission from the Office.
7. Not being a director appointed as a representative of the company's director, major shareholder or shareholder related to the company's major shareholder.
8. Not operating similar or significantly competitive business to the company's or subsidiaries'. Not being significant partner in the partnership, director taking part in employee management, consultant with regular salary or holding shares over one percent of the total shares with voting right in other companies, or operating business similar or competing with business of the applicant or subsidiary.
9. Not having other characteristics that will hinder independent opinion related to the company's operation.

#### Board's Meetings

Below are the details of Board's meetings in the fiscal year as of December 31, 2018:

Name-Last Name	No. of Participation/No. of Total Meetings	
	Position	2018
1. Assoc.Prof.Prayoon Boonprasert	Independent Director	5/5
2. Miss Thipawan Uthaisang	Independent Director	5/5
3. Miss Pikul Taksinwarajarn	Independent Director	4/5
4. Mr. Thanet Norabhoompipat	Independent Director	5/5
5. Mr. Thongchai Tansutat	Director	5/5
6. Mr. Visuth Vitayathanagorn	Director	5/5
7. Mr. Pramote Santiwattana	Director	5/5
8. Mr. Vorravuth Tangpiroonthum	Director	5/5
9. Mr. Vachara Vitayatanagorn	Director	5/5

#### Policy Concern the meeting

1. Board of Director set up the Annual meeting a year in advance that the Board acknowledge since the early year for set up their planning's meeting.

2. The Board of director should be able to attend at least 75% of Annual board meeting. In 2018, the Board of Director attended 97.78% of Annual board meeting.(Detail as the above the schedule)

The Board meeting 1/2019, The resolution's Board meeting determined the Annual Meeting 2019 as detail below schedule.

No.	The Date of Meeting	Time
1/2019	Wednesday 20 February 2019	4.00 pm.
2/2019	Tuesday 7 May 2019	10.30 am.
3/2019	Wednesday 24 July 2019	10.30 am.
4/2019	Tuesday 6 August 2019	10.30 am.
5/2019	Tuesday 5 November 2019	10.30 am.
6/2019	Tuesday 10 December 2019	10.30 am.

#### Audit Committee

As of December 31, 2018, Audit Committee consists of three following directors:

Name-Last Name	Position	No. of Participation/ No. of Total Meetings
1. Miss Thippawan Uthaisang	Head of Audit Committee	4/4
2. Assoc. Prof. Prayoon Boonprasert	Audit Committee	4/4
3. Miss Pikul Taksinwarajarn	Audit Committee	3/4

*Miss Thippawan Uthaisang is the Audit Director with enough knowledge and experience in auditing the credibility of financial statement. Miss Lakhana Ruenrom serves as the secretary The Audit Committee. The meeting is determined 4 times per year.*

#### Audit Committee's Term of Office

Audit Director has three-year term of office, except the resignation at term's end in compliance with the Company's rules. In this case, the resigned directors can be re-elected to resume the position. If the position is vacant because of other reasons than the end of term, the Board must assign the fully qualified people to be Audit Directors to ensure the complete amount of members required. The replacement will only cover the remaining term of the resigned director.

#### Audit Committee's Scope of Authority, Work and Responsibilities

The resolution of the Board's meeting no. 2/2013 on August 7, 2013, defined the Audit Committee's scope of authority, work and responsibilities as below:

1. Ensuring that the Company has accurate financial report, providing sufficient information.
2. Ensuring that the Company has proper and efficient internal control system and internal audit system as well as considering the independence of the Internal Audit Department. Approving the appointment, transfer or dismissal of the Head of Internal Audit Department and/or hiring of outsourced internal auditors or related departments.
3. Ensuring that the Company follows the law related to securities and the Stock Exchange of Thailand (SET), regulations of the Stock Exchange of Thailand, and the law related to the Company's business.
4. Selecting and nominating independent people to serve as the Company's auditors and proposing the remuneration of that person. Attending the meeting with the auditors, without the management's participation, for at least once a year.
5. Reviewing the connected transactions or conflicts of interest to comply with law and SET regulations and ensure that those transactions are reasonable and best benefit the Company.
6. Making the report of Audit Committee and including it in the annual report signed by the Head of Audit Committee. The report must consist of the following information:
  - 1) Comments on the accuracy and completeness of financial report
  - 2) Comments on the sufficiency of internal control system
  - 3) Comments on the compliance with the law related to the securities and Stock Exchange of Thailand, SET regulations or law related to the Company's business
  - 4) Comments on the auditors' appropriate qualifications
  - 5) Comments on the potential conflicts of interest
  - 6) The number of Audit Committee's meetings and the participation of each director
  - 7) Overall comments or observation on the Committee's compliance with the charter
  - 8) Other items they think the shareholders and general investors should learn, under the scope of work and responsibilities assigned by the Board.
7. During the operation, if the Audit Committee finds or has any doubts in the following transactions or acts, which significantly affects the Company's financial status and performance, they must report to the Board to rectify the situation within appropriate timeline.
  - 1) Transactions with conflict of interest
  - 2) Corruption, abnormality or errors in internal control system

3) Violation of law related to securities and the Stock Exchange of Thailand, SET regulations or laws related to the Company's business.

8. Other tasks assigned by the Board and approved by the Audit Committee

To work under the scope of authority and responsibilities, the Audit Committee is authorized to invite the related management or employees to report, comment, attend the meeting, or submit the related and required documents.

The Board has the authority to change the Audit Committee's scope of authority and responsibilities as seen fit and as required.

#### Nomination, Remuneration and Corporate Governance Committee

As of December 31, 2018, Nomination, Remuneration and Corporate Governance Committee consists of four following directors:

Name-Last Name	Position	No. of Participation/ No. of Total Meetings
1. Miss Pikul Taksinwarajarn	Head of Nomination, Remuneration and Corporate Governance Committee	2/2
2. Assoc. Prof. Prayoon Boonprasert	Nomination, Remuneration and Corporate Governance Committee	2/2
3. Miss Thippawan Uthaisang	Nomination, Remuneration and Corporate Governance Committee	2/2
4. Mr. Visut Vittayathanagorn	Nomination, Remuneration and Corporate Governance Committee	2/2

*Miss Lakhana Ruenrom serves as the secretary of Nomination Remuneration and Corporate Governance Committee*

The meeting is determined at least 2 times per year.

#### Terms of Office of Nomination, Remuneration and Corporate Governance Committee

Nomination, Remuneration and Corporate Governance Committee has three-year term of office and the directors whose term ends can be re-elected to resume the position. If the position is vacant because of other reasons than the end of term, the Board must assign the fully qualified people to be Audit Directors to ensure the complete amount of members required. The replacement will only cover the remaining term of the resigned director.

## Scope of Authority, Work and Responsibilities of Nomination, Remuneration and Corporate Governance Committee

The resolution of the Board's meeting no. 2/2013 on August 7, 2013, defined the Nomination, Remuneration and Corporate Governance Committee's scope of authority, work and responsibilities as below:

1. Ensuring that the organization's operation properly complies with the principle of good corporate governance to maintain the standard and infuse this principle into the organizational culture. Furthermore, regularly communicating this issue to the director, management and employees.
2. Regularly reviewing and updating the principle of good corporate governance, regulations, business ethics and employees' moral to suit the business and be aligned with operational direction of Stock Exchange of Thailand and Securities Exchange Commission.
3. Deliberating and approving the promotion of the Company's corporate governance and information disclosure policy among the public.
4. Considering and selecting the qualified person to serve as the new director or recruiting the Chief Executive Officer. Setting the proper and transparent selection criteria or method to propose to the Board's meeting and/or shareholders' meetings for their approval.
5. Reporting its performance to the Board and making the report of the Nomination, Remuneration and Corporate Governance Committee, included in the Company's annual report and signed by the Head of the Committee.
6. Deliberating the guideline for the directors and Managing Director's cash and non-cash remuneration and benefits to ensure the fair and reasonable remuneration calculation method. Then, proposing it to the Board's meeting and/or shareholders' meetings for their approval.

## Risk Management Committee

As of December 31, 2018, Risk Management Committee consists of five following directors:

Name-Last Name		Position
1. Mr. Wimon	Wongchan	Head of Risk Management Committee
2. Mr. Thongchai	Tansutat	Risk Management Committee
3. Mr. Vachara	Vitayatanagorn	Risk Management Committee
4. Mrs. Lakkanar	Romruen	Risk Management Committee
5. Mr. Pawinpreecha	Yaikvawong	Risk Management Committee

*Ms.Thitikan Sa-ngnetpetch serves as the secretary of Risk Management Committee. The meeting is determined at least 1 time per year.*

## Terms of Office of Risk Management Committee

Risk Management Committee has three-year term of office and the directors whose term ends can be re-elected to resume the position. If the position is vacant because of other reasons than the end of term, the Board must assign the fully qualified people to be Risk Management Directors to ensure the complete amount of members required. The replacement will only cover the remaining term of the resigned director.

## Risk Management Committee's Scope of Authority, Work and Responsibilities

The resolution of the Board's meeting no. 2/2013 on August 7, 2013, defined the Risk Management Committee's scope of authority, work and responsibilities as below:

1. Formulating the risk management policy and proposing it to the Board for the approval.
2. Formulating the operational plan in line with the risk management policy to follow up, evaluate, and control the risks at an acceptable level.
3. Approving the use of risk assessment tools to suit the risk management policy.
4. Regularly monitoring the compliance with the risk management policy to ensure its efficiency.
5. Making sure that the resources for risk management are sufficient.
6. Informing the Audit Committee and the Board about the Company's risk status and guideline for managing those risks.

## Executive Committee

As of December 31, 2018, Executive Committee consists of five following directors:

Name-Last Name		Position	No. of Participation/ No. of Total Meetings
1. Mr. Thongchai	Tansutat	Head of Executive Committee	12/12
2. Mr. Wimon	Wongchan	Executive Director	12/12
3. Mr. Vachara	Vitayatanagorn	Executive Director	9/12
4. Mrs. Lakkanar	Romruen	Executive Director	12/12
5. Mr. Pawinpreecha	Yaikvawong	Executive Director	12/12

*Ms.Thitikan Sa-nganetpetch serves as the secretary of Executive Committee.*

## Executive Committee's Terms of Office

Executive Committee has three-year term of office and the directors whose term ends can be re-elected to resume the position. If the position is vacant because of other reasons than the end of term, the Board must assign

the fully qualified people to be Executive Directors to ensure the complete amount of members required. The replacement will only cover the remaining term of the resigned director.

#### **Executive Committee's Scope of Authority, Work and Responsibilities**

The resolution of the Board's meeting no. 2/2013 on August 7, 2013, defined the Executive Committee's scope of authority, work and responsibilities as below:

1. Managing and operating the Company's business in line with its goal and in compliance with the policy, guideline or operational plan set by the Board.
2. Setting the vision, operational strategy, policy, goal, guideline and action plan to suit and be in line with the economic condition and competitive situation. Proposing them to the Board for the approval.
3. Monitoring and following up the approved policy and management guideline to ensure the effective operation.
4. Having authority to approve and operate the projects with the budget lower than three million baht.
5. Operating other tasks assigned by the Board.

The authority must not be provided for or by the Executive Committee during the period that allows them and/or their attorney-in-fact to approve the transactions that he/she or those individuals may have conflicts of interest (as defined in the notices of Securities Exchange Committee or the notices of Capital Market Supervisory Board), share the gain and loss, receive any benefits, or have any conflict of interest with the Company, except approving the transactions of normal business and the ones under normal trade conditions.

#### **Company's Secretary**

The resolution of the Board's meeting no. 2/2013 on August 7, 2013, setting the scope of authority, work and responsibilities. The resolution of the Board's meeting no. 2/2017 on May 9, 2017 appointed Ms.Thitikan Sa-nganetpetch as the Company's secretary.

#### **Secretary's Scope of Authority, Work and Responsibilities**

1. Assisting and advising the Board and management on rules and law they need to know.
2. Taking care of the Board's activities, holding Board' meetings, recording the minutes of Board's meetings and shareholders' meetings, and coordinating with different parties to ensure the compliance with the resolution of Board's meetings.
3. Making and filing the following documents:

- 1) Directors' register
- 2) Invitation letter for the Board's meetings, minutes of Board's meeting and annual report
- 3) Invitation letter for the shareholders' meetings and minutes of shareholders' meetings
- 4) Keeping the stake holding reports made by directors or management
- 5) Operating other tasks assigned by the Capital Market Supervisory Board.

## The Management

As of December 31, 2018, the management consists of seven following managers:

### Managing Director's Scope of Authority, Work and Responsibilities

The resolution of the Board's meeting no. 2/2013 on August 7, 2013, defined the Managing Director's scope of authority, work and responsibilities as below:

1. Supervising, managing, operating, and conducting the regular business to ensure the Company's best interest and be aligned with the Company's policy, strategy and operational plan assigned by the Board and/or the resolution of the shareholders' meetings.
2. Setting the vision, operational strategy, policy, goal, guideline and action plan, proposing them to the Board for the approval, and reporting the work progress to the Board.
3. Setting and adjusting the management structure to be in line with the Company's operation and the competition in the industry.
4. Having authority to approve and operate with the budget lower than one million baht. Also able to approve and operate with the budget over one million baht for the management expenses only, such as salary, welfare, overtime and bonus, including all fees and stamp duty, commodity expenses, expenses related to raw material purchase and expenses in the agreement approved by Executive Committee and/or Board.
5. Having authority to appoint, transfer, or dismiss the employees in the lower level than Managing Director. The attorney-in-fact can be appointed to act for them.
6. Having authority to issue, revise, add, and improve the regulations and orders on the Company's operation to be aligned with its policy.
7. Deliberating the approval of connected transactions under normal trade conditions, such as product trading at selling price and offering the same trade conditions as normal customers. This must be done with the Board's approval.



#### 8. Operating other tasks assigned by the Board.

The authority must not be provided for or by the management during the period that allows the Managing Director and/or their attorney-in-fact to approve the transactions that he/she or those individuals may have conflicts of interest (as defined in the notices of Securities Exchange Committee or the notices of Capital Market Supervisory Board), share the gain and loss, receive any benefits, or have any conflict of interest with the Company, except approving the transactions of normal business and the ones under normal trade conditions.

At Present, Managing Director wasn't take up the board at others, he would like to emphasize the operation the business to vision and mission according with the strategy of the company.

#### Recruitment of Directors and Management

The current Board together select the suitable candidates for the position of director or management based on their qualifications, which should be in line with the Company's plan. These people must be well qualified in terms of knowledge, capability, experience, and time dedication, and the qualifications must also meet Section 68 of Public Limited Companies Act B.E. 2535 (, including the edited version), the related notices of Securities Exchange Commission and the related notices of Capital Market Supervisory Board. The appointment of directors and management must be approved by the Board's meetings and/or shareholders' meetings.



## Remuneration of Directors and Management

### Director's Remuneration

Below are details of the directors' remuneration in 2016, as of December 31, 2016, in 2017, as of December 31, 2017 and in 2018 as of December 31, 2018

Unit: Baht

Name – Last Name	At Year End as of December 31, 2016			At Year End as of December 31, 2017			At Year End as of December 31, 2018		
	Remuneration	Meeting Allowance	Total	Remuneration	Meeting Allowance	Total	Remuneration	Meeting Allowance	Total
1. Assoc. Prof.Prayoon Boonprasert	700,000	40,000	740,000	700,000	40,000	740,000	700,000	48,000	748,000
2. Miss Thipawan Uthaisang	460,000	40,000	500,000	460,000	40,000	500,000	460,000	48,000	508,000
3. Miss Pikul Taksinwarajarn	460,000	40,000	500,000	460,000	32,000	492,000	460,000	38,000	498,000
4. Mr. Thanet Norabhoonpipat	460,000	40,000	500,000	460,000	40,000	500,000	460,000	48,000	508,000
5. Mr.Thongchai Tansutat	100,000	-	100,000	100,000	-	100,000	100,000	-	100,000
6. Mr.Visuth Vitayathanagorn	196,000	32,000	228,000	196,000	40,000	236,000	196,000	48,000	244,000
7. Mr.Pramote Santiwattana	196,000	32,000	228,000	196,000	40,000	236,000	196,000	48,000	244,000
8. Mr.Vorravuth Tangpiroonthum	196,000	32,000	228,000	196,000	40,000	236,000	196,000	48,000	244,000
9. Mr.Vachara Vitayatanagorn	156,000	24,000	180,000	196,000	40,000	236,000	116,000	8,000	124,000
D & O Liability Insurance	220,880	-	220,880	210,840	-	210,840	190,760	-	190,760
Total	3,144,880	280,000	3,424,880	3,174,840	312,000	3,486,840	3,074,760	334,000	3,408,760

### Principle of Director's Remuneration

Type of Director	Type of remuneration (Baht)	
	Remuneration	Meeting Allowance
Independent Director	2,080,000	180,000
Non-executive Director	588,000	144,000
Executive Director	216,000	8,000

Beside of the remuneration to Directors and executives, the company provided other benefit as D&O Liability Insurance that's 190,760 Baht for insurance premium.

All of Sub-Committee have undetermined the remuneration.

## Management's Remuneration

The remuneration of the management, both director, (excluding the compensation received as the Company's director) and non-director management, in the form of salary and bonus can be summarized as below:

Below are details of the management's remuneration in 2016, as of December 31, 2016, and in 2017, as of December 31, 2017, and in 2018, as of December 31, 2018

	At Year End as of		
	December 31, 2016	December 31, 2017	December 31, 2018
Number (people)	4	5	7
Remuneration (Baht)	9,335,801	7,739,200	9,342,100

## Provident Fund

The Company established the provident fund on August 21, 2013:

	2016	2017	2018
Cumulative Amount of Provident Fund (Baht)	2,165,912	2,335,732	2,312,034

## Corporate Governance

The Company focuses on applying the corporate governance principle to its business conduct as the direction. Therefore, the Company's formulates the corporate governance policy, whose principle and operational guideline are aligned with SET good governance principle for the listed companies in 2012. The Board of director have reviewed the CG Code 2017 for apply to according with the context of organization.







The Company's good governance Policy as below:

#### Section 1: Rights of Shareholders








Valuing the rights of shareholders, the Company encourages them to exercise their rights. Their fundamental rights include the right to purchase, sell, or transfer stocks, right to earn a part of the Company's profit in the form of dividends, right to receive sufficient information, right to attend the shareholders' meetings and exercise their right to vote for appointing or dismissing the directors, appointing the auditors, and matters that affect the Company, such as the dividend allocation, formulating or amending regulations or Memorandum of Association, increasing or issuing new stocks, and approving significant transactions.

The Company sets the policies to support and facilitate the shareholders as below:

-  The Company sends the invitation letters, along with the reference documents, to the shareholders at least seven days in advance or within the timeline indicated by law or notices. The letters provide date, time, venue and related regulations of shareholders' meetings. The letters must also include the agenda with the explanation and rationale, the Board's comments, proxy form indicated by the Ministry of Commerce and the list of independent directors who will act as the proxies for the shareholders and attend the shareholders' meetings if the shareholders cannot join the meeting themselves. Furthermore, the Company discloses the important information on its website before the meetings.
-  Before the meeting, the Company informs the shareholders of the voting criteria and counting method. After providing information of each agenda, the Chairman of the meeting gives the shareholders a proper amount of time to express their comments and ask the Company questions. The directors and management participate in the meeting to listen to their comments and suggestion as well as answering the questions, which can be submitted before the date of meeting.
-  If the meeting consists of many agendas, such as appointing the directors, the agenda will be voted one by one.
-  After each shareholders' meeting, the company makes the accurate and complete minutes, consisting of the voting process, Q&A and the voting result of each agenda – agree, disagree and no comment. It also records the list of participating and absent directors. The report on voting result will be displayed on the website of the Stock Exchange of Thailand within the same day the meeting takes place or at 9 a.m. of the next working day as the latest. The report of shareholders' meeting will be submitted to the Stock Exchange of Thailand within 14 days after the meeting and be uploaded on the Company's website.

## Section 2: Equitable Treatment of Shareholders

The Company equally and fairly treats all shareholders, including managerial, non-managerial, foreign and individual shareholders under the following principles:

-  The Company sends the English invitation letter together with Thai version.
-  The Company conducts the meetings in sequence as indicated in the invitation letter and will not propose additional agendas without early notice unless necessary, especially the agendas that the shareholders need sufficient time to review before making any decision.
-  The Company allows the minority shareholders to nominate the directors under the Company's criteria by submitting the names, along with their letter of consent, to the Chairman of the Board.
-  The Company encourages the shareholders to vote for each agenda with the ballots, which are collected in the shareholders' meeting to count the votes and are stored by the Company to ensure the transparency and verifiability.
-  The Company values the accurate, complete and timely information disclosure to all shareholders via the website of the Stock Exchange of Thailand and the Company.
-  It is the Company's policy to prevent the directors and management from misusing the inside information for their own or shareholders' benefits.
-  It is the Company's policy to prevent the directors with conflicts of interest from participating in those meeting agendas.

## Section 3: Roles of Stakeholders

The Company respects the rights of all stakeholders', namely customers, employees, business partners, shareholders or investors, creditors and surrounding communities, including other groups, namely competitors and independent auditors. It therefore fairly treats these stakeholders because it believes that the good relations with all of them will promote the Company's sustainable growth.

### Shareholders

1. The Company is obliged to encourage the shareholders to exercise their rights. Their fundamental rights include the right to purchase, sell, or transfer stocks, right to earn a part of the Company's profit in the form of dividends, right to receive sufficient information, right to attend the shareholders' meetings and exercise their right to vote for appointing or dismissing the directors, appointing the auditors, and matters that affect

the Company, such as the dividend allocation, formulating or amending regulations or Memorandum of Association, increasing or issuing new stocks, and approving significant transactions.

2. The Company is obliged to encourage the shareholders to exercise their rights
3. In the Annual General Meeting of Shareholders, such as right to nominate the directors and right to comment or ask questions related to the meeting agendas.
4. The Company will not do anything that violates or lessens the rights of shareholders, such as will not send the important information or documents before the shareholders' meetings and will not add the important agenda or change the crucial information without informing the shareholders in advance.

#### Employees

1. The Company offers the employees fair remuneration based on their performance. The evaluation is fairly conducted under the Company's criteria.
2. The Company has the policy on personnel develop by training the employees and management within the organization and assigning them to join the outsourced trainers in the topics related to their work.
3. The Company is obliged to maintain the hygienic work condition, which benefits the effective work and is safe for the employee's lives and assets.
4. The Company is obliged to guard the employees' privacy by not revealing their personal information, such as salary and medical record, to outsiders, except obligated by law or regulations.

#### Customers

1. The Company is obliged to build good customer relations and long-term cooperation by adhering to principle of integrity.
2. The Company focuses on providing the customers with the greatest satisfaction and confidence by delivering high-quality products and service, which are safe for the consumers and comply with the regulations. It also strictly follows the terms and conditions made with the customers.

#### Business Partners and Creditors

1. Considering the equality, fairness and integrity in business conduct, the Company strictly complies with law and mutual agreement.
2. Maintaining the business ethics, the Company will not dishonestly request, receive, or pay any benefits to the business partners.

### Competitors

1. It is the Company's policy to support and promote the free and fair competition.
2. The Company treats the competitors by adhering to the law and best practice. It will not tarnish their reputation by slandering them with false accusation or doing anything unfair to the competition.

### Government Agencies

1. It is the company's duty to abide by the related law and regulations.
2. The Company values the transparency and integrity when contacting the government officials and government agencies. It formulates the policy not to bribe the government officials in any kind to facilitate or benefit the Company.

### Environment, Society and Communities

1. It is the Company's policy to conduct the business with environmental responsibility. In addition to the environmental saving, it promotes the energy efficiency.
2. The Company has the policy to conduct the business by taking the quality of society and communities into consideration and strictly abiding by law and regulations.

The stakeholders can ask for the Company's information or make the complaints to the Audit Committee by mailing to the Secretary Office, in the Company's address, or sending e-mail to [info@prodigy.co.th](mailto:info@prodigy.co.th). The complaints will be kept confidential and the Audit Committee will have the issues examined, propose the solution, and report it to the Board.

### **Section 4: Disclosure and transparency**

The Company values the complete, correct, timely and transparent information disclosure so that the shareholders and stakeholders equally receive the credible information. Moreover, it regularly updates the information on its website.

It is the Company's policy to disclose the important information to the public, for example vision and mission, nature of business, list of the Board and management, financial statement, financial report, risk factors, risk management policy, risk management methods, direct and indirect shareholding of the directors, major shareholders and top management, audit fee and other service fee of auditors and the remuneration of Board and management.

The shareholders, investors, securities analysts and public can contact Ms.Thitikan Sa-nganetpetch at Tel. (034) 332611-2 or e-mail: [ir@prodigy.co.th](mailto:ir@prodigy.co.th) for the Company's information.

## Section 5: Board Responsibilities

As of December 31, 2018, the Company's management structure consists of the Board of Directors and four sub-committees, namely Audit Committee, Nomination, Remuneration and Corporate Governance Committee, Risk Management Committee and Executive Committee, to ensure the Company's and shareholders' long-term and maximum interest.

### Board Structure

The Board consists of knowledgeable and capable directors with various experiences. They consider the important matters related to the Company's management. All directors are free to express comments in the shareholders' meetings and vote for agendas to ensure the proper, effective and transparent business conduct.

As of December 31, 2018, the Board consists of nine directors. Four of them are independent directors. The independent directors must account for one third of the Board and more than three. The directors must not have the prohibited characters based on the notice of Securities Exchange Commission no. Gor.Jor. 8/2010 under the subject of the directors' and management's the lack of credible character and other related laws.

### Board's Role, Duties and Responsibilities

The Board has duty to consider and approve the significant matters related to the operation, such as vision and mission, financial target, risks, plan and budget. It also supervises the management to ensure the efficient and effective operation in compliance with the policies and plans. The Board uses judgment to decide and work with caution, responsibility and integrity to ensure the Company's long-term benefits.

### Board's Self-Assessment

The Board annually conducts the self-assessment to evaluate the performance in the past year and find the direction to enhance its efficiency.

### Remuneration of Directors and Management

The Company clearly sets the Board's remuneration, which must be approved by the Annual General Meeting (AGM). The directors, who are assigned with more duties and responsibilities, such as also being the Audit Director, will receive the suitable remuneration for those duties and responsibilities. The consideration must be based on the Company's ability and the management's remuneration must be linked with the Company's performance and the operation of each management each year.



## Development of Directors and Management

The Board operate effectively. The company's policy is encourage them for training all in-house and other that by developing the full potential for operation according with the organization of strategy .

In 2018, the directors attended the training for the potential development.

Mr.Vachara attended course as:

1. feasibility Study for Investment Course No.11 at Thammasat Consulting Networking and Coaching Center
2. Senior Executive Course No.12 of Thailand Energy Academy

Mr.Voravut attended course Board Nomination and Compensation Program No.4/2561 (BNCP) of IOD

## The knowledge for new director

The company set the orientation for new board via company visit program for processing including to take a board manual that's detail of company as vision mission although articles of association and the law concerned the director the sub-committee's scope of authority or responsibility.

## Board's Meetings

Board's Meetings focuses on quarterly tracking and verifying the performance and report from Audit Committee so that the Executive Committee can consider and operate to ensure the Company's best interest. The Board should also report the Company's major operational risks.

In each Board's meeting, the Board's secretary works on the agendas and sends the documents to the Board at least seven days before the meeting. This includes the minutes, with suggestions and comments of each sub-committee, such as the Board, Audit Committee and Executive Committee. Overall, the Company takes the minutes and submits it to each director as seen appropriate. The minutes is systematically filed, with the Board's verification and ready for the examination by the Board or related parties.

In 2018, Board of director reviewed vision mission and strategy of company that's suitable with business and situation, the resolution's Board of director the vision mission and strategy of company have yet appropriated in present.

## Monitoring the Use of Inside Information and Conflicts of Interest

It is the Company's policy to prevent the directors and management from misusing the inside information for their own or shareholders' interest as below:

- 1) Preventing the use of its information, the Company prohibits the departments with inside information from revealing it to the unrelated departments or people.

- 2) The management who learns the Company's crucial and financial information that affects the change in stock price must not use that information before disclosing it to the public. The management is prohibited from trading the Company's stocks for a month before the financial statement or significant information is disclosed to the public.
- 3) When the Company's securities are registered in the Stock Exchange of Thailand, the directors and management is obliged to report the securities holding based on Section 59, in compliance with the notice of Securities Exchange Commission under the subject of the making and disclosure of the directors' and management's securities holding. The number of securities to be reported includes the ones directly held by the management, spouse and children under legal age. Also taken into consideration is the indirect holding that is eventually found out that the management, spouse and children under legal age actually own those securities, such as nominee holding or holding via the personal fund.
- 4) The Company sets the disciplinary penalties for the ones who seek the interest from using or disclosing the inside information, which may damage the Company. The penalty level varies case by case, ranging from verbal warning, written warning and probation to termination of employment (firing, discharging, or dismissing), depending on the intention and severity of that misconduct.

#### Connected Transaction Policy

The Board formulates the following connected transaction policy to prevent the conflicts of interest and ensure the Company's best interest:

1. Directors and management report to the Company their stake holding and the related parties'.
2. When the Company gets involved with the connected transactions, they must be approved by the meetings of Executive Committee, Board or shareholders (depending on each case), except the transactions with normal trade agreement and conditions approved by the Board. The Company always complies with the connected transaction criteria in the notice of Capital Market Supervisory Board.
3. In considering the connected transactions, the Company may appoint the independent price appraiser or independent financial adviser (depending on each case) to comment on significant connected transactions.
4. The Company must set the same price and conditions of the connected transactions as those for outsiders (Arm's Length Basis), which must be fair and reasonable as well as best benefiting the Company.
5. The stakeholders of the connected transactions cannot approve or vote for this issue.

## Personnel

### Number of Personnel

As of December 31, 2017, and December 31, 2018, the Company had 330 and 320 employees and workers (excluding the management) respectively, divided into the following business units:

Key Business Unit	Number of Employee (Person)	
	Dec. 31, 2017	Dec. 31, 2018
Production	257	245
Administration & Warehouse	48	49
Accounting	4	4
Marketing	5	5
Quality Control & Development Product	16	16
Business Development *	-	1
<b>Total</b>	<b>330</b>	<b>320</b>

**Remark \*** The Business Development Department is set in 2018.

### Employees' Remuneration

Employees' Remuneration, (excluding the management) can be summarized as below:

Type	Employees' Remuneration (Baht)	
	End of the Fiscal Year December 31, 2017	End of the Fiscal Year December 31, 2018
Salary	66,154,114	70,368,235
Bonus	11,526,302	9,340,941
<b>Total (salary &amp; bonus)</b>	<b>77,680,116</b>	<b>79,709,176</b>
Employees' benefits	1,949,364	2,156,999
<b>Total remuneration</b>	<b>79,629,480</b>	<b>81,866,175</b>

The employees haven't established any labor union, but the Company set election of employee representatives who were volunteers for Welfare committee under the labour protection ACT B.E. 1998. The employee representatives have two years term. The Company have policy to fairly and legally treat all employees, which leads to the good employee relations.



## Labor Dispute

-None-

## Personnel Development Policy

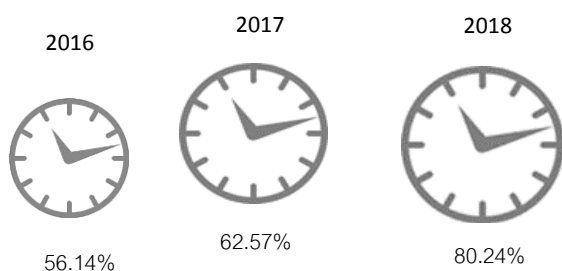
The Company has given priority of the human resource development because it has been the key factor contributing to the Company's operational success. The Company focuses on developing the managing and engineering skills as well as teamwork. In the past, the Company held the trainings and seminars, with the private and public sector, who were be knowledgeable and capable. It also sent the engineer team to attend the production machinery training in Japan so that they can effectively operate and repair the machine, without any help from the Japanese engineers. This helps reduce the expenses and shorten the repair period.

In 2018, the company held the training with the private and public sector for increase one's knowledge, developing the potential including learning the innovation. The attenders could be the knowledge to apply theirs' ability, to create and increase efficiency with the jobs.

The knowledge Development and ability of executive who attended for training and seminar. The development and increasing knowledge and experience that's advantage to their jobs and organization. The previous year many employees attended training and knowledge development in various courses that were in the private and public sector.

## Key performance indicator of human development

Amount of employees attended 6 hrs.for training



In 2018, Amount of employees attended 6 hrs. for training

**80.24%**

of all employees

## ANTI-CORRUPTION POLICY



Companies recognize the importance of doing business with transparency. With the heavyweights honest The corrupt as barriers to the development of the country. The company announced its intentions a unified operation of the private sector in against to corruption and Thailand approved the project on December 16, 2015, the Company has established a policy to face the corrupt. To open practices and develop into a sustainable organization for the business operations of the company. According to the principles of corporate governance. The Board of Directors Approved policy against the corrupt. The Board of Directors No. 1/2017. On Thursday, February 23, 2017 and revised the policy in The Board of Directors No.1/2018 on Thursday February 22,2018, then on May 17,2018 the company is certified by Collective Action Against Corruption (CAC).



### PRODIGY PUBLIC Co., Ltd.

#### Core Policy Against Corruption (Anti-Corruption Policy)



With a commitment to conduct business in a transparent, fair with a focus on the principles of good corporate governance. Responsible and prudent under the law Regulations and standards related to the company's Prodigy Public Company Limited.

"Company" has a policy against corrupt. (Anti-corruption Policy) to practice and develop into a sustainable organization.

#### 1. The purpose of the policy

This policy is intended to

1.1 shows the direction and framework for the implementation of the Company. On anti-corruption and anti-corruption functions. Principles and best practices. Accepted Suitable for deployment in line with the Economic, Environment. and Society.

- 1.2 Enhancing knowledge, Understanding, and Cooperation is for Board of Director, Executives, Employees and related policy against to the corrupt. The practices. In order to promote the company as an organization has better management efficiency the ethics in Business.

So employees should understand the contents of this policy and adhere properly. "The Company."  
employees who violate the policy will be penalized and cause damage to the "company".

- 1.3 The Company's values, not to engage with the core corruption in all its forms and to cooperate with other organizations. In opposition to the corrupt.

## 2. Define policy

- 2.1 The corrupt means exploitation of the role wrongful laws and regulations of the Company, including presentations (Offering) the pledge (Promising) request (Soliciting). Call (demanding) to give or receive bribes (giving or accepting bribes) to convince to commit offenses against the law. (Influencing) or destroy trust. (Distrusting) actions or behaviors implied. The corrupt others. This is not appropriate for public officials Government Sector Private agencies Or who are involved, whether directly, indirectly. To the person or agency. Perform or refrain from performing As an acquisition or retain business. Or to obtain or retain benefits any other improper business. Unless local laws, rules, regulations, traditions. Conservative or trade is permitted.

## 3. Core policy against corruption

- 3.1 Directors, management and employees are not allowed to perform or accept corrupt. In all its forms, both directly and indirectly. Covers all the businesses and all the relevant authorities and to review compliance. Policies against The corrupt regularly. The revised guidelines And requirements for operation In order to comply with changing business and regulatory requirements of the law.

## 4. Scope of Application

- 4.1 This Policy applies to all directors, management and employees of "Company" with the following definition.
- 4.1.1 Employees of the "company" include all staff positions and at all levels, including managers. Executive Advisor to both the staff and temporary staff.
- 4.1.2 Directors of the Company, including the Company's directors. Who was appointed by the General Meeting of Shareholders or the Board of Directors.



## 5. Responsibilities

- 5.1 Board of Directors and is responsible for setting policy and overseeing the Company's core systems that support the fight against corruption effective. Management has to recognize and give priority to the fight against the corrupt and cultivate the corporate culture.
- 5.2 The Audit Committee shall be appointed by the Board of Directors. Have a duty and responsibility to review the system of internal controls. Jobs in Company Compliance with efficiently and without corruption functions, including the investigation report the corrupt to the Board of Directors.
- 5.3 Board of Directors and Executive Management. Have a duty and responsibility to the system and to promote and advocate policies against the corrupt. And communicated to staff and stakeholders. Review the appropriateness of systems and measures. To comply with the change of business regulation. Regulatory and legal requirements.
- 5.4 Internal Audit Have a duty and responsibility to monitor and review the work that is going to be required to meet policy guidelines for power-operated. Regulations, laws and requirements of regulators. To ensure that control systems are suitable and sufficient risk to corrupt potential. And report to the Audit Committee.
- 5.5 All employees must act in accordance with this policy. If you have questions or see any violations of this policy will be reported to a supervisor or through the report stated.

## 6. Policies and Practices

### 6.1 General

- 6.1.1 Directors, executives and employees at all levels. Must adhere to anti-corruption functions. Ethics and the Company's business and process claims or involved in corrupt form. Whether directly or indirectly. To cover all agencies and all external agencies Government agencies and private entities involved in the company.
- 6.1.2 Employees should not neglect or ignore the actions seen on the core network into corruption involving the Company. Must notify supervisors Or the person responsible to know and to cooperate in the investigation, if there are any doubts or questions, consult with superiors. Or the person responsible for monitoring compliance with the Company's business through defined.



- 6.1.3 Those who commit corrupt. Violation of business ethics of the company, which must be considered subject to disciplinary action by the company stated. Which may include termination. The compensation and civil or criminal penalties.
- 6.1.4 The Company will provide fairness and protection of personnel, or inform the Court rejected the corruption associated with the company take measures to protect the complainant or who cooperated in the investigation.
- 6.1.5 The Company is committed to creating and maintaining a corporate culture that adheres to the core that corruption is unacceptable. All transactions with government and the private sector.
- 6.2 presents the service desk and other expenses.
  - 6.2.1 Employees must be careful about receiving. Giving gifts of property or any other benefit, the giving or receiving gifts and entertainment. Need to meet their business objectives by conventional or otherwise. The fair value and shall not affect the decision on duty.
- 6.3 The Company's related parties, business and stakeholders.
  - 6.3.1 The Company will arrange for the dissemination of knowledge. Another person to perform the duties associated with the Company or potential impact on the Company subject to compliance with the policy to combat corrupt.
- 6.4 Risk Assessment Management of the Company is required to have an understanding of the risks that may arise from so corrupt.
  - 6.4.1 Management will need to assess the risk of core corruption that may occur at least one time a year and a review of risk management measures that are appropriate to the level of a hedge.  
Acceptable
- 6.5 Control
  - 6.5.1 The Company will maintain an effective system of internal controls to combat corrupt. Which covers finance and implementation of the accounting and record-keeping. As well as other process-related measures against the corrupt.
- 6.6 Monitoring and Review
  - 6.6.1 Executive Committee Need to review this policy annually. And presented to the Audit Committee and Board of Directors approved the change. As well as directed and follow this policy into practice and make recommendations continued.

6.6.2 Internal Audit Department to audit the internal control systems and procedures regularly to ensure that internal controls are effective in the fight against corruption, the session will discuss the audit findings with the people involved, to find the right solution. And reports to senior management and the Audit Committee was further informed.

## 7. Consider the case goes through the core piece of anti-corruption policies.

7.1 The directors, executives or employees of the Company violates the core policy against corruption. Will be subject to disciplinary action by the Company will appoint a committee to investigate the case as appropriate.

## 8. Measures and communication Channels for whistleblowing/ Complains

The Company has determined measures for whistleblowing or raising complaints concerning any misconduct by any director, executive or employee within the organization that is in violation of the laws, Code of Business Ethics or any behavior that may lead to corruptions. Various channels of communication have been provided so that the employees and stakeholders can conveniently and appropriately report incidents or raise complaints with the company. The whistleblower or complainant must notify the details of incident or complaint including their contact address and phone number through the provided channel.

8.1 The Company has arranged several communication channels for whistleblowing / Complains concerning corruption as follow:

- Postal mail

For Attention of the Chairman of the Board of Directors or the Chairman of Audit Committee Prodigy Public Company Limited.

7/3 Moo 3, Bangkrabau, Nakornchaisri, Nakornpathom 73120

- E-mail : Company Secretary : [thitikan@prodigy.co.th](mailto:thitikan@prodigy.co.th)
- Company's Website : [www.prodigy.co.th](http://www.prodigy.co.th)
- Suggestion/ Comments/ Complaints box available within the Company




Assoc. Prof. Prayoon Boonprasurd  
Chairman

## Business Assets

### Key Fixed Assets

As of December 31, 2018, the list of items and the net book value after the deduction of accumulated depreciation of the key fixed business assets appearing in its financial statements are as follows:

Item	Net book value (million baht)	Types of ownership	Liabilities
Land and land improvements	32,621,042.66	Owner	None
Building and building improvements, as well as office supplies and furniture and fixtures	50,698,218.06	Owner	None
Machinery, equipment and tools in the factories	208,790,245.51	Owner	None
Vehicles	4,425,376.94	Owner	None
Intangibles Assets	19,816.29	Owner	None
<b>Total</b>	<b>296,554,699.46</b>		

The Company's fixed assets outlined above can be classified as follows:

### Land and Buildings and Building Improvements

Location	Characteristics and size	Types of ownership	Objectives of the tenure	Liabilities
Land NakornChaisri district, NakornPathom province	Title deeds: no. 2338, 2339, 2360, 49998 and 50149, with an area of 17 <i>rai</i> and 93 square <i>wa</i> .	Owner	Location of the Company's factories and office	None
Buildings and building improvements NakornChaisri district, NakornPathom province	Five manufacturing facilities within a total area of 27,000 sq.m. and a 2-floor office with total utility space of 598 sq.m.	Owner	Location of the Company's manufacturing facilities and office	None

### Machinery and Equipment

Machinery	Location	Objectives of the tenure	Liabilities
<ul style="list-style-type: none"> <li>- PET packaging production machines in 35 production lines, with a total production capacity of approximately 61.5 million bottles per month.</li> <li>- Preform production machine 1 production line, with a total capacity of approximately 20 million pieces per month.</li> <li>- Five automatic labeling machines, with an approximate total capacity of 6 million bottles per month.</li> <li>- Six automatic packing machines, with a total capacity of approximately 10.8 million bottles per month.</li> <li>- Three set of automatic opp labeling machines with capacity 36 million bottles per month.</li> <li>- One set of bottle silk screen machine with capacity 1 million bottles per month.</li> </ul>	NakornChaisri district, NakornPathom province	Used in the manufacturing process of PET packaging	None

### Other Fixed Assets

Types of assets	Types of ownership	Net value after depreciation deduction (baht)	Liabilities
Office supplies and furniture and fixtures	Owner	412,870.45	None
Tools used in the factories	Owner	37,855,758.85	None

### Intangible Business Assets

Types of assets	Types of ownership	Net value after depreciation deduction (baht)	Liabilities
Computer programs	Owner	19,816.29	None

## Insurance Policies

As of December 31, 2018, the Company secured fire and catastrophe insurance policies that provide protection against fire, lightning, gas explosion, explosion, flood, storm, electrical injury, and earthquake. The details of the insurance policies are as follows:

Types	Fire and catastrophe insurance
Place insured	7/3, Moo 3, Bang Krabao sub-district, NakornChaisri district, NakornPathom province
Maturity	January 19, 2020, at 4.00 pm.
Sum insured	866 million baht
The insured	Prodigy Public Company Limited

## Legal Disputes

As of December 31, 2018, the Company did not have any legal disputes that would affect more than five percent of the shareholders' equity or legal disputes that would have significant adverse impacts on its business.



## Sustainable Development of PDG



### CSR (Corporate Social Responsibility) Policy

The Company has established CSR as one of its strategies for organizational sustainable development. It has been committed to conducting business with integrity and transparency and has taken into account the benefits for, and the impacts on, all stakeholders. The areas the Company has given attention to include human rights, labor rights, fair business practices, high-quality and safety product development, and community and social development. Other areas include environmental management, creation of a good and safe working environment for its personnel, the compliance with laws and regulations concerning safety, occupational health and the environment, as well as CSR reports. Its relevant CSR policies are as follows:

#### 1. Fair Business

The Company has adhered to fair business principles, with the Board being responsible for preventing conflicts of interest in its business operations and for encouraging employees at all levels to work with integrity and adhere to the code of conduct.

The Company has a policy toward business operations in relation to its stakeholders – shareholders, customers and competitors. Its business practice guidelines are based on integrity, fairness, and transparency, whereby personal interest that conflicts with the Company's and its stakeholders' shall not be sought and its business secrets shall be kept confidential from the stakeholders.

The Company has formulated guidelines for the operation of management and employees in accordance with its expected values, codes of ethics and responsibilities to stakeholders. It aims to standardize the management's and employees' working behavior on the basis of integrity. The relevant regulations are thoroughly disseminated to the management and employees to ensure their compliance, which is regularly monitored.

## **2. Respect for Human Rights**

The Company requires all the directors, management and employees to respect universal human rights principles.

## **3. Fair Employment**

Realizing that its employees are a key factor in the company's sustainability, the Company has the policy to fairly treat all employees by providing opportunities, compensation, appointment, reshuffling as well as capacity building to attain business sustainability.

## **4. Responsibilities for Consumers**

The Company greatly focuses on the product quality, which must reach a certain standard and be hygienic and safe. To test the quality of raw materials and products in all steps of production lines, the Company applies a random sampling system. Furthermore, the Company adopts the traceability method to identify the source of raw materials. Its global manufacturing standard certificates can guarantee its product and management quality. Some examples of the standards are ISO 9001: 2015 GMP and HACCP, which are international standards for operational systems and manufacturing management systems.

## **5. Environmental Protection**

The Company has been determined to conduct its business on the basis of safety, occupational health and a good environment, with the focus on environmentally friendly manufacturing. The fact that the Company's manufacturing system is a closed system, which does not generate air or water pollution, guarantees its commitment to environmental protection. For example, the main raw materials in PLA packaging manufacturing are derived from plants. In addition, the Company has been granted green industry certification from the Ministry of Industry.

## **6. Community and Social Development**

In 2018, The company served the community of activities. The early in the year, the company supported the activities of school, government sector and community which established nearby. The company gave subsidies for activities on Children's day. In addition to the company and employees donated the old



calendars to Saints Foundation for the blind in Thailand (Nakornratchasima branch), it's the annual activity of the company.

**7. Safety Policy : The Company appointed the Occupational Health and Safety and Environment Policy as follow;**

1. To produce standardized products for customer satisfaction.
2. Maintain the quality of environment and prevent the pollution caused by raw materials and production process including other related activities
3. Strictly follow laws and regulations related to the business.
4. Energy and resources efficiency is the duty of every employee
5. Providing resources; human resource, budget, tools and equipment which is necessary for improving and problem resolving in regard to the quality, safety, health, environment and security.
6. Determine to prevent injuries and disease from work and develop health and safety management system continuity.
7. Quality, safety, health, environment and society policy is distributed to employees and stakeholders.
8. Encourage all employees to participate in activities or projects regarding occupational health, safety and environment of the Company.
9. Continuous policy review and improvement to be suitable for the current situation by considering the impacts of employees and stakeholders.

**8. Innovation and disseminate innovation**

The Company has supported the employees for getting the innovation, then training all the private and public sectors. Including to give the opportunity for presentation their opinions that will increase efficiency their jobs. Which opinions are efficient and pass as, they will determine in a part of work in process.

The company have gotten compliance corporate governance for sustainability of business conduct that corporate governance policy separate 5 sections as follow.





**Section 1: Rights of Shareholders**

Valuing the rights of shareholders, the Company encourages them to exercise their rights. Their fundamental rights include the right to purchase, sell, or transfer stocks, right to earn a part of the Company's profit in the form of dividends, right to receive sufficient information, right to attend the shareholders' meetings and exercise their right to vote for appointing or dismissing the directors, appointing the auditors, and



matters that affect the Company, such as the dividend allocation, formulating or amending regulations or Memorandum of Association, increasing or issuing new stocks, and approving significant transactions.

The Company sets the policies to support and facilitate the shareholders as below:

-  The Company sends the invitation letters, along with the reference documents, to the shareholders at least seven days in advance or within the timeline indicated by law or notices. The letters provide date, time, venue and related regulations of shareholders' meetings. The letters must also include the agenda with the explanation and rationale, the Board's comments, proxy form indicated by the Ministry of Commerce and the list of independent directors who will act as the proxies for the shareholders and attend the shareholders' meetings if the shareholders cannot join the meeting themselves. Furthermore, the Company discloses the important information on its website before the meetings.
-  Before the meeting, the Company informs the shareholders of the voting criteria and counting method. After providing information of each agenda, the Chairman of the meeting gives the shareholders a proper amount of time to express their comments and ask the Company questions. The directors and management participate in the meeting to listen to their comments and suggestion as well as answering the questions, which can be submitted before the date of meeting.
-  If the meeting consists of many agendas, such as appointing the directors, the agenda will be voted one by one.
-  After each shareholders' meeting, the company makes the accurate and complete minutes, consisting of the voting process, Q&A and the voting result of each agenda – agree, disagree and no comment. It also records the list of participating and absent directors.

The report on voting result will be displayed on the website of the Stock Exchange of Thailand within the same day the meeting takes place or at 9 a.m. of the next working day as the latest. The report of shareholders' meeting will be submitted to the Stock Exchange of Thailand within 14 days after the meeting and be uploaded on the Company's website.

In addition to the shareholders can contact the company via email: [ir@prodigy.co.th](mailto:ir@prodigy.co.th) , Line, website: [www.prodigy.co.th](http://www.prodigy.co.th) or Tel.034-332611-2

## Section 2: Equitable Treatment of Shareholders

The Company equally and fairly treats all shareholders, including managerial, non-managerial, foreign and individual shareholders under the following principles:

-  The Company sends the English invitation letter together with Thai version.



The Company conducts the meetings in sequence as indicated in the invitation letter and will not propose additional agendas without early notice unless necessary, especially the agendas that the shareholders need sufficient time to review before making any decision.



The Company allows the minority shareholders to nominate the directors under the Company's criteria by submitting the names, along with their letter of consent, to the Chairman of the Board.



The Company encourages the shareholders to vote for each agenda with the ballots, which are collected in the shareholders' meeting to count the votes and are stored by the Company to ensure the transparency and verifiability.



The Company values the accurate, complete and timely information disclosure to all shareholders via the website of the Stock Exchange of Thailand and the Company.



It is the Company's policy to prevent the directors and management from misusing the inside information for their own or shareholders' benefits.



It is the Company's policy to prevent the directors with conflicts of interest from participating in those meeting agendas.

### Section 3: Roles of Stakeholders

The Company respects the rights of all stakeholders', namely customers, employees, business partners, shareholders or investors, creditors and surrounding communities, including other groups, namely competitors and independent auditors. It therefore fairly treats these stakeholders because it believes that the good relations with all of them will promote the Company's sustainable growth.



#### Shareholders

1. The Company is obliged to encourage the shareholders to exercise their rights. Their fundamental rights include the right to purchase, sell, or transfer stocks, right to earn a part of the Company's profit in the form of dividends, right to receive sufficient information, right to attend the shareholders' meetings and exercise their right to vote for appointing or dismissing the directors, appointing the auditors, and matters

that affect the Company, such as the dividend allocation, formulating or amending regulations or Memorandum of Association, increasing or issuing new stocks, and approving significant transactions.

2. The Company is obliged to encourage the shareholders to exercise their rights In the Annual General Meeting of Shareholders, such as right to nominate the directors and right to comment or ask questions related to the meeting agendas.
3. The Company will not do anything that violates or lessens the rights of shareholders, such as will not send the important information or documents before the shareholders' meetings and will not add the important agenda or change the crucial information without informing the shareholders in advance.

#### Employees

1. The Company offers the employees fair remuneration based on their performance. The evaluation is fairly conducted under the Company's criteria.
2. The Company has the policy on personnel develop by training the employees and management within the organization and assigning them to join the outsourced trainers in the topics related to their work.
3. The Company is obliged to maintain the hygienic work condition, which benefits the effective work and is safe for the employee's lives and assets.
4. The Company is obliged to guard the employees' privacy by not revealing their personal information, such as salary and medical record, to outsiders, except obligated by law or regulations.

#### Customers

1. The Company is obliged to build good customer relations and long-term cooperation by adhering to principle of integrity.
2. The Company focuses on providing the customers with the greatest satisfaction and confidence by delivering high-quality products and service, which are safe for the consumers and comply with the regulations. It also strictly follows the terms and conditions made with the customers.

The company arranged customers' satisfaction assessment in every year for customers were feedback to company that's get the results for improved efficiency and effectiveness. The customers will get satisfaction. In 2018, the result of customers' satisfaction assessment via there are 3 items for assessment as below:

<i>Items</i>	<i>Point Average (full point 4)</i>
1. Quality of products	3.46
2. Delivery of products	3.57
3. Services	3.54

### Business Partners and Creditors

1. Considering the equality, fairness and integrity in business conduct, the Company strictly complies with law and mutual agreement.
2. Maintaining the business ethics, the Company will not dishonestly request, receive, or pay any benefits to the business partners.

### Competitors

1. It is the Company's policy to support and promote the free and fair competition.
2. The Company treats the competitors by adhering to the law and best practice. It will not tarnish their reputation by slandering them with false accusation or doing anything unfair to the competition.

### Government Agencies

1. It is the company's duty to abide by the related law and regulations.
2. The Company values the transparency and integrity when contacting the government officials and government agencies. It formulates the policy not to bribe the government officials in any kind to facilitate or benefit the Company.

### Environment, Society and Communities

1. It is the Company's policy to conduct the business with environmental responsibility. In addition to the environmental saving, it promotes the energy efficiency.
2. The Company has the policy to conduct the business by taking the quality of society and communities into consideration and strictly abiding by law and regulations.



The stakeholders can ask for the Company's information or make the complaints to the Audit Committee by mailing to the Secretary Office, in the Company's address, or sending e-mail to [thitikan@prodigy.co.th](mailto:thitikan@prodigy.co.th). The complaints will be kept confidential and the Audit Committee will have the issues examined, propose the solution, and report it to the Board.

#### Section 4: Disclosure and transparency

The Company values the complete, correct, timely and transparent information disclosure so that the shareholders and stakeholders equally receive the credible information. Moreover, it regularly updates the information on its website.

It is the Company's policy to disclose the important information to the public, for example vision and mission, nature of business, list of the Board and management, financial statement, financial report, risk factors, risk management policy, risk management methods, direct and indirect shareholding of the directors, major shareholders and top management, audit fee and other service fee of auditors and the remuneration of Board and management.

The shareholders, investors, securities analysts and public can contact Ms.Thitikan Sa-nganetpetch at Tel. (034) 332611-2 or e-mail: [ir@prodigy.co.th](mailto:ir@prodigy.co.th) for the Company's information.

In 2018, The Executive gave an interview with Financial Analysts as UOB Kay Hian, KGI and Analyst from Bank of Thailand.

#### Section 5: Board Responsibilities

As of December 31, 2018, the Company's management structure consists of the Board of Directors and four sub-committees, namely Audit Committee, Nomination, Remuneration and Corporate Governance Committee, Risk Management Committee and Executive Committee, to ensure the Company's and shareholders' long-term and maximum interest.

##### Board Structure

The Board consists of knowledgeable and capable directors with various experiences. They consider the important matters related to the Company's management. All directors are free to express comments in the shareholders' meetings and vote for agendas to ensure the proper, effective and transparent business conduct.

As of December 31, 2018, the Board consists of nine directors. Four of them are independent directors. The independent directors must account for one third of the Board and more than three. The directors must not have the prohibited characters based on the notice of Securities Exchange Commission no. Gor.Jor. 8/2010 under the subject of the directors' and management's the lack of credible character and other related laws.

##### Board's Role, Duties and Responsibilities

The Board has duty to consider and approve the significant matters related to the operation, such as vision and mission, financial target, risks, plan and budget. It also supervises the management to ensure the efficient and

effective operation in compliance with the policies and plans. The Board uses judgment to decide and work with caution, responsibility and integrity to ensure the Company's long-term benefits.

### **Board's Self-Assessment**

The Board annually conducts the self-assessment to evaluate the performance in the past year and find the direction to enhance its efficiency.

### **Remuneration of Directors and Management**

The Company clearly sets the Board's remuneration, which must be approved by the Annual General Meeting (AGM). The directors, who are assigned with more duties and responsibilities, such as also being the Audit Director, will receive the suitable remuneration for those duties and responsibilities. The consideration must be based on the Company's ability and the management's remuneration must be linked with the Company's performance and the operation of each management each year.

### **Board's Meetings**

Board's Meetings focuses on quarterly tracking and verifying the performance and report from Audit Committee so that the Executive Committee can consider and operate to ensure the Company's best interest. The Board should also report the Company's major operational risks.

In each Board's meeting, the Board's secretary works on the agendas and sends the documents to the Board at least seven days before the meeting. This includes the minutes, with suggestions and comments of each sub-committee, such as the Board, Audit Committee and Executive Committee. Overall, the Company takes the minutes and submits it to each director as seen appropriate. The minutes is systematically filed, with the Board's verification and ready for the examination by the Board or related parties.



In 2018, Board of director reviewed vision mission and strategy of company that's suitable with business and situation, the resolution's Board of director the vision mission and strategy of company have yet appropriated in present.

### **Monitoring the Use of Inside Information and Conflicts of Interest**

It is the Company's policy to prevent the directors and management from misusing the inside information for their own or shareholders' interest as below:



- 1) Preventing the use of its information, the Company prohibits the departments with inside information from revealing it to the unrelated departments or people.
- 2) The management who learns the Company's crucial and financial information that affects the change in stock price must not use that information before disclosing it to the public.
- 3) The management is prohibited from trading the Company's stocks for a month before the financial statement or significant information is disclosed to the public.
- 4) When the Company's securities are registered in the Stock Exchange of Thailand, the directors and management is obliged to report the securities holding based on Section 59, in compliance with the notice of Securities Exchange Commission under the subject of the making and disclosure of the directors' and management's securities holding. The number of securities to be reported includes the ones directly held by the management, spouse and children under legal age. Also taken into consideration is the indirect holding that is eventually found out that the management, spouse and children under legal age actually own those securities, such as nominee holding or holding via the personal fund.
- 5) The Company sets the disciplinary penalties for the ones who seek the interest from using or disclosing the inside information, which may damage the Company. The penalty level varies case by case, ranging from verbal warning, written warning and probation to termination of employment (firing, discharging, or dismissing), depending on the intention and severity of that misconduct.

## Connected Transaction Policy

The Board formulates the following connected transaction policy to prevent the conflicts of interest and ensure the Company's best interest:

1. Directors and management report to the Company their stake holding and the related parties'.
2. When the Company gets involved with the connected transactions, they must be approved by the meetings of Executive Committee, Board or shareholders (depending on each case), except the transactions with normal trade agreement and conditions approved by the Board. The Company always complies with the connected transaction criteria in the notice of Capital Market Supervisory Board.
3. In considering the connected transactions, the Company may appoint the independent price appraiser or independent financial adviser (depending on each case) to comment on significant connected transactions.
4. The Company must set the same price and conditions of the connected transactions as those for outsiders (Arm's Length Basis), which must be fair and reasonable as well as best benefiting the Company.
5. The stakeholders of the connected transactions cannot approve or vote for this issue.

## CSR Activity in 2018 of Company

### The development of community and social

The company's employees jointed the activity of Nakornchaisri Municipality. It was public benefit activity for Substitution for H.M.King Maha Vajiralongkorn's Birthday via canal dredging and get rid of weeds at Nakornchaisri canal for good environment and good living community. This activity performed loyalty and blessing for the King Rama X



Annual CSR of PDG in 2018, arranged the project the donated for education “ PDG....Share a smile...keep on Thai children's dreams” the objective for development and renovate the school and providing the lack of school equipment for children including to supporting expenditure for contract teacher. Beside of , the volunteers of company help build and repaired the disrepair area of school and arranged new area which would be necessary for Bann lang pla moh school at Bang pa si sub-district, Bang len district, Nakornpathom. It was small school (primary school) and the teacher shortage. It established very long time, flood damaged area and many things so it was necessary for improving damaged area.



The company realized the importance of the basic of community “Bavorn” that consist of Home, Temple and school these social and be three towers of strength for society in according with make a living of Thai people become to assistance society. This cause for the CSR activity in 2018, that focused the education or school because youths are fundamental of personal, they are the base for sustainable development. The children get the good and quality



education, they will be growing up to good adult in the future. So good quality of life, the education reach in area urban school. These are a part of basics' youth who will grow up and get good occupation. Then they will return to theirs community and apply the knowledge for better community development.



The Company arranged the CSR activity implicated someone interested in this activity that would like to donate some money or anything for this project.

The Company invited the stakeholders who interested in making the donation for this project via the Company was intermediate and complied donation to school.



Beside of, repaired the damaged area and complied the donation, sport equipment and renovate area for first aid room. The company intervened knowledge activity about plastic such as board displayed the typed of plastic used in daily life, the contest of the students' created inventions of plastic bottles.

The objective for the students could apply the knowledge about plastic for daily life on able to make money themselves and family. The students could be communicated about this knowledge to theirs relative.





### The Occupational Health and Safety

The company intended for the organization it's no accident at work. It was set a part of risk management. The safety health is the first for our company which determined KPI of employee performance, to arrange monthly report for management including to monitoring and reviewing of performance. The prevention is better than cure, it's principle of work.



In 2018, amount of accident at work that the staff must to absent from working 1 person. Then, the total period of safety 248 days.

The company has been conscious the safety and decreasing the accident all the parts such as operating manual machine, operating carefully to ensure the proper use of machine, safety information and all other precautions.

Beside of, the company has arranged annual training about Basic Fire Fighting and Evacuation Fire Drill Training and First Aid Training for employees.



In addition the safety at working, the company realized the importance of the health's employees, so the Annual Health Check up has determined for employees and joined with the Government campaign such as Drug free enterprise and announcement the prevention and solution to drugs problems policy.





## The Quality Occupational Health and Safety

The Company's sole concern is to ensure the safety of its employees including operated to involve with stakeholders. Our principle of working transparency, ethics and the check out that's policy as follow:

1. To produce standardized products for customer satisfaction.
2. Maintain the quality of environment and prevent the pollution caused by raw materials and production process including other related activities
3. Strictly follow laws and regulations related to the business.
4. Energy and resources efficiency is the duty of every employee
5. Providing resources; human resource, budget, tools and equipment which is necessary for improving and problem resolving in regard to the quality, safety, health, environment and security.
6. Determine to prevent injuries and disease from work and develop health and safety management system continuity.
7. Quality, safety, health, environment and society policy is distributed to employees and stakeholders.
8. Encourage all employees to participate in activities or projects regarding occupational health, safety and environment of the Company.
9. Continuous policy review and improvement to be suitable for the current situation by considering the impacts of employees and stakeholders.

In 2018, the company joined Project "Health Promotion Enterprise and getting award that gave for operating on prevention and controlling the Health risk behavior of employees and controlled the quitting smoking tobacco and drinking alcohol, those was set system to complete circle and clearly policy. Including the activities supported this project as arranging working environment for supporting to control risk behavior, getting knowledge for employees and supporting employees stopped the health risk behavior.



## Corporate Social Responsibility

The Company supported, people had a job especially the community and near location. The part of our employees have been living in community or near location. We have realized in creative people with the potential

development, encourage better quality of life, setting a career for them, getting income that will reduce the community problems.

The Company have given them the opportunity who live in the community have been to joint the work in company (the applicants must pass selection criterion of the Company). That's good effected both company and community ,the employees have been better quality of life that help maximize our operational efficiency.

Beside of the employees would be aware the environment they will be thoughtful no impact to environment both company and community.

The company interned sustainable and development , so we take into account all factors that will promote the company's sustainable growth.



Beside of the company emphasized on employee, have given the third party a chance for company site to observe our operation system. In 2018, the students of Silapakorn University Sanam Chandra Palace Campus observed our warehouse system.



A part of business , the company joined with Mai Forum 2018 on July 1,2018.That's the annual activity about investor relation. This event arranged by Thai Listed Companies Association, Mai Forum 2018 was evidence event model of global warming. The campaign about travelling by public transportation, it could be energy saving and using technology, to QR Code system for register that reduced quantity of papers for registration, saving electric energy via regulate higher temperature of air condition. Including promoted the project clean development mechanism (CDM) or carbon credit redeem compare with event total 24 tons carbon dioxide of principle carbon neutral event that certified by Thailand greenhouse gas management organization (public organization). This event could be emission energy saving, it was leader of event management related to "Zero" greenhouse gas (GHG).

The company focuses development the organization to sustainable by jointed to activities that supported sustainability. The company considered of factors surrounding that's component carry forward for the company will be constant and sustainable growth.



### Internal Control System

The Company focuses on an effective internal control system, which conforms to the principles of good corporate governance – having a transparent, fair and reliable operating system with an auditable checks and balances. This will lead to the ultimate benefits for shareholders, employees, business partners, communities and all concerned parties.

The Company has designated AT and A Management Co, Ltd. to audit and assess its internal control system, and it applies the monitoring and assessment results to constantly improve its internal control system. The Audit Committee could follow up the operational efficiency of company. The meeting of audit committee determined agenda the report of result's internal audit in each quarter. The audit committee appointed the accounting and financial Manager who serve as coordinate audit committee, internal audit and each department of company.

The auditors' notice of company about internal control in a part of accounting system. The EY office Co.,Ltd. was the company appointed from shareholder as the auditors in 2018 for financial audit in 2018. The auditor gave the opinion about internal control system a part of accounting. The financial audit of company as 31 December 2018 according to auditing standard performed in opinion, the financial statement referred to above present fairly, in all material respects, the financial position of company, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Assessment of the Adequacy of the Internal Control System

At the Board' meeting no. 1/2019 held on February 20, 2019, which was attended by the entire Audit Committee, the adequacy of the Company's internal control system was considered in five areas: organization and the environment, risk management, operational control of the management, the information and communication system and the monitoring system. The opinion of Board that the Company had an internal control system that was



adequate, suitable and consistent with the Adequacy Assessment Form for the Internal Control System of the Office of the Securities and Exchange Commission.



## Connected Transactions

The Company's connected transactions with persons who might have conflicts of interest within the fiscal year, which ended on December 31, 2017 compared to the previous fiscal year, which ended on December 31, 2018, are summarized below.

Parties with Potential Conflicts of Interest	Nature of Relationship	Nature of Transaction	Transaction Value (Million Baht)		Necessity and Reasonableness
			End of the Fiscal Year December 31, 2017	End of the Fiscal Year December 31, 2018	
1. Thai Vegetable Oil Public Company Limited (TVO), a manufacturer and distributor of soybean oil and soybean meal.	TVO is the Company's major shareholder and shares the same directors, Mr. Visuth Vitayathanagorn and Mr. Vachara Vitayatanagorn.	The Company sells PET packaging to TVO and set the selling price and trade conditions based on market price, which are same as those the Company offers to other customers.	332	329	The sale of packaging is the Company's normal transaction. The Company sells PET packaging to TVO with the same price and trade conditions as those the Company offers to other customers. The Audit Committee sees that the transaction was normal and reasonable.
		Discount on Sales of goods	2	2	
		Account receivables from packaging sales	Balance brought forward 61 Increase 332 Paid 326 Remaining 67	Balance brought forward 67 Increase 329 Paid 343 Remaining 53	
		Other payables-Discout on Sales of goods	2	-	
2. Thai Edible Oil Company Limited (TEO), a manufacturer and distributor of high quality products, including rice bran oil, defatted rice bran oil, and other rice bran products.	TEO is the Company's major shareholder and shares the same director, Mr. Pramote Santiwattana.	The Company sells PET packaging to TEO with price and trade conditions based on market price, which are the same as those the Company offered to other customers.	24	27	The sale of packaging is the Company's normal transaction. The Company sells PET packaging to TEO with the same price and trade conditions as those the Company offers to other customers. The Audit Committee sees that the transaction is normal and reasonable.
		Account receivables from packaging sales.	Balance brought forward 2 Increase 24 Paid 23 Remaining 3	Balance brought forward 3 Increase 27 Paid 27 Remaining 3	

## Management Discussion and Analysis Report

The company's performance as of December 31, 2018 and 2017, can be summarized as below:

Unit: Million Baht	2018 Financial Statement	2017 Financial Statement	Increase (Decrease)	
			Million baht	%
Sales income	699.983	648.224	51.759	7.98
Other incomes	5.686	5.383	0.303	5.63
<b>Total income</b>	<b>705.669</b>	<b>653.607</b>	<b>52.062</b>	<b>7.97</b>
Cost of goods sold (COGS)	579.237	509.258	69.979	13.74
Gross Profit	120.746	138.966	(18.22)	(13.11)
Selling expense	22.236	20.920	1.316	6.29
Administrative expense	31.833	30.075	1.758	5.845
Financial expense	0.263	0.351	(0.088)	(25.07)
Net profit	56.806	74.412	(17.606)	(23.66)

In 2018 the company had a net profit of 56.806 million baht, decreasing 17.606 million baht or 23.66% compared to the year 2017 with a net profit of 74.412 million baht due to higher raw material prices. Sales income in 2018 as 699.983 million baht increased 51.759 million baht or 7.98% to compare with the year 2017. Cost of sales for the year 2018 stood at 579.237 million baht, increased from the year 2017 at 69.979 million baht, accounting for 13.74% because of raw material prices was raise from higher crude oil prices on world markets. The Company's gross profit stood at 120.746 million baht, decreased 18.22 million baht or 13.11% Selling Expense for the year 2018 was In line with the year 2017. For administrative expenses increased slightly compared to the year 2017. The financial expense of the year 2018 decreased by 0.088 million baht or 25.07% due to bank fee compare to year 2017.

## Performance Analysis

### 1. Sales Income

To facilitate the management, the Company divides the products into four categories:

- 1.1 Vegetable oil
- 1.2 Drinking water
- 1.3 Juice
- 1.4 Seasoning sauce and others
- 1.5 Preform

Unit: Million Baht	2018	2017	Increase (Decrease)	
			Million baht	%
Sales income				
1.1 Vegetable oil	355.148	355.772	(0.624)	(0.18)
1.2 Drinking water	108.634	132.760	(24.126)	(18.17)
1.3 Juice	139.751	105.301	34.449	32.71
1.4 Seasoning sauce and others	75.848	54.391	21.457	39.45
1.5 Preform	20.602	-	20.602	-
Total sales income	699.983	648.224	51.759	7.98

In 2018, revenue from product sales. Vegetable Oil Group decreased 0.624 million baht or 0.18%, it decreased less. Drinking Water Group decreased 24.126 million baht or 18.17%, due to the company was slow down the purchasing of the majority customer for controlling its liability in this case. Juice Group increased 34.449 million baht or 32.71%, as customers have ordered more purchasing and continuously of orders. Seasoning sauce Group increased by 21.457 million baht, or 39.45% because the growing number of customers. Preform group, it was launched in 2018 in the first period focused to the expansion base to urban especially, Drinking water group. So there was a bit sales income for this group.

### 2. Other incomes

In 2018, the other incomes increased 0.303 million baht or 5.63%. It was the receivable interest.

### 3. Cost of Goods Sold

Cost of sales in 2018 amounted to 579.237 million baht, increased from the year 2017 of 69.979 million baht or 13.74%. The Company's gross profit in 2018 of 120.746 million baht, decreased from 2017 of 18.22 million baht or 13.11% due to the raw material price has increased and going up the high level continuously.

### 4. Selling Expense

In 2018, the selling expense was 22.236 million baht increased 1.316 million baht compared with 2017, which cost the equivalent 20.920 million baht accounting for 6.29% .

### 5. Administrative Expense

In 2018, the administrative expense was 31.833 million baht, increased 1.758 million baht or 5.85% compared to 2017.

### 6. Financial Expense

In 2018, the financial expense was 0.263 million baht, which decreased 0.088 million baht or 25.07%. Because of the bank fee decreased.

### Analysis of Financial Status

Unit: Million Baht	Dec 31, 2018	Dec 31, 2017	Increase (Decrease)	
			Million baht	%
Assets				
Current assets	385.737	356.166	29.571	8.30
Non-current assets	300.242	323.906	(23.664)	(7.31)
Total assets	685.979	680.072	5.907	0.87
Liabilities				
Current liabilities	108.738	101.709	7.029	6.91
Non-current liabilities	12.158	11.410	0.748	6.56
Total liabilities	120.897	113.119	7.778	6.88
Shareholder's equity				
Shareholder's equity of the Company	565.082	566.953	(1.871)	(0.33)
Total liabilities and shareholder's equity	685.979	680.072	5.907	0.87

## Assets

As of December 31, 2018, the Company earned the total assets of 685.979 million baht, an increase 5.907 million baht or 0.87% from the previous year, with the following details:

- The current assets an increase 29.571 million baht or 8.30% mainly from the increase of cash and cash equivalents and increasing of inventories.
- The non-current assets increased 23.664 million baht or 7.31% due mainly to property, plant and equipment worth 24.080 million baht, due to lower and total other non-current assets increased 0.416 million baht.

## Liabilities

As of December 31, 2018, the Company had the total liabilities of 120.897 million baht, increased 7.778 million baht or 6.88% from the previous year, with the following details:

- The current liabilities increased 7.029 million baht or 6.91% mainly because the increase of trade and other payable, other current liabilities and decreasing of income tax and payable.
- The non-current liabilities increased 0.748 million baht or 6.56% mainly because of revised calculation of provision for employee benefits.

## Shareholders' Equity

As of December 31, 2018, the Company had the total shareholders' equity of 565.082 million baht, decreased 1.871 million baht or 0.33% more than the previous year, mainly because of the cumulative profits from the performance in 2018.

## Liquidity

Unit: Million Baht	Dec 31, 2018	Dec 31, 2017	Increase (Decrease)	
			Million baht	%
Operating cash flow	106.832	111.123	(4.291)	(3.86)
Cash flow from investment activities	(32.426)	(106.080)	(73.654)	69.43
Cash flow from fundraising activities	(59.254)	(67.500)	(8.246)	(12.22)
Increasing (decreasing) net cash and cash equivalents	15.151	(62.457)	(47.306)	(75.74)
Cash and cash equivalents at the beginning of year	167.444	229.901	(62.457)	(27.17)
Cash and cash equivalents at the end of year	182.595	167.444	15.151	9.05

At the end of 2018, the Company earned cash and cash equivalents of 182.595 million baht, increased 15.151 million baht or 9.05%, with the below details:

- Operating cash flow of 106.832 million baht
- Cash flow for the investment activities in 2018 decreased 73.654 million baht.
- Cash flow from fundraising decreasing of 59.254 million baht was caused by the total dividend payment.

In summary, the Company had such and cash equivalents decreased during the year amount to 15.151 million baht on total cash amount of 167.444 million baht previous year, making cash and cash equivalents at end of the year amount to 182.595 million baht.





## Key Financial Ratio

	Unit	Financial Statement as of		
		Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Liquidity ratio				
Liquidity ratio	time (s)	3.55	3.50	3.82
Quick ratio	time (s)	2.90	3.09	3.47
Cash ratio	time (s)	1.02	1.06	1.31
Account receivable turnover	time (s)	5.01	4.65	5.50
Average collection period	day (s)	72.89	78.48	66.36
Inventory turnover	time (s)	12.89	15.29	14.70
Average sales period	day (s)	28.32	23.87	24.83
Account payable turnover	time (s)	6.06	5.58	5.73
Repayment period	day (s)	60.18	65.44	63.70
Cash cycle	day (s)	41.03	36.91	27.49
Profitability ratio				
Gross profit	%	17.25	21.44	25.69
Net profit	%	8.05	11.38	14.66
Return on equity (ROE)	%	10.04	13.21	17.17
Efficiency ratio				
Return on asset	%	10.52	13.75	18.01
Return on fixed asset	%	36.73	43.25	51.45
Asset turnover	time (s)	1.03	0.96	0.98
Financial ratio				
Debt to equity ratio	time (s)	0.21	0.20	0.21
Interest coverage ratio	time (s)	272.82	265.92	399.09
Cash basis	time (s)	1.17	0.64	1.76
Dividend payout ratio	%	85.55	79.83	72.32

### Liquidity Ratio

Liquidity ratio as of December 31, 2018, was 3.55 times, 0.05 times higher than 2017. The quick ratio and cash ratio was 2.90 and 1.02 times respectively. In 2018, the cash cycle was 41.03 days, increasing from 36.91 days in 2017, because of the similar average collection period, 72.89 days in 2018 decreased and 78.48 days in 2017.

### Profitability Ratio

In 2018, the profitability ratio, namely gross profit, net profit and return on equity (ROE), was at 17.25 %, 8.05 % and 10.04% respectively. That all the ratio decreased from the previous year at 4.33%, 3.33% and 3.17% respectively.

### Efficiency Ratio

In 2018, the return on asset was 10.52%. The profit was decreased and the asset turnover was lower 1.03 time than in 2017. Return on fixed asset was 36.73% in 2018 lower than 6.52% in 2017 because the net profit was decreased.

### Financial Policy

As of December 31, 2018, the Company had the liabilities of 120.897 million baht and the shareholders' equity of 565.082 million baht. The debt to equity ratio was 0.21 times, higher than 0.20 times in 2017. The dividend payout ratio was at 85.55 % in 2018.

## REPORT OF THE Nomination and Remuneration Committee TO SHAREHOLDERS

Dear Shareholders of Prodigy Public Company Limited

The Board of Director of Prodigy Public Company Limited appointed The Nomination and Remuneration Committee consist of four directors who were non-executive and the almost of directors as independent director, the member of Nomination and Remuneration Committee consist as:



- |                                   |  |
|-----------------------------------|--|
| 1. Miss Pikul Taksinwaracharn     | Chairman of Nomination and Remuneration Committee/ Audit Committee/ Independent director |
| 2. Assoc.Prof.Prayoon Boonprasurd | Nomination and Remuneration Committee/ Chairman/ Audit Committee/ Independent director   |
| 3. Miss Thipawan Uthaisang        | Nomination and Remuneration Committee/ Chairman of Audit Committee/ Independent director |
| 4. Mr.Visuth Vitayathanakorn      | Nomination and Remuneration Committee/ Director  |

The Nomination and Remuneration Committee performed our duty as entrusted by the Board of Directors. That determined in the Charter of The Nomination and Remuneration Committee. The duty of selecting the qualified persons to appoint as the director and chief executive officer including the determination of the directors and chief executives' remuneration then proposing it to the Board' s meeting approval.

The selecting director, member of committee and chief executive, the Nomination and Remuneration Committee considered the qualification, knowledge, ability, skill experience, expertise include diversity of qualification seniority and positive attitude with company which advantages of an sustainable organizational.

In 2018, the meeting was held on 2 times for considering of important agendas, they were scope of authority and responsibilities.

As 31 December 2018, Prodigy Public Company Limited. The Board of Directors consists of nine directors as four independents directors, three non-executive directors and two executive directors, then the Nomination and Remuneration Committee will provide the Boards' self assessment and sub-committee for review theirs performance in the past year.

The directors' remuneration and executive were disclosed in the annual report

February 20, 2019

On behalf of the Nomination and Remuneration Committee



(Miss Pikul Taksinwaracharn)

Chairman of the Nomination and Remuneration Committee

Prodigy Public Co., Ltd.

## REPORT OF THE AUDIT COMMITTEE TO SHAREHOLDERS

Dear Shareholders of Prodigy Public Company Limited

The Audit Committee of Prodigy Public Company Limited consists of Miss Thipawan Uthaisang as Chairman of Audit Committee, Assoc.Prof.Prayoon Boonprasurd and Miss Pikul Taksinwaracharn as Member of Audit Committee



The Audit Committee performed our duty as entrusted by the Board of Directors. The meeting was held on 4 times in 2018 and once in 2019 on February 20, 2019. The Audit Committee performed the Following tasks during the year.

- The Audit Committee had reviewed the quarterly financial statement and the year 2018 financial statement with the executives and the auditor to make sure that the financial statement of the Company were prepared in accordance with GAPP and the information were disclosed adequately, completely and in reliable manner. In addition, the Audit Committee also took notice and acknowledged for the ways to solve problems that would be benefit to the Company. Disclosure of related transaction between the Company was also reviewed to ensure that the Company complied with business conditions and criteria required by the Stock Exchange of Thailand.
- In the Audit Committee meeting no.1/2019 held on February 20,2018, the Audit Committee considered as follow:
  - The 2018 annual audit plan, proposed by outsourcing independent internal audit from AT and A management Co., Ltd. That presented the annual quarterly report in terms of adequate and effective internal control system by considering from the report of Internal Audit and gave recommendations to Internal Auditor for more effective operations regarding the monitoring and the solving of problems reported in the Auditing Report especially in essential matters. The goal is to make sure that all units have a proper internal control system that can prevent or at least reduce risk.
  - The annual audit plan in 2019 was presented by internal Auditor that involved with operating audit in 2019 including monitoring and solving continuously the previous year. The company's internal audit system to accounting record for basis of accounting that will contribute company's risk management.
- The Audit Committee reviewed risk management policy and its guidelines. The Internal Audit Department was also requested to perform a risk management system to ensure that the Company has sufficient and appropriate procedures and practices in place to prevent and mitigate risks that might occur. Also we reviewed that was the transaction of approval authority (and the levels thereof) to ensure for the compliance the policy. The goal is to ensure efficiency and linkages with the internal control system.

- The Audit Committee reviewed and selected the external auditor and determined their remuneration for the year 2019 by considering the compliance of the selection procedure with the guidelines approved by the Committee, taking into account the qualifications of the audit firm and the auditors. In order to increase assurance that the auditor was independent, The Committee formulated a policy in conformity with the Securities and Exchange Commission ("SEC")'s notification to rotate the Company's auditors every five years.
- Good corporate governance-One of the Company's priorities is to manage the business according to the principles of good corporate governance for the purpose of transparency and ethics so that shareholders, investors and all stakeholders have confidence in us.

The Audit Committee gave the opinion that in year 2018 the Company's internal control and management control systems are adequate and appropriate. All procedures were followed to ensure that the Company has conducted its business consistent with related laws and the information were disclosed in the financial statement is accurate, complete and reliable.

In the past year, the company paid audit fee and other service to The EY office Co.,Ltd. followed as:

Detail of expenditure	Amount (Baht)
3 quarters reviewed financial statement	390,000
Full year audited financial statement	500,000
<b>Total</b>	<b>890,000</b>

- The Audit Committee reviewed the auditor's performance in the past year as well as the audit fee and recommended the Board of Directors to proposed to 2018 Annual General Meeting of Shareholders to appoint Mrs.Chonlaros Suntiarsawaraporn (CPA No.4523)  
Mr.Supachai Phanyawattano (CPA No.3930)  
Miss.Waraporn Prapasirikul (CPA No.4579)  
from EY Office Limited as the auditor of Company for year 2018

February 20, 2019

On behalf of the Audit Committee



(Miss Thipawan Uthaisang)

Chairman of the Audit Committee

Prodigy Public Co., Ltd.

REPORT OF THE BOARD OF DIRECTOR TO SHAREHOLDERS

Dear Shareholders of Prodigy Public Company Limited

The Board of director has assigned the Audit Committee to review the quality of the financial report and internal control system as well as the appropriate disclosure of connected transactions.

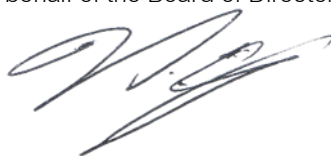
The Board of director to be responsibility for the financial statement and financial report contained in this annual report, then the statement of financial position were prepared in according with Thai financial reporting standards. Beside of the Board of director has arranged internal control system and internal audit risk management and corporate governance system to ensure the company's financial and the adequacy in order to ensure the completeness and accuracy of the financial statements.

The Board of Directors believes its internal control system and financial report 2018 as the integrity and reliability of financial report as December 31, 2018.



February 20, 2019

On behalf of the Board of Director



(Assoc. Prof. Prayoon Boonprasurd)

Chairman of Board Director

Prodigy Public Co., Ltd.



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## Independent Auditor's Report

To the Shareholders of Prodigy Public Company Limited

### Opinion

I have audited the accompanying financial statements of Prodigy Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2018, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Prodigy Public Company Limited as at 31 December 2018, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.





I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matter and how audit procedures respond for the matter is described below.

#### *Revenue recognition*

Revenue from sales is considered to be a significant account because the amounts recorded directly impact the Company's annual profit and loss. I therefore focused on the Company's recognition of sales revenue.

I have examined the revenue recognition of the Company by assessing and testing the internal controls with respect to revenue cycle by making enquiry of responsible executive, gaining an understanding of the controls and selecting representative sample to test the operation of the designed control. On a sampling basis, I also examined supporting documents for sales transactions occurring during the year and near the end of the accounting period and reviewed credit notes issued to customers after the reporting period. In addition, I performed analytical review procedures on disaggregated data and reviewed journal vouchers to detect possible irregularities in sales transactions.

#### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Company, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.



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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.





- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

*C. Sunti*

Chonlaros Suntiasvaraporn

Certified Public Accountant (Thailand) No. 4523

EY Office Limited

Bangkok: 20 February 2019

**Prodigy Public Company Limited**  
**Statement of financial position**  
**As at 31 December 2018**

			(Unit: Baht)
	<u>Note</u>	<u>2018</u>	<u>2017</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	182,595,146	167,443,768
Trade and other receivables	6, 8	132,554,544	147,016,966
Inventories	9	60,868,372	29,021,132
Material supplies	9	8,660,122	8,175,250
Other current assets		1,058,387	4,508,852
<b>Total current assets</b>		<u>385,736,571</u>	<u>356,165,968</u>
<b>Non-current assets</b>			
Property, plant and equipment	10	296,534,883	320,540,374
Intangible assets - computer software	11	19,816	94,060
Deferred tax assets	17	2,537,441	2,282,096
Other non-current assets		1,149,941	989,655
<b>Total non-current assets</b>		<u>300,242,081</u>	<u>323,906,185</u>
<b>Total assets</b>		<u><u>685,978,652</u></u>	<u><u>680,072,153</u></u>

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

**Prodigy Public Company Limited**

**Statement of financial position (continued)**

**As at 31 December 2018**

			(Unit: Baht)
	<u>Note</u>	<u>2018</u>	<u>2017</u>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Trade and other payables	6, 13	99,702,680	91,311,414
Income tax payable		7,229,691	8,992,761
Other current liabilities		1,805,809	1,404,685
<b>Total current liabilities</b>		<u>108,738,180</u>	<u>101,708,860</u>
<b>Non-current liabilities</b>			
Provision for long-term employee benefits	14	12,158,442	11,410,480
<b>Total non-current liabilities</b>		<u>12,158,442</u>	<u>11,410,480</u>
<b>Total liabilities</b>		<u>120,896,622</u>	<u>113,119,340</u>
<b>Shareholders' equity</b>			
Share capital			
Registered			
270,000,000 ordinary shares of Baht 0.5 each		<u>135,000,000</u>	<u>135,000,000</u>
Issued and fully paid up			
270,000,000 ordinary shares of Baht 0.5 each		135,000,000	135,000,000
Share premium		156,342,080	156,342,080
Retained earnings			
Appropriated-statutory reserve	15	13,500,000	13,500,000
Unappropriated		260,239,950	262,110,733
<b>Total shareholders' equity</b>		<u>565,082,030</u>	<u>566,952,813</u>
<b>Total liabilities and shareholders' equity</b>		<u>685,978,652</u>	<u>680,072,153</u>

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

**Prodigy Public Company Limited**  
**Statement of comprehensive income**  
**For the year ended 31 December 2018**

		(Unit: Baht)	
	<u>Note</u>	<u>2018</u>	<u>2017</u>
<b>Profit or loss:</b>			
<b>Revenues</b>			
Sales		699,982,639	648,223,686
Other income		5,685,970	5,383,302
<b>Total revenues</b>		<u>705,668,609</u>	<u>653,606,988</u>
<b>Expenses</b>			
Cost of sales		579,236,711	509,257,676
Selling and distribution expenses		22,235,934	20,920,271
Administrative expenses		31,832,780	30,074,649
Reduction cost of inventories to net realisable value		528,765	-
<b>Total expenses</b>		<u>633,834,190</u>	<u>560,252,596</u>
<b>Profit before finance cost and income tax expenses</b>		<u>71,834,419</u>	<u>93,354,392</u>
Finance cost		(263,304)	(351,057)
<b>Profit before income tax expenses</b>		<u>71,571,115</u>	<u>93,003,335</u>
Income tax expenses	17	(14,764,784)	(18,591,403)
<b>Profit for the year</b>		<u>56,806,331</u>	<u>74,411,932</u>
<b>Other comprehensive income:</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial gains	14	903,607	-
Income tax effect	17	(180,721)	-
<b>Other comprehensive income for the year</b>		<u>722,886</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u>57,529,217</u>	<u>74,411,932</u>
<b>Earnings per share</b>	18		
Basis earnings per share		<u>0.21</u>	<u>0.28</u>

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



Prodigy Public Company Limited

Statement of changes in shareholders' equity

For the year ended 31 December 2018

(Unit: Baht)

	Issued and fully paid-up share capital	Share premium	Retained earnings		Total
			Appropriated	Unappropriated	
Balance as at 1 January 2017	135,000,000	156,342,080	13,500,000	255,198,801	560,040,881
Profit for the year	-	-	-	74,411,932	74,411,932
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	74,411,932	74,411,932
Dividend paid (Note 21)	-	-	-	(67,500,000)	(67,500,000)
Balance as at 31 December 2017	135,000,000	156,342,080	13,500,000	262,110,733	566,952,813
Balance as at 1 January 2018	135,000,000	156,342,080	13,500,000	262,110,733	566,952,813
Profit for the year	-	-	-	56,806,331	56,806,331
Other comprehensive income for the year	-	-	-	722,886	722,886
Total comprehensive income for the year	-	-	-	57,529,217	57,529,217
Dividend paid (Note 21)	-	-	-	(59,400,000)	(59,400,000)
Balance as at 31 December 2018	135,000,000	156,342,080	13,500,000	260,239,950	565,082,030

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

**Prodigy Public Company Limited**

**Cash flow statement**

**For the year ended 31 December 2018**

	(Unit: Baht)	
	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>		
Profit before tax	71,571,115	93,003,335
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities		
Gain on sales of vehicle	-	(282,120)
Depreciation and amortisation	56,505,871	52,581,465
Allowance for doubtful accounts	869,011	88,559
Write-off bad debts	(1,237,060)	-
Reduction cost of inventories to net realisable value	528,765	-
Provision for long-term employee benefits	2,156,999	1,949,364
Profit from operating activities before change in operating assets and liabilities	130,394,701	147,340,603
Operating assets decrease (increase)		
Trade receivables	14,830,471	(15,355,821)
Inventories and material supplies	(32,860,877)	8,727,154
Other current assets	3,450,465	(3,354,662)
Other non-current assets	(160,286)	(963,600)
Operating liabilities increase (decrease)		
Trade and other payables	8,245,682	8,155
Other current liabilities	401,124	(1,662,444)
Provision for long-term employee benefits	(505,430)	(1,241,998)
Cash flows from operating activities	123,795,850	133,497,387
Cash paid for corporate income tax	(16,963,920)	(22,373,981)
<b>Net cash flows from operating activities</b>	<b>106,831,930</b>	<b>111,123,406</b>

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

**Prodigy Public Company Limited**

**Cash flow statement (continued)**

**For the year ended 31 December 2018**

	(Unit: Baht)	
	<u>2018</u>	<u>2017</u>
<b>Cash flows from investing activities</b>		
Acquisition of plant, machinery and equipment	(32,426,136)	(107,046,142)
Acquisition of intangible assets	-	(15,450)
Proceed from sales of vehicle	-	981,308
<b>Net cash flows used in investing activities</b>	<u>(32,426,136)</u>	<u>(106,080,284)</u>
<b>Cash flows from financing activities</b>		
Dividend paid	(59,254,416)	(67,500,000)
<b>Net cash flows used in financing activities</b>	<u>(59,254,416)</u>	<u>(67,500,000)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	15,151,378	(62,456,878)
Cash and cash equivalents at beginning of year	167,443,768	229,900,646
<b>Cash and cash equivalents at end of year</b>	<u>182,595,146</u>	<u>167,443,768</u>

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

**Prodigy Public Company Limited**

**Notes to financial statements**

**For the year ended 31 December 2018**

**1. General information**

Prodigy Public Company Limited ("the Company") registered the change of its status to a public company limited on 6 June 2013. The Company was incorporated and domiciled in Thailand. Its parent company is Thai Vegetable Oil Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in the producing and distributing packaging. The registered office of the Company is at 7/3 Moo 3, Bang Krabao, Nakhon Chaisi, Nakhon Pathom.

**2. Basis of preparation**

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

**3. New financial reporting standards**

**(a) Financial reporting standards that became effective in the current year**

During the year, the Company have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.



**(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019**

During the current year, the Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

**TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company believe that this standard will not have any significant impact on the financial statements when it is initially applied.

**(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020**

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

#### **4. Significant accounting policies**

##### **4.1 Revenue recognition**

###### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

#### 4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

#### 4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

#### 4.4 Inventories and material supplies

Finished goods are valued at the lower of cost (average cost method) and net realisable value and includes all production costs and attributable factory overheads.

Raw materials and packages are valued at the lower of cost (average cost method) and net realisable value and are charged to production costs whenever consumed.

Material supplies are valued at the lower of cost (specific method) and net realisable value.

#### 4.5 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of building and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings and building improvements	- 20 years
Machinery and equipment	- 10 years
Factory tools and equipment	- 5 years
Furniture and fixtures	- 5 years
Motor vehicles	- 5 years

Depreciation is included in determining income. No depreciation is provided on land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.



#### 4.6 Intangible assets

Intangible assets are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

<u>Useful lives</u>	
Computer software	5 years

#### 4.7 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

#### 4.8 Foreign currencies

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

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of the reporting period.

Gains and losses on exchange are included in determining income.

#### 4.9 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

#### 4.10 Employee benefits

##### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### ***Post-employment benefits and other long-term employee benefits***

###### *Defined contribution plans*

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

###### *Defined benefit plans*

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the Projected Unit Credit Method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

#### 4.11 Provision

Provisions are recognised when the Company has present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### 4.12 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

## **5. Use of accounting estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Property, plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the Company's plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.



#### Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

#### 6. Related party transactions

During the years, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

	For the years ended		(Unit: Million Baht)
	31 December		Pricing policy
	<u>2018</u>	<u>2017</u>	
<u>Transactions with parent company</u>			
Sales of goods	329	332	Normal prices charged to ordinary customers
Discount on sales of goods	2	2	Agreed between the parties
<u>Transactions with related company</u>			
Sales of goods	27	24	Normal prices charged to ordinary customers

As at 31 December 2018 and 2017, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)	
	2018	2017
<b><u>Trade receivables - related parties (Note 8)</u></b>		
Parent company	53,229	66,821
Related company (related by common directors)	2,971	2,506
Total trade receivables - related parties	56,200	69,327
<b><u>Other receivables - related party (Note 8)</u></b>		
Parent company	-	231
Total other receivables - related party	-	231
<b><u>Other payables - related party (Note 13)</u></b>		
Parent company	-	2,185
Total other payables - related party	-	2,185

#### Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company had employee benefit expenses payable to their directors and management as below.

	(Unit: Million Baht)	
	<u>2018</u>	<u>2017</u>
Short-term employee benefits	13.0	11.0
Post-employment benefits	0.2	0.2
Total	<u>13.2</u>	<u>11.2</u>

#### 7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Cash	60	60
Bank deposits	<u>182,535</u>	<u>167,384</u>
Total	<u>182,595</u>	<u>167,444</u>

As at 31 December 2018, bank deposits in saving accounts and fixed deposits carried interests at the rates between 0.38 and 1.20 percent per annum (2017: 0.38 and 1.20 percent per annum).

#### 8. Trade and other receivables

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	27,508	33,545
Past due up to 3 months	<u>28,692</u>	<u>35,782</u>
Total trade receivables - related parties (Note 6)	<u>56,200</u>	<u>69,327</u>

(Unit: Thousand Baht)

	<u>2018</u>	<u>2017</u>
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	17,715	23,199
Past due		
Up to 3 months	35,644	39,525
3 - 6 months	4,374	13,169
6 - 12 months	19,230	1,566
Over 12 months	-	1,191
Returned cheques	261	46
Total	77,224	78,696
Less: Allowance for doubtful debts	(869)	(1,237)
Total trade receivables - unrelated parties, net	76,355	77,459
Total trade receivables - net	132,555	146,786
<u>Other receivable</u>		
Other receivables - related party	-	231
Total other receivables - related party (Note 6)	-	231
Total trade and other receivables - net	132,555	147,017

**9. Inventories and material supplies**

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Finished goods	21,435	12,657	(529)	-	20,906	12,657
Raw materials	37,015	13,913	-	-	37,015	13,913
Packaging	2,947	2,451	-	-	2,947	2,451
Total inventories	61,397	29,021	(529)	-	60,868	29,021
Material supplies	8,660	8,175	-	-	8,660	8,175

## 10. Property, plant and equipment

(Unit: Thousand Baht)

	Land and land improvements	Building and building improvements	Machinery and equipment	Factory tools and equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
<b>Cost:</b>								
1 January 2017	32,621	94,233	612,124	146,392	4,428	5,569	2,474	897,841
Additions	-	156	3,188	3,106	118	3,890	96,588	107,046
Disposals	-	-	-	-	-	(2,510)	-	(2,510)
Transfers	-	216	10,412	8,107	5	-	(18,741)	-
31 December 2017	32,621	94,605	625,724	157,605	4,551	6,949	80,321	1,002,376
Additions	-	-	1,343	3,575	124	1,958	25,426	32,426
Transfers	-	10,946	73,760	18,724	-	-	(103,430)	-
31 December 2018	32,621	105,551	700,827	179,904	4,675	8,907	2,317	1,034,802
<b>Accumulated depreciation:</b>								
1 January 2017	-	47,446	453,888	121,599	3,614	4,620	-	631,167
Depreciation for the year	-	3,704	37,504	10,257	335	680	-	52,480
Depreciation on disposals	-	-	-	-	-	(1,811)	-	(1,811)
31 December 2017	-	51,150	491,392	131,856	3,949	3,489	-	681,836
Depreciation for the year	-	4,116	38,501	12,510	312	992	-	56,431
31 December 2018	-	55,266	529,893	144,366	4,261	4,481	-	738,267
<b>Net book value:</b>								
31 December 2017	32,621	43,455	134,332	25,749	602	3,460	80,321	320,540
31 December 2018	32,621	50,285	170,934	35,538	414	4,426	2,317	296,535
<b>Depreciation for the year</b>								
2017 (Baht 48 million included in manufacturing cost and the balance in selling and administrative expenses)								52,480
2018 (Baht 51 million included in manufacturing cost and the balance in selling and administrative expenses)								56,431



As at 31 December 2018, certain plant, machinery and equipment items of the Company have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 447 million (2017: Baht 405 million).

#### 11. Intangible assets - computer software

The net book value of intangible assets as at 31 December 2018 and 2017 is presented below.

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Cost	567	567
<u>Less</u> Accumulated depreciation	(548)	(473)
Net book value	<u>19</u>	<u>94</u>

A reconciliation of the net book value of intangible assets for the years 2018 and 2017 is presented below.

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Net book value at beginning of year	94	180
Acquisition of computer software	-	15
Amortisation	(75)	(101)
Net book value at end of year	<u>19</u>	<u>94</u>

#### 12. Credit facilities of short-term loans

The agreements for the credit facilities obtained from financial institutions contain covenants with which the Company must comply. These relate to, among other things, the maintenance of financial ratios and restrictions on the creation of lien or encumbrance over its assets without prior consent from banks.

#### 13. Trade and other payables

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Trade payables	89,248	77,812
Other payables - related party (Note 6)	-	2,185
Other payables - unrelated parties	3,533	3,810
Accrued expenses	6,922	7,504
Total trade and other payables	<u>99,703</u>	<u>91,311</u>

#### 14. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
<b>Provision for long-term employee benefits</b>		
<b>at beginning of year</b>	11,410	10,703
Included in profit or loss:		
Current service cost	1,865	1,696
Interest cost	292	253
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	439	-
Financial assumptions changes	(728)	-
Experience adjustments	(615)	-
Benefits paid during the year	(505)	(1,242)
<b>Provisions for long-term employee benefits</b>		
<b>at end of year</b>	<u>12,158</u>	<u>11,410</u>

Long-term employee benefit expenses included in the profit or loss was as follows:

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Cost of sales	1,419	1,266
Selling and administrative expenses	738	683
Total expenses recognised in profit or loss	<u>2,157</u>	<u>1,949</u>

The Company expects to pay Baht 0.1 million of long-term employee benefits during the next year (2017: Baht 0.4 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefits is 15 years (2017: 13 years).

Significant actuarial assumptions are summarised below:

	(Unit: Percent per annum)	
	<u>2018</u>	<u>2017</u>
Discount rate	3.08	2.59
Salary increase rate	4.0 - 6.5	4.0 - 6.5
Turnover rate	0 - 25	0 - 13

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below:

(Unit: Million Baht)

	2018		2017	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(1.3)	1.5	(1.3)	1.5
Salary increase rate	1.5	(1.3)	1.5	(1.3)
	<u>Increase 10%</u>	<u>Decrease 10%</u>	<u>Increase 20%</u>	<u>Decrease 20%</u>
Turnover rate	(0.3)	0.3	(0.6)	0.7

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company has additional liabilities for long-term employee benefits of Baht 3 million. The Company will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

#### 15. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

#### 16. Expenses by nature

(Unit: Thousand Baht)

	<u>2018</u>	<u>2017</u>
Salary and wages and other employee benefits	95,076	86,659
Depreciation and amortisation	56,506	52,581
Transportation expenses	12,236	12,477
Raw materials and consumables used	330,234	266,887
Purchase of finished goods	54,817	54,005
Changes in inventories of finished goods	(8,249)	(2,851)

## 17. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
<b>Current income tax:</b>		
Current income tax charge	15,201	18,733
<b>Deferred tax:</b>		
Relating to origination of temporary differences	(436)	(142)
<b>Income tax expenses reported in the statement of comprehensive income</b>	<u>14,765</u>	<u>18,591</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Deferred tax relating to actuarial gains	<u>181</u>	<u>-</u>

The reconciliation between accounting profit and income tax expenses is shown below.

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Accounting profit before tax	<u>71,571</u>	<u>93,003</u>
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	14,314	18,600
Effects of:		
Non-deductible expenses	480	138
Additional expense deductions allowed	(135)	(147)
Other	106	-
Total	<u>451</u>	<u>(9)</u>
Income tax expenses reported in the statement of comprehensive income	<u>14,765</u>	<u>18,591</u>



The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)	
	Statements of financial position	
	2018	2017
<b>Deferred tax assets</b>		
Provision for long-term employee benefits	2,431	2,282
Reduction cost of inventories to net realisable value	106	-
<b>Total</b>	<b>2,537</b>	<b>2,282</b>

#### 18. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

The following table sets forth the computation of basic earnings per share:

	For the years ended	
	31 December	
	2018	2017
Profit for the year (Thousand Baht)	56,806	74,412
Weighted average number of ordinary shares (Thousand shares)	270,000	270,000
Earnings per share (Baht per share)	0.21	0.28

#### 19. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Company is principally engaged in the manufacture and distribution of packaging products. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

##### *Major Customers*

For the year 2018, the Company has revenue from two major customers in amount of Baht 327 million and Baht 83 million (2017: Baht 332 million and Baht 62 million).

## 20. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by BBL Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2018 amounting to approximately Baht 1 million (2017: Baht 1 million) were recognised as expenses.

## 21. Dividend

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividends for 2017	The Annual General Meeting of the Company's shareholders on 24 April 2018	37,800	0.14
Interim dividends for 2018	Board of Directors' meeting on 7 August 2018	21,600	0.08
Total dividends for the year 2018		59,400	0.22
Dividends for 2016	The Annual General Meeting of the Company's shareholders on 25 April 2017	45,900	0.17
Interim dividends for 2017	Board of Directors' meeting on 8 August 2017	21,600	0.08
Total dividends for the year 2017		67,500	0.25

## 22. Commitments and contingent liabilities

### 22.1 Capital commitments

As at 31 December 2018, the Company had capital commitments of approximately Baht 5.6 million relating to the acquisition of building improvement, machinery, factory tools and equipment (2017: Baht 14.2 million relating to the acquisition of machinery, factory tools and equipment).

### 22.2 Guarantees

(a) As at 31 December 2018, there were outstanding bank guarantees of approximately Baht 9 million issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business of the Company (2017: Baht 8 million). The outstanding bank guarantees are related to guarantee electricity use of the Company.

- (b) As at 31 December 2018, the Company had outstanding standby-letters of credit of Yen 5.6 million or approximately Baht 1.7 million, relating to purchase factory tools and equipment of the Company (2017: Euro 0.2 million or approximately Baht 6.9 million, relating to purchase machinery of the Company).

## 23. Financial instruments

### 23.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade receivables, trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

#### *Credit risk*

The Company is exposed to credit risk primarily with respect to trade accounts receivable. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the majority of sales are supplied to credit worthy customers. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statement of financial position.

#### *Interest rate risk*

The Company's exposure to interest rate risk relates primarily to its cash at banks. However, most of the Company's financial assets bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal. The detail of cash at banks is set out in Note 7 to the financial statements.

#### *Foreign currency risk*

The Company seeks to mitigate the foreign currency risk by entering into forward exchange contract, which is mature within one year in relation to purchase of machinery denominated in foreign currencies.

The Company have no outstanding forward exchange contracts as at 31 December 2018.

The outstanding forward exchange contracts as at 31 December 2017 are summarised as follows.

Foreign currencies	Amount (million)	Average contractual exchange rate	Contractual maturity date
<u>Forward contracts to "Buy"</u>			
Euro	0.2	39.43 Baht per Euro	January 2018



### **23.2 Fair values of financial instruments**

Since the Company's financial instruments are short-term in nature and bear interest at rates close to the market interest rates, their fair values are not expected to be materially different from the amounts presented in the statements of financial position.

### **24. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2018, the Company's debt-to-equity ratio was 0.2:1 (2017: 0.2:1).

### **25. Event after the reporting period**

On 20 February 2019, the Company's Board of Directors Meeting approved a dividend payment for the year 2018 of Baht 0.18 per share, or a total of Baht 48.6 million, to be paid from the 2018 net income. The Company has paid an interim dividend of Baht 0.08 per share, or a total of Baht 21.6 million and the balance is Baht 0.10 per share, or a total of Baht 27 million. The payment of the dividend is made pending approval by a meeting of shareholders.

### **26. Approval of financial statements**

These financial statements were authorised for issue by the Company's authorised directors on 20 February 2019.



### บริษัท พรอดิจิ จำกัด (มหาชน)

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