



# ANNUAL REPORT 2017



**WORLD CLASS  
PRODUCT**

**WORLD CLASS  
BRAND**

# VISION

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- World class product world class brand

# MISSION

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1. People: Develop our people with good attitude, willingness to learn, innovation, accountability
2. Work System: Execute with concise and international standard work system
3. Organization & Management: Operate with clear objective and understandable responsibility, proper organization structure, and project-based approach
4. Technology: Embed technology and innovation in our processes through production, management, sustainability development
5. Product: Produce quality and well-known world class product
6. Brand: Be wealthy and modern world class brand
7. Corporate Image: Be known as world class organization with good governance and social responsibility

## LONG-TERM GOALS OF THE GROUP

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Within 2020, the company aims to be number one in the domestic market with a 35% market share.

Drive sales to reach the top three in the international market (targeted countries).

Expand the market to all continents and differentiate itself from competitors with innovation in production, marketing and administration.



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**WORLD CLASS  
PRODUCT**

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**WORLD CLASS  
BRAND**



# Message from Chairman

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Last year was another year in which Carabao Group Company Limited made an impressive turnover, with revenue continuing to grow as a result of the synergy and dedication of all administrators and employees, who persevered in offering customers optimal products and services, under the Carabao Group's culture in which we strive to work with mastery, proficiency, and accuracy.

All of this had led to last year's operating income of 12,904 million baht, an increase of 2,961 million baht or a rise of 29.8 % from the previous year, with 61% from domestic sales and 39% from foreign sales. Compared with the previous year's sales, sales of energy drink at home alone accounted for 55% while overseas sales accounted for 45%; in the previous years, domestic sales accounted for 64% while overseas sales accounted for 36%. We can see that domestic growth rate was 19%, while overseas growth rate was 50%. This is the proof that our company's strategy of speeding overseas sales went well as we have envisioned it to be "WorldClass Product, WorldClass Brand."

Apart from this, Carabao Group stresses the importance of implementing world-class manufacturing innovations to improve our products and services in response to our customers' need globally. Simultaneously, we are boosting our technological capacity in support of future production and services.

Human resource development and modernizing administrative structure in accordance with ethics, corporate governance, and optimum business management will lead our company to the forefront of corporates with sustainable development, which is our mission alongside our operation to drive our growth.

On behalf of the board members, I owe a great debt of gratitude to all of you-shareholders, those involved in the success today, who have always been supportive, and the executives as well as all employees for dedicating your heart and soul to driving our company forward. I owe million thanks to all business allies for your consistent cooperation with our company. I wish you all and your families happiness and success in all you ever dream of.



Mr. Sathien Setthasit  
Chairman of the Board of Director  
Carabao Group Public Company Limited

# Director of the Company



## 1. Mr. Sathien Setthasit

Chairman of the Board of Director / Chief Executive Officer

### Educational Qualifications/Training

- B.A. (Political Science), Sukhothai Thammathirat Open University
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)

### Work Experience

- 2014 - Present Chairman of the Executive Committee / Chairman of the Nomination and Remuneration Committee / and Chief Executive Officer Carabao Group Public Company Limited
- 2014 - Present Chairman of the Board of Directors Asia Pacific Glass Co., Ltd.
- 2012 - Present Chairman of the Board of Directors Tawandang DCM Co., Ltd.
- 2013 - Present Chairman of the Board of Directors Carabao Group Public Company Limited
- 2002 - Present Chairman of the Board of Directors Carabao Tawandang Co., Ltd.



## 2. Miss Nutchamai Thanombooncharoen

Director / Managing Director

### Educational Qualifications/Training

- B.A. (Social Sciences), Silpakorn University
- M.A. (Commerce and Accountancy), Thammasat University
- Director Certification Program (DCP), Thai Institute of Directors (IOD)
- Financial Statements for Directors (FSD) , Thai Institute of Directors (IOD)
- Risk Management Committee Program (RMP) , Thai Institute of Directors (IOD)
- Transformative HR System, Panyapiwat Institute of Management (PIM)
- Top Management Program, Capital Market Academy (CMA)
- Top Executive Program in Commerce and Trade (TEPCot)

### Work Experience

- 2014 - Present Vice Chairman of the Executive Committee / Vice Chairman of the Risk Management Committee / Member of the Nomination and Remuneration Committee and Managing Director Carabao Group Public Company Limited
- 2017 - Present Director and member of the Executive Committee of Tawandang F&B Co.,Ltd.
- 2015 - Present Director and member of the Executive Committee of Tawandang Brewery 1999 Co.,Ltd.
- 2014 - Present Vice Chairman of the Board of Directors Asia Pacific Glass Co., Ltd.
- 2013 - Present Vice Chairman of the Board of Directors Carabao Group Public Company Limited
- 2013 - Present Managing Director Carabao Tawandang Co., Ltd.
- 2012 - Present Managing Director Tawandang DCM Co., Ltd.
- 2002 - Present Director Carabao Tawandang Co., Ltd.
- 2002 - 2013 Deputy Managing Director Carabao Tawandang Co., Ltd.
- 1999- Present Director and member of the Executive Committee Tawandang Brewery Co., Ltd.
- 2005- Present Director and member of the Executive Committee Tawandang German Brewery Co., Ltd.



### 3. Mr. Yuenyong Opakul

Director / Senior Deputy Managing Director

#### Educational Qualifications/Training

- Honorary Doctorate (Liberal Arts), Bangkok Thonburi University
- Honorary Doctorate (Thai Popular Music), Ramkhamhaeng University
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)

#### Work Experience

2014 - Present	Senior Deputy Managing Director Carabao Group Public Company Limited
2014 - Present	Director Asia Pacific Glass Co., Ltd.
2014 - Present	Director Tawandang DCM Co., Ltd.
2013 - Present	Director Carabao Group Public Company Limited
2002 - Present	Director / Senior Deputy Managing Director Carabao Tawandang Co., Ltd.



### 4. Mr. Kamoldist Smuthkochorn

Director / Deputy Managing Director - Marketing

#### Educational Qualifications/Training

- Bachelor of Technology (Hons.), Computing Studies, University of Bradford

#### Work Experience

2015 - Present	Director Carabao Group Public Company Limited
2015 - Present	Director Carabao Tawandang Co., Ltd.
2015 - Present	Director Asia Pacific Glass Co., Ltd.
2015 - Present	Director Tawandang DCM Co., Ltd.
2014 - Present	Member of the Executive Committee / Member of the Risk Management Committee and Deputy Managing Director / Marketing Carabao Group Public Company Limited
2014 - Present	Deputy Managing Director, Marketing Asia Pacific Glass Co., Ltd.
2014 - Present	Deputy Managing Director, Marketing Tawandang DCM Co., Ltd.
2002 - 2013	Director, Marketing Carabao Tawandang Co., Ltd.



## 5. Mr. Romtham Setthasit

Director / Deputy Managing Director - International Business

### Educational Qualifications/Training

- Bachelor of Marketing, University of Wollongong, NSW, Australia
- Master of International Business, University of Queensland, QLD, Australia

### Work Experience

2017 - Present	Director / Member of Executive Committee / Member of Risk Management Committee and Deputy Managing Director - International Business Carabao Group Public Company Limited
2016	Assistant Managing Director CEO's Office, Carabao Group Public Company Limited
2014 - 2015	Department Director, CJ Express Group Company Limited
2012 - 2013	Department Director, Tawandang Singapore Company Limited



## 6. Mrs. Saowanee Kamolbutr

Chairman of Audit Committee / Independent Director

### Educational Qualifications/Training

- Bachelor of Arts in Political Science (Public Administration), Thammasat University
- Master of Arts Political Science (Public Administration) (M.Pol.Sc.), Thammasat University, Bangkok
- National Defense College (NDC 2015)
- Certificate (Class 7), Top Management Program, Capital Market Academy (CMA)
- Senior Executive Program (Kellogg - Sasin)
- The Management Development Program, Wharton School
- Director Certification Program (DCP), (IOD), Class 69
- Advance Audit Committee Program (ACP), (IOD)
- Role of the Compensation Committee (RCC), (IOD)
- Role of the Chairman Program (RCP), (IOD)
- Financial Institutions Governance Program (FGP), (IOD)
- Advanced Security Management Program Alumni (ASMA.) Class No.4, The Association National Defense College of Thailand under the Royal Patronage of His Majesty the King

### Work Experience

2017 - Present	Independent Director / Member of Audit Committee Pacific Pipe PLC.
2016 - Present	Independent Director / Member of Audit Committee : Glow Energy PLC.
2016 - Present	Independent Director / Member of Audit Committee / Chairman of Good Corporate Governance Committee / Member of Risk Management Committee : FN Factory Outlet PLC.
2014 - Present	Director, Small and Medium Enterprise Development Bank of Thailand (SME Bank)
2014 - Present	Advisor, The Committee on Economics, Monetary Affairs and Finance, The Committee of the National Legislative Assembly
2014 - Present	Independent Director, Chairman of the Audit Committee and Vice Chairman of the Nomination and Remuneration Committee Carabao Group PLC.
2012 - Present	Independent Director and Chairman of the Audit Committee T.K.S. Technology PLC.
2012 - 2013	Chairman of the Executive Director, Retail Business Unit, Thai Yamyon Co., Ltd
2009 - 2013	Chairman of the Board of Directors, TMB Bank PLC.
2009 - 2013	Director, Don Muang Tollway PLC.
2009 - 2012	Deputy Permanent Secretary, Ministry of Finance



## 7. Mr. Sanchai Jullamon

Independent Director / Member of Audit Committee

### Educational Qualifications/Training

- B.A. (Law), Ramkamhaeng University
- M.A. (Law), Ramkamhaeng University
- Diplomas, Politics, Democratic Governance for Senior Executives, Class no. 19, King Prajadhipok's Institute
- The Executive Course of the Supreme Administrative Court, Class no. 18, Office of the Judiciary
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)

### Work Experience

- 2016 - Present Member of Audit Committee, Member of Nomination and Remuneration Independent Director Carabao Group Public Company Limited
- 2014 - Present Independent Director Carabao Group Public Company Limited
- 2013 - Present Legal Consultant Thai Food Group Public Company Limited
- Legal Consultant B and W Cases Company Limited (Double A Group)
- 2013 - Present Lawyer, Legal Consultant and Independent Lawyer
- 2012 - 2013 Director of the Zoological Park Organization under the Royal Patronage of His Majesty the King Ministry of Natural Resources and Environment



## 8. Mr. Kanit Patsaman

Independent Director / Member of Audit Committee

### Educational Qualifications/Training

- Bachelor of Economics, Ramkamhaeng University
- MBA, National Institute of Development Administration
- Director Certification Program (DCP), Thai Institute of Directors (IOD)
- Audit Committee Program (ACP) Thai Institute of Director (IOD)
- Corporate Governance for Board of Directors and Top Management of State Enterprise and Public Organization by King Prajadhipok's Institute
- Driving Company Success with IT Governance (ITG) 5/2017

### Work Experience

- 2017 - present Director, Chairman of Audit Committee and Member of Risk Management Praram 9 Hospital
- 2016 - present Member of Audit Committee, Member of Nomination and Remuneration, Member of Risk Management Committee, Carabao Group Public Company Limited
- 2014 - 2016 Independent Director, Carabao Group Public Company Limited
- 2013 - 2014 Director, Bank for Agriculture and Agricultural Co-operatives
- 2013 Director, Thai Credit Guarantee Corporation
- 2012 - 2014 Director, National Housing Authority
- 2005 - 2013 Advisor to Liquidation directors and authorized representative of liquidation directors, Thai Asset Management Corporation



## 9. LT. GEN. Siripong Wongskhunti

Independent Director

### Educational Qualifications/Training

- Bachelor of Science, Chulachomklao Royal Military Academy
- Master of Arts, Thammasat University
- Director Accreditation Program (DAP),  
Thai Institute of Directors (IOD)

### Work Experience

- 2016 - Present Independent Director, Carabao Group Public  
Company Limited
- 2015 - Present Director - General, Defense Energy Department,  
Defense Industry and Energy Centre
- 2013 Deputy Director - General, Defense Energy  
Department, Defense Industry and Energy Centre
- 2013 Deputy Director - General, Defense Mobilization  
Department, Defense Mobilization Department
- 2010 Deputy Commandant, Army Intelligence  
School, Directorate of Intelligence

# Executive Committee

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**1. Mr. Sathien Setthasit**

Chairman of Executive Committee

**2. Miss Nutchamai Thanombooncharoen**

Vice Chairman of Executive Committee

**3. Mrs. Wongdao Thanombooncharoen**

Member of Executive Committee

**4. Mr. Kamoldist Smuthkochorn**

Member of Executive Committee

**5. Mr. Pongsarn Klongwathanakith**

Member of Executive Committee

**6. Mr. Romtham Setthasit**

Member of Executive Committee

## Audit Committee

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1. Mrs. Saowanee Kamolbutr

Chairman of the Audit Committee

3. Mr. Kanit Patsaman

Member of the Audit Committee

2. Mr. Sanchai Jullamon

Member of the Audit Committee

## Risk Management Committee

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1. Mrs. Saowanee Kamolbutr

Chairman of Risk Management Committee

5. Mr. Romtham Settasit

Member of Risk Management Committee

2. Miss Nutchamai Thanombooncharoen

Vice Chairman of Risk Management Committee

6. Mr. Pongsarn Klongwathanakith

Member of Risk Management Committee

3. Mr. Kanit Patsaman

Member of Risk Management Committee

7. Mr. Anupong Pongsuwan

Member of Risk Management Committee

4. Mr. Kamoldist Smuthkochorn

Member of Risk Management Committee



# Nomination and Remuneration Committee

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1. Mr. Sathien Setthasit

Chairman of Nomination and Remuneration Committee

2. Mrs. Saowanee Kamolbutr

Vice Chairman of Nomination and Remuneration Committee

3. Miss Nutchamai Thanombooncharoen

Member of Nomination and Remuneration Committee

4. Mr. Sanchai Jullamon

Member of Nomination and Remuneration Committee

5. Mr. Kanit Patsaman

Member of Nomination and Remuneration Committee

## Management

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1. Mr. Sathien Setthasit

Chief Executive Officer

2. Miss Nutchamai Thanombooncharoen

Managing Director

3. Mr. Yuenyong Opakul

Senior Deputy Managing Director

4. Mr. Kamoldist Smuthkochorn

Deputy Managing Director - Marketing

5. Mr. Romtham Settasit

Deputy Managing Director - International Business

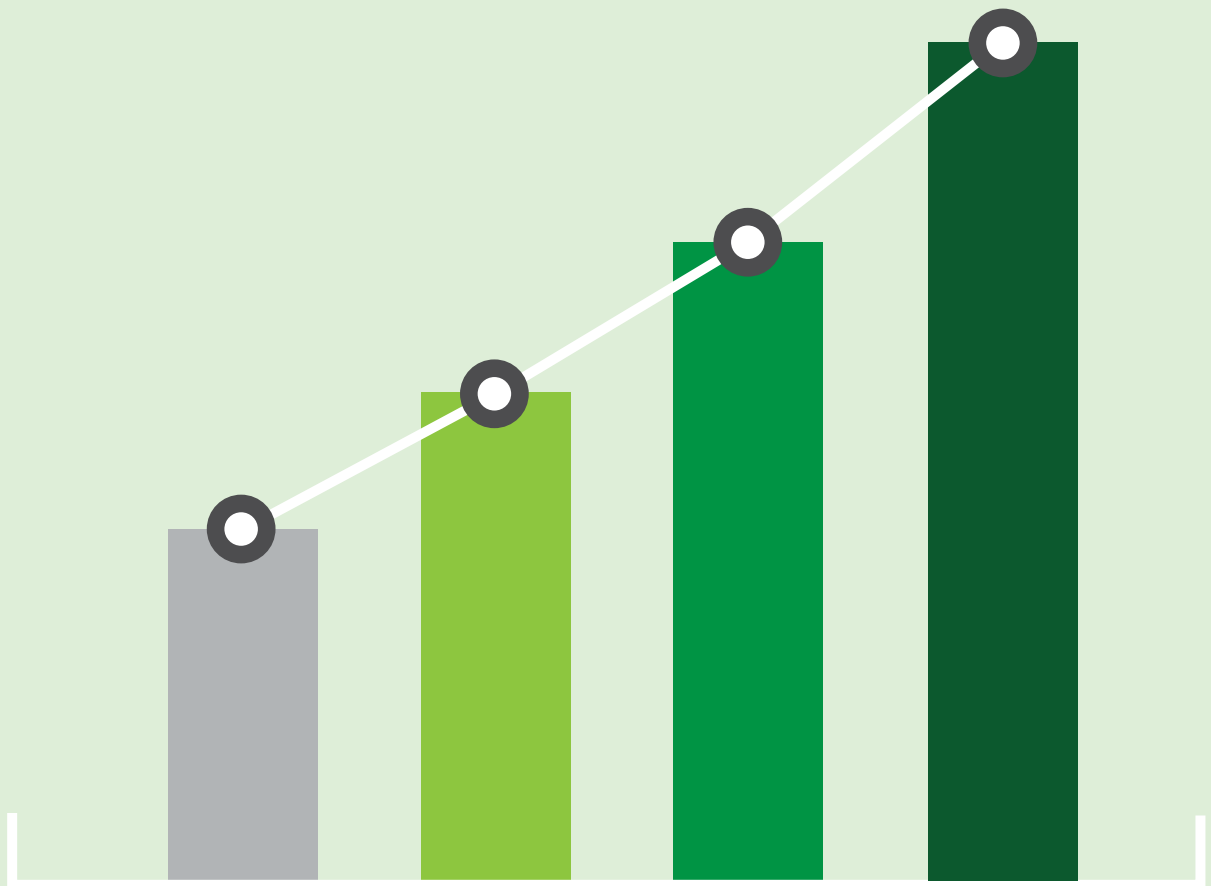
6. Mr. Pongsarn Klongwathanakith

Chief Financial Officer

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# Executive Summary

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In 2017, Thailand economy grew at a pace of 3.9 percent, showing a slight improvement from the 3.3 percent growth rate in 2016. To most extent, this was contributed by exports acceleration coupled with a stable growth in private consumption whereas the public investment appeared to decline due to some inundation and change in government's purchasing processes. The economy is forecasted to continue to expand at the range of 3.6 to 4.6 percent in 2018 supported by prominent global economic outlook and hasten government spending according to the fiscal budget and progress in public investment projects, all of which will improve the employment rate as well as raise the economy's standards of livings, according to data from National Economic and Social Development Board (NESDB).

Thai energy drink market in 2017 remained declining for two consecutive years, yet, at the slower rate. The market for the year declined by 2.7 percent as compared to 3.1 percent market diminishing in 2016. Nevertheless, the Company's market share continued to expand to 24.2 percent according to Nielsen, a leading market research. In 2017, the Group's sales of energy drinks rose by 0.7 percent year-on-year, driven by more volume sold via cash vans which is as a part of our strategy.

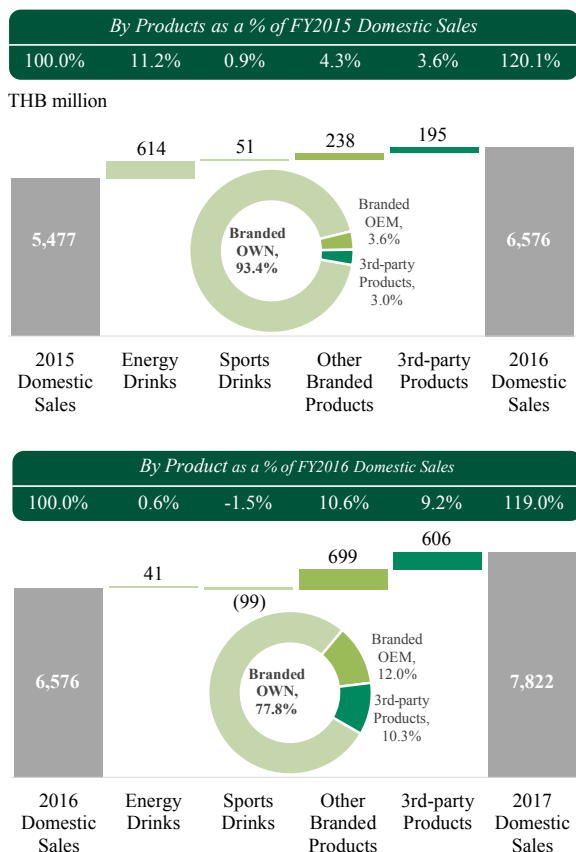
We have committed ourselves to strategies that emphasized on building up strong fundamentals to create long term value in driving the Group's businesses towards a sustainable growth organization. Our domestic performance has been strengthened by the product strategies that are not only limited to rolling out new branded products by 3<sup>rd</sup> party manufacture, ranging from Drinking Water launched in the 1st quarter of 2016 to 3-in-1 and RTD Coffee marketed in the 2nd half of 2016.

Product strategies also include the shaping up of additional revenue stream from distribution of a diversified set of 3<sup>rd</sup> party products in both general consumer goods and alcohol beverage categories. The underlying revenue growth of 3<sup>rd</sup> party products for distribution has been driven by the diversity of qualified products offered at reasonable prices.

Thanks to the notable Carabao brand imprinting among targeted customers, the increasing sales of both the branded products by 3<sup>rd</sup> party manufacture, especially the RTD Coffee, and the 3<sup>rd</sup> party products for distribution shall not only diversify the risk of sole reliance on energy drink, of which the market in Thailand has negative growth for over the past 2 years according to Nielsen, but also play a vital role in enlarging the size of the Group's domestic business in ongoing basis as demand and domestic economy get improving.

Cash van strategies, which are vans that originated to distribute our energy drinks directly to a number of traditional trades as a complementary to the existing multi-tiered agent system, also enhance the Group's domestic business by expanding our distribution coverage over the traditional trade channels i.e. mom & pop shops in key trade regions. Over the time, the Group has continuously collected data and developed customer-relation management process to systematically and thoroughly identify, analyze and develop marketing strategies for Cash van. As of 31 December 2017, cash vans cover approximately 220,000 shops domestically with the nationwide 31 distribution centers and the 333-van fleet.

Our revenue from domestic sales amounted to THB 7,822 million increased by THB 1,247 million or 19% from the corresponding period last year, such development can be described as follows:



Note: Pie charts represent annual sales derived from individual product groups as a% of domestic sales in respective financial reporting period

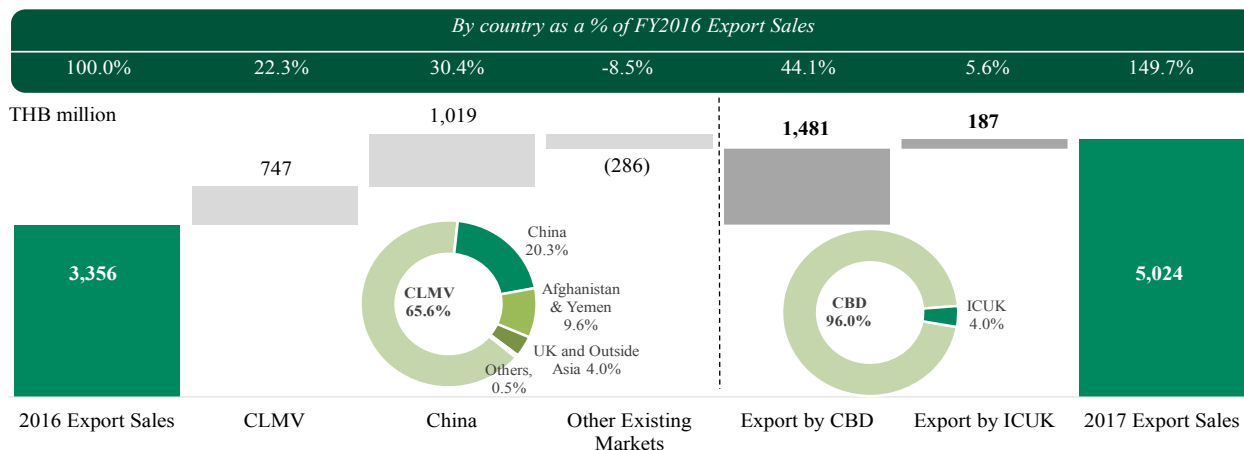
The rising sales are a result of our integrated marketing policy including the product strategies, cash vans, as well as the general above-the-line advertisement and on-ground marketing events that communicate directly to the targeted customers in order to raise brand awareness, create product experience, and encourage demand for our branded products. On top of this, football sponsorships with Chelsea Football Club Limited (CFC) and English Football League (EFL) are considered to be our powerful marketing tools that successfully spread out the Carabao brand globally.

We realized that these sponsorship agreements together with the investment in overseas business could entail some financial risk upon the Company and its subsidiaries during the initial phase, however, the Group believes that these are strategic investments for our long-term value to bolster the visibility of energy drinks under Carabao trademark and widen the business opportunity in the global spotlight.

Overseas businesses continue to grow in both our existing export markets, ranging from CLMV, Afghanistan, Yemen to many others, and those new ones. The overseas businesses are operated by a domestic subsidiary, namely Carabao Tawandang Company Limited (“CBD”), and an overseas subsidiary, namely Intercarabao Limited (“ICUK”). Energy drink under Carabao trademark is a sole product for the Group’s overseas business sold in three formats: bottle, non-carbonated can, and carbonated cans.



Our revenue from overseas sales equaled to THB 5,024mn, increased by THB 1,667mn or up by 49.7% from the corresponding period last year, of which the detail can be divided into different groups of export markets/operations as follows:



Note: Pie charts represent annual sales derived from key export markets as a % of export sales in respective financial reporting period

The penetration into new export market i.e. the People's Republic of China, under CBD's operations was in pursuant to the Board of Directors' meeting No. 4/2560 held on 25 April 2017 to approve our withdrawal from holding shares in the Greater China Project. Nevertheless, the Group remains to get benefits from manufacturing and then exporting our products to a trade partner in the People's Republic of China, whereas the trade partner is in charge of all marketing, selling and distributing to target customers throughout all provinces in the People's Republic of China under an active marketing scheme.

Owning to the dynamic and competitive setting of energy drink market in the UK as well as the high bargaining power of leading modern trade operators, ICUK experienced with longer lead time of the approval process to list our products on shelves than participated. However, ICUK make a progressive attempt to expand the distribution coverage in 2016 and continue to entail further distribution coverage channels while driving the same store sales rate with product differentiation strategy and careful allocation of marketing and promotional budgets to spur growth through priority channels. The

launch of Green Apple flavored energy drink in the late 2016 is an example of product differentiation strategy which received positive feedback from target customers. In 2018, the succession of new flavored energy drink, Mandarin Orange, is expected to be launched in the 1st quarter. Additionally, ICUK shall also give an emphasis on cost reductions particularly in redundant procedures to deliver appropriate rate of return on sales.

Such improvement is a result of our distribution expansion and product differentiation strategy mentioned above coupled with our distinguished market positioning as the official sponsors to leading Football Club/ League. The succeed of these strategies led us to the increased distribution coverage throughout the fiscal year, particularly in reputable modern trades including Booker, One-Stop, WHSmith, SPAR, BP, Morrisons, Co-operative, Ocado and Poundland. Recently, our product is already listed on-shelf in Asda since January 2018.

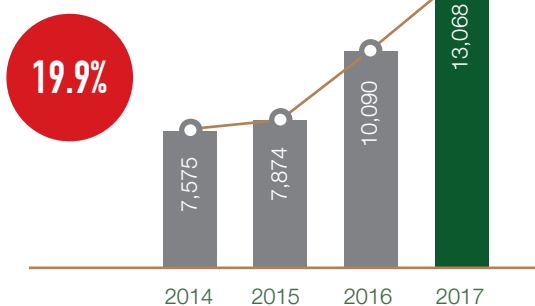
ICUK also continued to bear fruit from increasing outside the UK sales. Such exports to those countries outside the UK has a prominent prospect in tem of export sales to both existing countries outside UK and new markets.

# Financial Highlights

## Total revenues

(Million Baht)

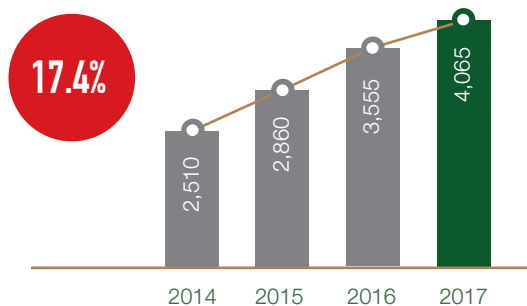
CAGR 2014-2017



## Gross Profit

(Million Baht)

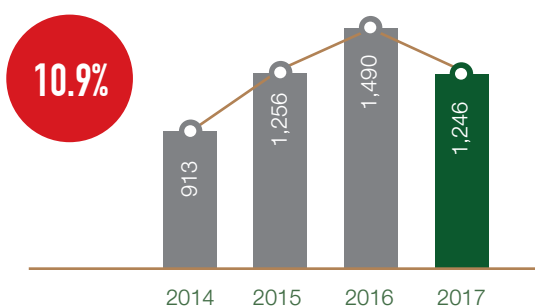
CAGR 2014-2017



## Profit for the Year

(Million Baht)

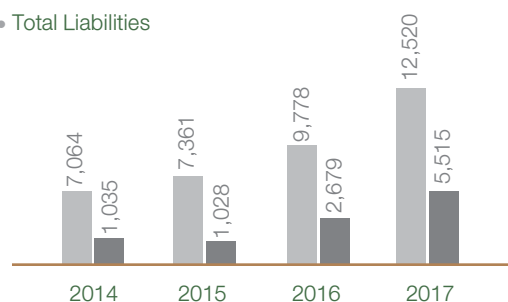
CAGR 2014-2017



## Total Assets and Liabilities

(Million Baht)

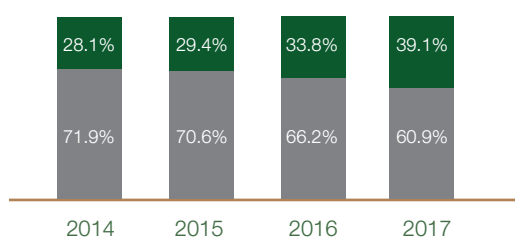
- Total Assets
- Total Liabilities



## Revenue from sales

(%)

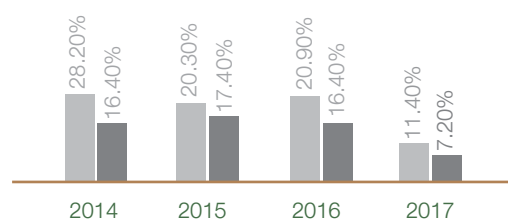
- Revenue from domestic sales
- Revenue from overseas sales



## Return on Equity and Return on total Assets

(%)

- Return on equity (ROE)
- Return on assets (ROA)



# General Information

## CARABAO GROUP PUBLIC COMPANY LIMITED

Type of business	: Engage as a holding company to hold and invest in companies that operate vertically integrated business activities of manufacturing, marketing, selling and managing distribution of energy drinks and other beverages under the Company's trademarks ranging from Carabao and Carabao Dang energy drinks, Start Plus electrolyte drinks to Carabao 3-in-1 coffee, ready-to-drink (RTD) coffee and drinking water
Principle place of business	: 393, 393 Building, 7 - 10th floor, Silom Sub-District, Bangrak District, Bangkok
Company registration number	: 0107557000268
Website	: www.carabaogroup.com
Telephone	: 0 2636 6111
Fax	: 0 2636 7951
Securities Class	: Ordinary Share
Registered capital	: Baht 1,000,000,000 at par value of Baht 1.00 per share, as of 31 December 2017

## The Company's subsidiary as of December 31, 2017

### 1. CARABAO TAWANDANG CO., LTD ("CBD")

Type of business	: Principally engage in manufacturing, marketing, and selling energy drinks under Carabao Dang trademark, electrolyte drinks under Start Plus trademark and other beverages the Group plans to manufacture and sell in the future
Principle place of business	: 393, 393 Building, 7 - 10th floor, Silom Sub-District, Bangrak District, Bangkok
Company registration number	: 0105544081165
Securities Class	: Ordinary Share
Registered capital (Baht)	: 300,000,000 as of 31 December 2017
Number of shares (Shares)	: 3,000,000
CBG's shareholding (Shares)	: 2,999,990
Shareholding percentage	: 99.99%

### 2. TAWANDANG DCM CO., LTD. ("DCM")

Type of business	: Principally engage in managing domestic distribution of the Group's products, including branded products by our own manufacture and branded products by 3 <sup>rd</sup> party manufacture, as well as 3 <sup>rd</sup> party products for distribution through both traditional trade, via multi-tiered agent and our cash vans, and modern trade channels
Principle place of business	: 393, 393 Building, 7 - 10th floor, Silom Sub-District, Bangrak District, Bangkok
Company registration number	: 0105555092457
Securities Class	: Ordinary Share
Registered capital (Baht)	: 100,000,000 as of 31 December 2017

Number of shares (Shares) : 1,000,000  
 CBG's shareholding (Shares) : 999,980  
 Shareholding percentage : 99.99%

### 3. ASIA PACIFIC GLASS CO., LTD. ("APG")

Type of business : Principally engage in manufacturing and procuring glass bottles as packaging materials production of energy drinks and other beverages  
 Principle place of business : 393, 393 Building, 7 - 10th floor, Silom Sub-District, Bangrak District, Bangkok  
 Company registration number : 0105548125787  
 Securities Class : Ordinary Share  
 Registered capital (Baht) : 1,300,000,000 as of 31 December 2017  
 Number of shares (Shares) : 13,000,000  
 CBG's shareholding (Shares) : 12,999,980  
 Shareholding percentage : 99.99%

### 4. ASIA CAN MANUFACTURING CO., LTD. ("ACM")

Type of business : Principally engage in manufacturing and procuring aluminum cans as packaging material production of energy drinks and other beverages  
 Principle place of business : 393, 393 Building, 7 - 10th floor, Silom Sub-District, Bangrak District, Bangkok  
 Company registration number : 0105560097232  
 Securities Class : Ordinary Share  
 Registered capital (Baht) : 700,000,000 as of 31 December 2017  
 Number of shares (Shares) : 7,000,000  
 CBG's shareholding (Shares) : 5,180,000  
 Shareholding percentage : 74.00%  
 Other information : renamed from Asia Pacific Can Co., Ltd in December 2017

### 5. INTERCARABAO LIMITED ("ICUK")

Type of business : Principally engage in marketing, sales and distribution of energy drinks under Carabao trademark in the United Kingdom and other countries outside Asia  
 Principle place of business : Aquis House, Level 1, 49-51 Blagrove Street, Reading, Berkshire, RG1 1PL, United Kingdom  
 Company registration number : 09557445  
 Securities Class : Ordinary Share  
 Registered capital : GBP 14,500,000 as of 31 December 2017  
 Shareholding percentage : 100% held by CVHLUX  
 Other information : Registered capital increased to GBP 34,000,000 shares in January 2018 with reference to the Change of overseas subsidiaries' capital structure transaction



## 6. CARABAO HOLDINGS (HONG KONG) LIMITED (“CHHK”)

Type of business	: Principally engage as an overseas holding company for the Group
Company registration number	: 2423613
Principle place of business	: LEVEL 54, HOPEWELL CENTRE, 183 QUEEN’S ROAD EAST, HONG KONG
Securities Class	: Ordinary Share
Registered capital	: USD 34,023,193 as of 31 December 2017
Shareholding percentage	: 100% held by the Company
Other information	: Registered capital increased to USD 60,486,643 in January 2018 with reference to the Change of overseas subsidiaries’ capital structure transaction

## 7. CARABAO VENTURE HOLDINGS (LUXEMBOURG) LIMITED S.À R.L. (“CVHLUX”)

Type of business	: Principally engage as an overseas holding company which is a joint-venture between CHHK and Intercarabao Private Limited (“ICSG”), an unrelated Singaporean business partner with 51% and 49% shareholding in the registered and paid capital, respectively, as of 31 December 2017
Principle place of business	: 68-70 Boulevard de la Petrusse, L-2320 Luxembourg, Grand Duchy of Luxembourg
Company registration number	: B20952
Securities Class	: Ordinary Share
Registered Capital	: EUR 16,883,881 as of 31 December 2017
Shareholding percentage	: 84.31% held by CHHK
Other information	: Registered capital having been increased to EUR 62,308,565 in January 2018, CHHK’s stake holding in CVHLUX has increased to 84.3% from 51.0% in January 2018 with reference to the Change of overseas subsidiaries’ capital structure transaction. Following this, Northend Investment Limited (“NIHK”), a holding company of which ultimate shareholder is same as the Group’s i.e. Mr. Sathien Setthasit, acquired the CVHLUX’s stake holding of ICSG equivalent to 6 million shares. Consequently, NIHK and ICSG have the stake equivalent to 9.6% and 6.1% of the registered and paid capital in CVHLUX, respectively.

## 8. CARABAO TRADING (HONG KONG) LIMITED (“CTHK”)

Type of business	: Principally engage as an international trading company
Principle place of business	: LEVEL 54, HOPEWELL CENTRE, 183 QUEEN’S ROAD EAST, HONG KONG
Company registration number	: 2448031
Securities Class	: Ordinary Share
Registered capital	: USD 50,000
Shareholding percentage	: 100% held by the Company

### Securities Registration

Thailand Securities Depository Co., Ltd.  
62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey,  
Bangkok 10110, Thailand  
Tel: +66 2009 9000

### Auditor

E Y OFFICE COMPANY LIMITED  
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10110, Thailand  
Telephone : +66 2264 0777

### Lawyer

Baker & McKenzie Ltd.  
990 Abdulrahim Place Rama IV Road, Bangkok 10500 Thailand  
Tel. +66 2636 2000

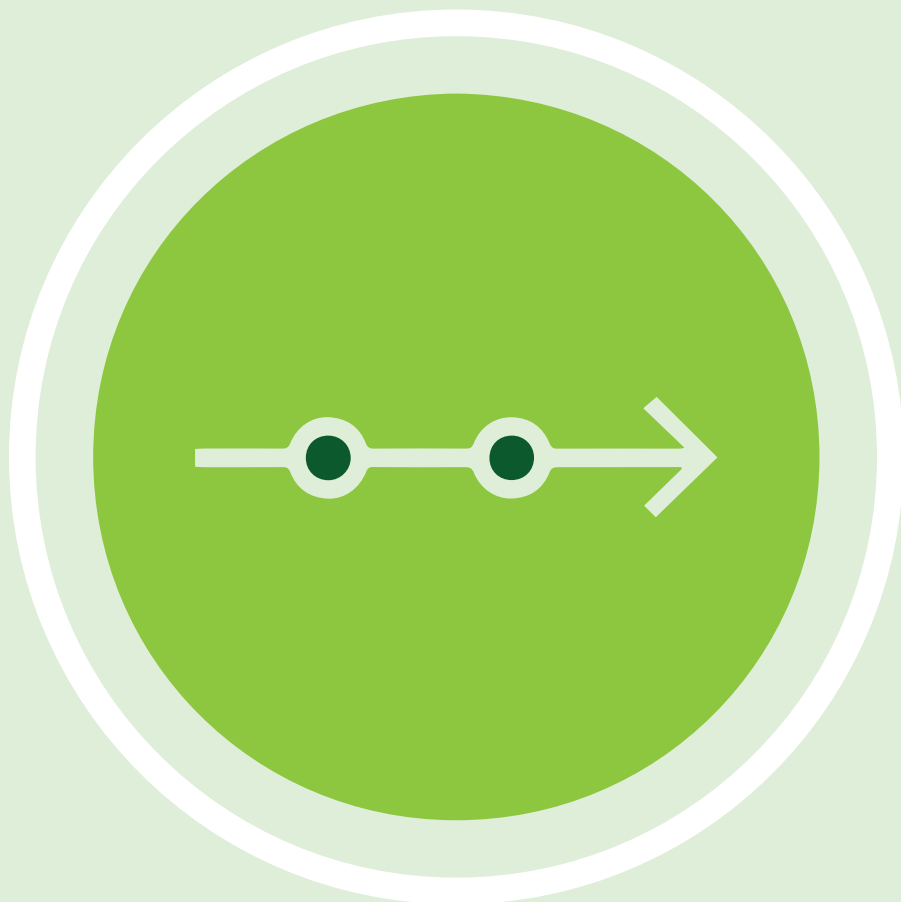
### Investor Relations

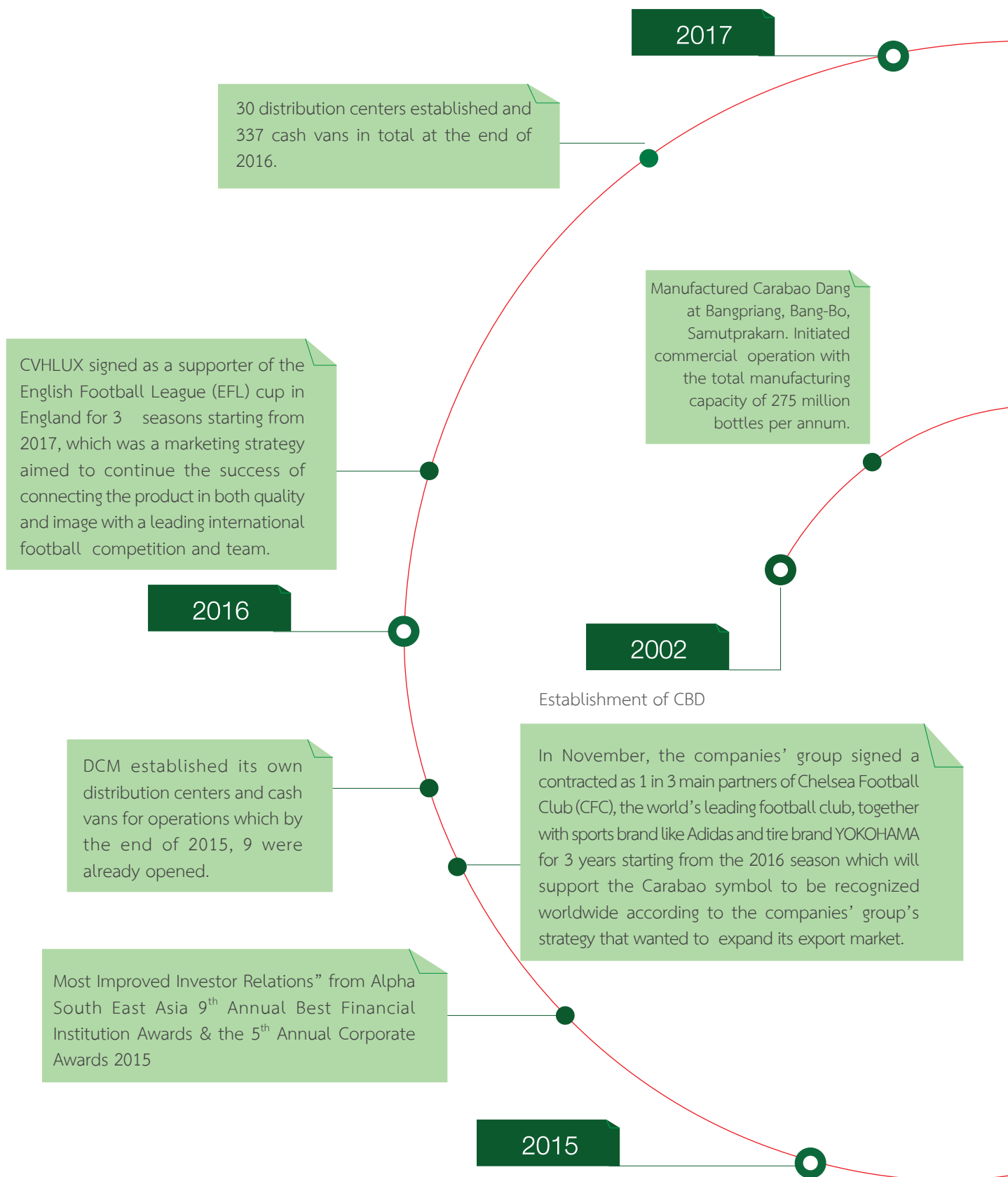
Ms Menisa Aramroongroj  
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E-mail : IR@carabaogroup.com

WORLD CLASS  
**PRODUCT**

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WORLD CLASS  
**BRAND**





Successfully signed a joint venture agreement with SHOWA DENKO Group to establish a manufacturing plant for production of aluminum can as containers with installation capacity of 1,000 million cans per year.

2018

The company received a credit ranking by Tris Rating Company Limited at “A-” and had a “stable” tendency in November 2017.

2012

Establishment of DCM

2013

CBD expanded manufacturing capacity for the bottling of energy drink under the brand Carabao Dang to 850 million bottles per annum.

2014

CBD launched sports drinks in Thailand under the brand “Start Plus”

In August, APG’s manufacturing factory for glass bottles initiated commercial operations with a manufacturing capacity of 310 tonnes of glass per day or the equivalent of 650 million “Carabao Dang” brand’s amber glass bottles per annum.

# Significant changes and developments

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## 2002

- Establishment of CBD by a joint investment between Mr. Sathien Setthasit, Ms. Nutchamai Thanombooncharoen and Mr. Yuenyong Opakul (Add Carabao) to conduct business in manufacturing, marketing, and selling energy drinks.
- Manufactured Carabao Dang at Bangpriang, Bang-Bo, Samutprakarn. Initiated commercial operation with the total manufacturing capacity of 275 million bottles per annum.
- In October, CBD launched the energy drink under the brand “Carabao Dang”.

## 2012

- Establishment of DCM to manage the sales of products and CBD appointed DCM to manage all of CBD’s product sales.

## 2013

- CBD expanded manufacturing capacity for the bottling of energy drink under the brand Carabao Dang to 850 million bottles per annum.
- Established a company to conduct business as a holding company in subsidiary companies then afterward restructured the Group and bought the stocks in all 3 subsidiary companies.

## 2014

- CBD launched sports drinks in Thailand under the brand “Start Plus”
- The company turned public and changed its name to “Carabao Group Public Company Limited”.
- In August, APG’s manufacturing factory for glass bottles initiated commercial operations with a manufacturing capacity of 310 tonnes of glass per day or the equivalent of 650 million “Carabao Dang” brand’s amber glass bottles per annum.

- On 21 November, the company joined the stock market for the first time under the name “CBG” and offered to sell 250 million ordinary shares to people at 28 baht per share, the sum total of 7 billion baht.
- The company received Best Equity Deal of The Year in Southeast Asia from the 8th Annual Alpha Southeast Asia Deal and Solution Awards 2014.

## 2015

- Got chosen into the calculation of the SET50 index by the Stock Exchange of Thailand.
- In November, the Group signed a contracted as 1 in 3 main partners of Chelsea Football Club (CFC), the world’s leading football club, together with sports brand like Adidas and tire brand YOKOHAMA for 3 years starting from the 2016 season which will support the Carabao symbol to be recognized worldwide according to the Group’s strategy that wanted to expand its export market.
- DCM established its own distribution centers and cash vans for operations which by the end of 2015, 9 were already opened.

## 2016

- CBD initiated the project for a new canning factory and invested in installing 2 new production line machines in Bang Pakong, Chachoengsao province according to the approval of the company’s board meeting on 11 August 2016 which when finished will increase manufacturing installed capacities from 350 millions cans per annum to 800 million cans per annum under the first part of expansion of manufacturing capacity for canning factory plan which had initiated commercial manufacturing in the 2nd quarter of 2017.
- APG started to develop the project to expand glass bottles manufacturing capacity according to the approval of the company’s board meeting on 11 August 2016 which when finished will increase manufacturing installed capacities to 620 tons of glass per day or the equivalent of 1.3 billions “Carabao Dang” brand’s amber glass bottles per annum and will start all commercial production in the 4th quarter of 2017.
- The company and ICSG made a joint venture according to the approval of the company’s board meeting on 11 August 2016 to hold stocks in ICUK aiming to conduct business in marketing and distribution of energy drink under the brand Carabao for the market in England and other countries outside of Asia. The shareholding percentage direct and indirect holdings are at 51.0% and 49% respectively. The company invested by holding the stocks indirectly through newly established companies namely CHHK and CVHLUX.

CVHLUX signed as a supporter of the English Football League (EFL) cup in England for 3 seasons starting from 2017, which was a marketing strategy aimed to continue the success of connecting the product in both quality and image with a leading international football competition and team.

30 distribution centers established and 337 cash vans in total at the end of 2016.

## 2017

CBD initiated the project for a new bottling factory and invested in installing 2 new production line machines in Bang Pakong, Chachoengsao province according to the approval of the company's board meeting on 22 April 2017 which will increase manufacturing installed capacities to 1.8 billion bottles per annum and will start all commercial manufacturing at the 1st quarter of 2018.

The company and DAI GROUP signed a contract for joint venture according to the approval of the company's board meeting on 22 April 2017 to establish joint venture companies overseas. The aim was to conduct business in marketing, selling, and distributing energy drinks and other drinks under the brand Carabao and/or any other brands developed or acquired by the joint venture company for the market in Greater China including Hong Kong, Macao, Taiwan, and China with the ratio of stock holding at 47% and 48% respectively. The other 5% stock holding ratio in the joint venture under the investment in conducting business in the Greater China belonged to Chinese executive officers who were knowledgeable, talented, and experienced in management, marketing, sales, and distribution for energy drinks under the product brand that had been leading the Chinese market for more than 20 years ("The Investment Project for Conducting Business in Greater China"). Business plans and performance estimates of the project had been improved substantially meaning that it had been enhanced from policy of focused marketing in designated cities to an aggressive marketing strategy which had target groups all over China or mass marketing which required a substantial amount of capital for the budget in marketing and promoting. The company believed that the enhanced business plans can increase the business success rate by increasing sales that have high expansion rate and yield decent returns from investments in the long term. In case of the company's decision in investing in the project, the company will run the risk of realizing loss in accordance with the big ratio a stock holding in the joint venture which may substantially affect the revenue and financial status of the company as a whole and subsidiary companies' in the first 4-5 years of operating under the project. Hence, the company's board meeting on 25 April 2017 approved the pulling out from investing in the project, at the same time the major shareholders of the company namely Mr. Sathien Setthasit and Ms. Nutchamai Thanombooncharoen and Mr. Yuenyong Opakul and those involved (called together as "the major shareholders") notified that they wished to establish a new company to invest by holding stocks in project in the company's place ("HOLDING SPV"). The major shareholders will hold more than half of the stocks from the registered capital for HOLDING SPV. The company and its subsidiary companies still hold the financial benefits from the projects, which could be summarized as



CBD gained the benefits of manufacturing and exporting energy drinks under the brand Carabao to the joint venture for marketing, sales, and distribution to consumers in Greater China. From the fact that CBD signed a contract that involved the joint venture which specified scope of duties and rights of the joint venture in being the sole sales and distributor of the energy drinks under the brand Carabao in Greater China.

The company can consider to invest by holding stocks in the joint venture under the project in the future from the company gaining the rights to buy all of the stocks in HOLING SPV (“stocks involved”) under the conditions of stocks trades that were agreed upon under the contract of the rights to purchase stocks involved including but not exclusive to (1) exercising the rights to purchase stocks involved at any time if the company deems the working of the joint venture to be appropriate. The company may consider many factors involved such as the ability to achieve goals and follow the annual capital, the expansion of sales number and profits before interests, income tax, depreciation, and amortization (EBITDA) as well as business plans and competitive atmosphere of the time and directions in the future and (2) the pricing for exchanging of stocks involved on the basis of fair value assessed by independent assessors by the list of authorized persons by the Securities and Exchange Commission. These involvements were regular business transactions under trading conditions. Same as the price and conditions that entrepreneurs in the same manners offered to regular people (Arm’s length basis). Furthermore, the company and its subsidiary companies did not need to run the risk of performance of the joint venture under the project.

- The company and SHOWA DENKO made a joint venture according to the approval of the company’s board meeting on 29 March 2017 to establish Asia Pacific Can Company (“APC”) aiming to conduct business involving manufacturing of aluminum cans used as packaging for APG in Bang Pakong, Chachoengsao province with an installed capacities of around 1 billion cans per annum with the stock holding percentage of 74% and 26% respectively in July 2017. Later in December 2017, they went ahead and changed the company’s name to Asia Can Manufacturing Company Limited (“ACM”) expecting to initiate all commercial manufacturing in 3<sup>rd</sup> quarter of 2018.
- In April 2017, the Group signed an extra contract about rights and supporting funds in advertising for Chelsea Football Club and got special conditions for adjusting the period of being a partner from 3 years ending on 30 June 2019 to 5 years ending on 30 June 2021. The Group will pay an additional supporting fees for the amount of 3.0 million Great Britain Pounds for the whole duration of the newly adjusted contract. However, the right to advertising and trademarks involved will be reduced from Principal Partner when the first 3 years are finished to Global Partner in the 4th and 5th year respectively.
- CBD invested in installing 2 new production line machines according to the approval of the company’s board meeting on 18 July 2017 increasing the installed capacities of canning factory to 1.4 billion cans per annum by expecting to initiate financial manufacturing in 1st quarter of 2018.

- On 14 November 2017, the company's board meeting approved to restructure the subsidiary companies' overseas capital namely (1) CHHK increased registered capital for 19.5 million Great Britain Pounds or around 26.5 million US Dollars to pay the increase in share capital in case at CVHLUX and offer to sell to shareholders proportionately both for personal amount and the amount that were the rights of ICSG because ICSG as one of the shareholders of CVHLUX waived the rights to buy the increased shares in CVHLUX at the full amount according to the ratio of stocks held and (2) CVHLUX increased registered capital for the amount of 40.3 million Great Britain Pounds or around 45.4 millions Euros by releasing ordinary shares at the ratio of 1:1 for the value of increased capital divided into two groups consisted of (2.1) Releasing ordinary shares increased capital for shareholders in proportion of the shareholdings by calling for share payments in cash for 19.5 million Great Britain Pounds or around 22.0 million Euros and (2.2) Releasing ordinary shares to support CVHLUX conversion of debt that was owed to CHHK and ICSG shareholders to use as the funds to support business conducts of ICUK in 2017 using the newly released shares as value to payback the debt from both sides of shareholders for 20.8 million Great Britain Pounds or around 23.4 million Euros (Payment in kind) resulting in the company and ICSG have the changed proportion of shareholdings in ICUK indirectly through CVHLUX from 51.0% and 49.0% to 84.3% and 15.7% in January 2018. After that, NIHK purchased and received shares held by ICSG in CVHLUX in total of 6 million shares resulting in NIHK and ICSG have the proportion of shareholdings after the transaction at 9.6% and 6.1% of the registered and paid capital respectively.
- The company received a credit ranking by Tris Rating Company Limited at "A-" and had a "stable" tendency in November 2017.
- The project to expand glass bottles manufacturing capacity by APG was successful and initiated commercial production in December 2017 causing the manufacturing capability of the amber glass bottles used as the packaging for the energy drink products under the brand Carabao Dang to increase to 1.3 billion bottles per annum from 650 million bottles per annum.
- The distribution centers and cash vans established increased to 31 centers and had units for 333 cash vans at the end of 2017.

# Risk factors

Risk factors of the Group include the following

## 1. The risk of conducting business as a holding company

The company is conducting business as a holding company which means it generates income mainly from holding stocks in other companies and has no business of its own that can generate significant income. Hence, the company's revenue depends on the subsidiaries' performance and the ability to distribute the dividend. For this reason, the risk we may have is the risk of conducting business along with the ability to pay out the dividend of the subsidiaries. Currently, the income from these subsidiaries accounts for 100% of the company's income. So, the business conduct of our subsidiaries is of paramount importance to our overall profit. For it is the company's policy to pay out in the dividend of our shareholders at the rate of no less than 40% of the total profit after income tax from separate financial statements of the subsidiaries and after the allocation of reserves according to the law. The dividend rate depends on performance, financial position, liquidity, current investments' necessity, additional investments, business expansion, conditions and limitations as listed in the loan agreements and other factors involved in the management as the board members and/or shareholders of the subsidiaries deem appropriate. In any case, the payment of the dividend will not exceed the accumulated profit as appears in the separate financial statements of the subsidiaries and will follow the laws involved.

Other than that, the paying out of the dividend by the company to its shareholders will be from the total profit as appears in the company's separate financial statements which depends on the ability to pay out dividend by subsidiaries. For said dividend accounts for almost all the income in the company's separate financial statements. In case of subsidiaries' failure to follow the dividend policy by paying the dividend to our company caused by the lack of profit or other business reasons such as the need to set-asides funds

### Dividend Policy

no less than **40%**

Dividend

Net profit

\* Consolidated net profit after tax

for company expansion or to pay off a loan, will affect the company's ability in paying out its dividend as well.

Currently, it is company's policy to pay out the dividend at the rate of not lesser than 40% of the final profit from the total financial budget after income tax. However, the dividend rate depends on investment plans, conditions, and limitations as listed in the loan contracts or other contracts that may apply (if any), financial status, performance, and other relevant factors. The company's board of directors will occasionally revise and amend the paying policy to match the company's business growth plan in the future, the need for investment and circulation funds, and others factors as deemed appropriate. But the payout of dividend will not exceed the accumulated profit as appeared in the company's separate financial statements and will follow the laws that applied namely the Public Company Act including any conditions such as real cash flow, profit, financial status, and the company's needs in capital along with other factors the board of directors may see as involved. However, the company cannot guarantee if it will generate a profit each year or whether the board of directors will pay out dividend even when the company can generate profit. According to the Public Company Act, if the company still has accumulated deficit it cannot pay out dividend even if it has total profit in that year.

## 2. The risk of competing in business for energy and other drinks.

Energy drinks and sports drinks are products that have high competition rates. Both from current entrepreneurs and new ones that might be joining the competition. The high level of competition in energy drinks business in Thailand prevents entrepreneurs from drastically changing the price of the drinks. Currently, bottled energy drinks of 150 milliliters are commonly sold in Thailand at 10 baht. For that reason, to preserve or improve market share for energy drinks product entrepreneurs including CBD will have to perform marketing activities and spend budgets on advertising the products frequently and thoroughly. Entrepreneurs who are our important competitors might have financial and manufacturing capability and have been succeeding in marketing activities more than CBD have. This fierce competition might cause CBD to lose its market share or to have higher spendings in marketing activities which might negatively affect the business, performance, and the companies' financial status significantly.

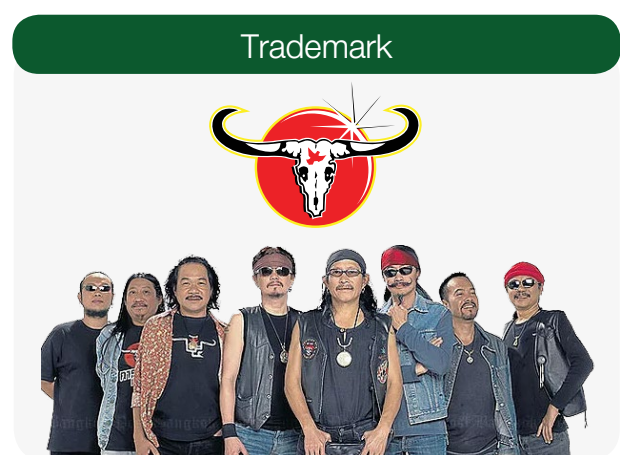
## 3. The risk of commercial launch of new products

CBD sees the importance of bringing in new products into the market and act accordingly by spending a lot of money on each new product e.g. in product design, manufacturing, marketing, including advertisements, and promoting for the product to be well-known and to get positive responses from consumers to also generate satisfying sale income for the product. CBD might run a risk if the new product receives negative responses or is not appreciated by consumers especially with these competitive circumstances in the business. If CBD does not succeed in bringing new products into the market, it might negatively affect the business, performance, and financial status of the Group significantly.

## 4. The risk for depending on Mr. Yuenyong Opakul (Add Carabao) as the presenter and Brand Ambassador of the Group and for relying on the image of the Carabao band.

At present, CBD has an agreement to engage Mr. Yuenyong Opakul as the presenter and brand ambassador to perform the duties of public relations and promotion of image for "Carabao Dang" that are solely sold domestically by CBD. Such public relations and advertising agreement has a term of 5 years and can be automatically extended for another 5 years. The remuneration for the first 5 years are at 10 million baht and for the next 5 years are at 12 million baht. The Group may propose to adjust this compensation to conform to the market price.

Hence, CBD will rely on the image and fame of Mr. Yuenyong Opakul to perform any marketing strategies. For this reason, if the image and fame of Mr. Yuenyong Opakul change significantly, it might affect the brand and the product "Carabao Dang" and cause CBD to lose its target group and might negatively affect the business, performance, and financial status of the Group significantly.



Furthermore, Carabao Dang is a brand that is connected to the band Carabao. Hence, CBD will need to rely on the image and fame of the band Carabao. For this reason, if the image and fame of the Carabao band change negatively significantly, it might affect the brand and the prod-

uct “Carabao Dang” and causes CBD to lose its target group and might negatively affect the business, performance, and financial status of the Group significantly.

The company stresses the importance in marketing strategies, promoting through mass advertising media, and activities curtailed for specific audiences especially the formation of the Saobao Dang team which is a big operating out-field marketing team aiming to continuously bond with distributors and customers in each area all over the country. Furthermore, marketing and promotional strategies start to form connections from the product in terms of quality and image to football and a world leading football team that is Chelsea Football Club (CFC) and English Football League (EFL) since the end of 2015. These things generate awareness and a



Symbolic marketing position that is unique and significant to our international marketing awareness. For that reason, the company believes that Mr. Yuenyong Opakul and Carabao band are still significant to our current promoting and image enhancement. But the level of reliance is a downtrend and is limited to domestic consumers. Whilst the sales of new products under the company’s brand that was being marketed and distributed since late 2016 and the sales of energy drinks under the company’s brand to international market both generate significant growth in income for the Group. In which case causes the income share from the sales of “Carabao Dang” locally and the reliance on the Carabao band that is limited to national level decreases by comparison.

## 5. The risk from CBD relying on importers, distributors, and/or local vendors to distribute CBD’s product abroad.

In conducting the export business, CBD requires importers, distributors, and/or local vendors in each country wherein CBD conducts business. For this instance, CBD holds no policy to sign long-term contracts with said importers, distributors, and/or local vendors. Even if CBD might have long lasting business relations with these importers, distributors, and/or local vendors. This business conduct is deemed regular in the industry wherein CBD conducts its business.

For that reason, CBD cannot guarantee that any current importers, distributors, and/or local vendors of CBD will maintain business relations with CBD in the future. Furthermore, CBD also cannot guarantee that any current importers, distributors, and/or local vendors for CBD will make the sales target that CBD has intended. In the case of any importers, distributors, and/or local vendors that decides to cease business relations with CBD or cannot make the sales target, CBD might receive negative impact from the delay that CBD has to negotiate sales deals with other importers, distributors, and/or local vendors that might have problem conducting business or selling products abroad. Furthermore, CBD cannot guarantee that CBD’s importers, distributors, and/or local vendors abroad can follow the rules and regulations of the civil service that involve conducting business overseas thoroughly and CBD cannot make any deals with new importers, distributors, and/or local vendors in due time or cannot find new importers, distributors, and/or local vendors which could negatively affect the business, business opportunities, performance, and financial status of the Group significantly.

## 6. The risk of raw material's price fluctuation or the lack of raw materials.

### (1) sugar

Sugar is a commodity product whose price fluctuates according to the market's demand and supply and government's policy. If the price increases, CBD cannot guarantee if it can push the burden of higher costs onto its customers which might negatively affect the business, performance, and the Group financial status significantly.

CBD uses two types of sugar in manufacturing its products namely

#### (a) sugar in manufacturing for domestic sale

The price for domestic sugar at the factory depends on the price of London No.5 sugar plus the Thai Premium price (which is the marketing boost of Thai sugar sale to buyers) for manufacturing season of 2017/2018 or from 1st December 2017 onwards according to the Cabinet Resolution declared on 11th October 2016 which agreed to the total renovation plan for the sugar cane and sugar industry, cancelling stable pricing of sugar at the factory, causing sugar price in the country to change according to the international market's. From being a controlled commodity controlled by 2 ministries namely the Ministry of Industry by the board of directors for sugar canes and sugar control the sugar price at the factory and The Ministry of Commerce's central board for the pricing of goods and services controls the retail price for sugar. The floating of the sugar price might cause the fluctuation for the sugar price and might have an impact on the manufacturing costs for CBD.

#### (b) sugar in manufacturing for international sale

The price of the sugar that CBD used to manufacture goods for overseas sales depends on the international sugar price whose price depends on the demand and supply of sugar affected by accommodating or challenging climate factors for agriculture in each country, the policy to support, intervene, importing, exporting of the sugar industry by the state, especially from the developed

countries. Furthermore, the sugar price is still related to the movement of the Brazilian real (BRL) for Brazil is the world's biggest exporter of sugar. In addition, it is also related to the price of fossil fuel because sugar cane's juice and molasses can be used to produce Ethanol that can be mixed with oil and used to fuel cars. The factor causes high fluctuation in the price of sugar trade in the international market and can affect CBD's manufacturing costs.

### (2) Cullet

Glass is the main raw material in manufacturing APG's amber purchased by signing short-term contracts lasting around 1 year to find cullet from trader companies and APG still maintain the plan to issue purchase orders to buy cullet from at least 2-3 glass traders. These short-term contracts to purchase cullet and issuing of purchasing orders follow general market conducts. However, APG cannot guarantee that glass traders can provide cullet for APG sufficiently and at an affordable price. In which case, APG might have higher manufacturing costs for glass bottles. For APG has to adjust the manufacturing formula to use other materials that cost more the cullet such as increases the amount of quartz and soda ash, for example, that might negatively affect the business, performance, and the Group financial status significantly.

### (3) Natural gas

Natural gas is the main material in manufacturing APG's amber. APG made a medium-term sale contract with PTT lasting 5 years. The price structure includes (1) the gas price that fluctuates with respect to the price of fuel oil in Singapore, the Thai Baht to US Dollar exchange rate, and the amount of natural gas used per day and (2) Demand Charge which is a stable expense, depending on the amount of natural gas used as agreed on in the contract, and update according to real amount of natural gas used every 6 months.

Hence, there is a risk as the price of natural gas may rise in accordance with the fluctuation of fuel oil in Singapore, the Thai Baht to US Dollar exchange rate, and the amount



of natural gas used per day. The rise in natural gas price might cause APG costs to increase.

Furthermore, if PTT does not have enough natural gas, and fail to deliver the amount of gas agreed in the contract to APG, it might cause APG to have insufficient amount of natural gas required in the manufacturing of the amber glass bottles and consequently needs to cease the operation of the production plant by warming the melting furnace to ensure continuation after ceasing the operation which might cause higher costs and if said risk was to happen might negatively affect the business, performance, and the Group financial status significantly.

#### **7. The risk of changing policies, rules, and formal codes of conduct involving the Group's business conducts.**

The business of manufacturing, marketing, and sale of Carabao Dang by CBD is under the supervision of the rules of law and regulations of related agencies which are the Food Act of 1979 (as having been modified) including the announcements and rules involved by the Ministry of Public Health. These rules of law imposed limitations of label advertisements and marketing of energy drinks such as the limitations on advertising of these drinks' properties, limitations of promotional activities, requirements for manufacturers to state on the label suggested dosage per day. Furthermore, the manufacturing business of energy drinks by CBD is under the regulations and rules of environmental laws such as the Factory Act of 1992 and the Environmental Quality Promotion and Preservation Act of 1992. These regulations and rules of law are considered important factors in CBD's decisions regarding policies on manufacturing, marketing, and promoting. Hence, if the government's offices are to strengthen the policies, rules, or regulations that supervise energy drink business, it might affect the policy and marketing strategies of CBD and if CBD cannot change those accordingly, it might cause CBD heavier burdens in following the changed rules which might negatively affect the business, performance, and the Group financial status significantly.

#### **8. The risk caused by CBD failing to register or renew Product Registration in countries where CBD sells.**

In selling products both domestically and internationally CBD needs to register a Product Registration with the department responsible for that country. If CBD fails to register or renew a Product Registration, it might cost CBD the ability to sell products in that respective country and might negatively affect business competition, performance, financial status, and business opportunity of the Group significantly.

#### **9. The risk involving safety in consumption and trustworthiness of products from the Group.**

##### **(1) The risk of manufacturing the products.**

CBD runs the risk in manufacturing, packaging, and selling of products. The risk might be caused by (1) low quality products (2) faulty products (3) contaminated products or (4) mistakes or shortcomings in labelling the products, causing damaging to the consumers and demanding CBD to take responsibility for the damages caused by CBD's products by making CBD pay a fine or withdrawing CBD's products from the market including government agencies involved might demand CBD to pause or cease business operations which might negatively impact business, business opportunities, performance, and the financial status of the Group significantly.

##### **(2) The risk of consuming the products.**

Even when CBD controls the warnings on the labels to be correct and complete according to the announcement of the Ministry of Public Health (No. 194) 2000 on labels and the announcement of the Ministry of Public Health (No. 182) 1998 on Nutritional label for example for Carabao Dang CBD stated "Do not consume more than 2 bottles per day. Over consuming will cause rapid heart palpitation and insomnia. Pregnant women and children should not consume. Patients should consult their doctors prior to consumption." on the labels. But CBD still runs the risk

of CBD's products causing harms to the consumers' well-being, if consumers do not follow the warnings stated on the labels and might demand CBD to take responsibility for the damages caused by CBD's products by making CBD pay for their medical fees or withdrawing CBD's products from the market including government agencies involved might demand CBD to pause or cease business operations which might negatively impact business, performance, and financial status of the Group significantly.

Furthermore, if there were to be accusations about CBD's products being harmful, even if untrue, might affect the demand for products under the brand of CBD to decrease. In addition to this, these products might have to be withdrawn from the market. The withdrawal of any products without considering the lawfulness might negatively affect the reputation of the Group including its business, performance, and financial status of the Group significantly.

#### 10. The risk from relying on personnel, especially important, high rankings executive officers

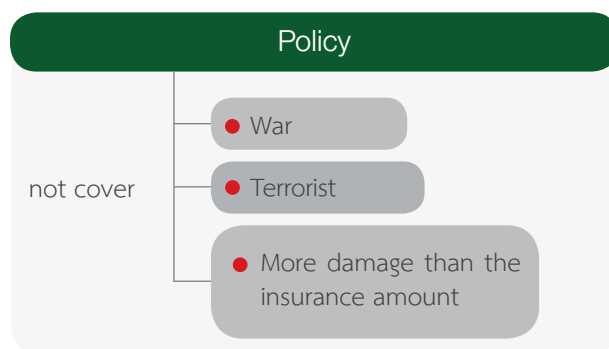
The company's business conduct requires knowledge, ability, expertise, and experience of the personnel's especially high ranking executives. If the company cannot hold on to these important officers or cannot find suitable candidates in the same levels as those executive officers to operate in the place of these important officers, it might negatively affect business, performance, and financial status of the Group significantly.

#### 11. The financial risk from currency exchange rates.

The fluctuation of currency exchange rate in one of the factors that might affect financial status and performance due to the company's investment by holding stocks in subsidiaries conducting business both domestically and internationally and these subsidiaries have regular income-expense involving other currency which is not the currency of their country of origin and the rapid growth of overseas business in the past

period.

For the accounting period ending on 31st December 2017, CBD's income from international sales was at 4,821 million baht. In this amount were transactions involving the Thai baht and other currencies at the ratio of 60:40 with the most important foreign currency being US dollars and Chinese Yuan, whilst ICUK has total sale income of 202 million Thai baht, divided between sales in the British pound sterling and income from exports to countries outside of Asia in other currency at the ratio of 50:50 respectively. Changes in currency exchange rate might affect the income from the international sale of the Group as a whole to decrease. Hence, the Group manages the risk by negotiating sale conditions and pricing to be the main currency of the country and prioritizes pre-payment for products. There is also the application of the derivatives on a case-by-case basis depending on the suitability of the time period by not aiming to make profits but to maintain the stability of performing transactions involving foreign currencies to the rate that is manageable.



#### 12. The risk from the Group insurance not covering enough.

Even though the Group has a policy of having an insurance involving the business conduct of the Group to reduce risks from lost and/or damaging of the Group assets. However, the company still runs the risk from the insurance not covering all of the lost and/or damages for example, the damages caused by war and terrorism or in the case of the lost's value outweigh the amount of insurance and the Group might run the risk of the insurance company



being unable to pay the compensations as promised in the insurance. Furthermore, the Group might run the risk of not being able to extend the insurance at a reasonable price if the price of the insurance increases which altogether might affect the Group operation and financial status.

### 13. The risk from the Group operations being halted.

The Group use manufacturing factories and warehouses in conducting the business of manufacturing, marketing, and selling the energy drinks and other drinks. Hence, in case of natural disasters such as storm, fire, or earthquake or other serious situations that have not been anticipated by the company such as electrical malfunctions, shortage of water supply, terrorists attacks or warfare might significantly affect the capability of manufacturing products and conducting business by the Group which might negatively affect business, performance, and financial status of the Group significantly.

### 14. The risk of major shareholders controlling the votes in shareholders' meetings.

On 29th August 2017, the party of Mr. Sathien Setthasit, the party of Ms. Nutchamai Thanombooncharoen, and the party of Mr. Yuenyong Opakul hold the company's stocks at 34.3%, 22.8%, and 14.2% of the Group's paid-up capital respectively.

Furthermore, Mr. Sathien Setthasit and Ms. Nutchamai Thanombooncharoen also hold the executive officer and authorized director positions of the company as well. Resulting in the major shareholders controlling the company and almost all of the votes in shareholders' meetings including the rights to appoint executives or to ask for a resolution in things that require the consensus of the meetings. Other than that, the ratio of stocks holding of the party of Mr. Sathien Setthasit or the party of Ms. Nutchamai Thanombooncharoen can veto important resolutions in shareholders' meetings for issues that involve

laws or regulations that the company sets to receive more than 75% of the votes from those who attend the meetings and have the rights to vote.

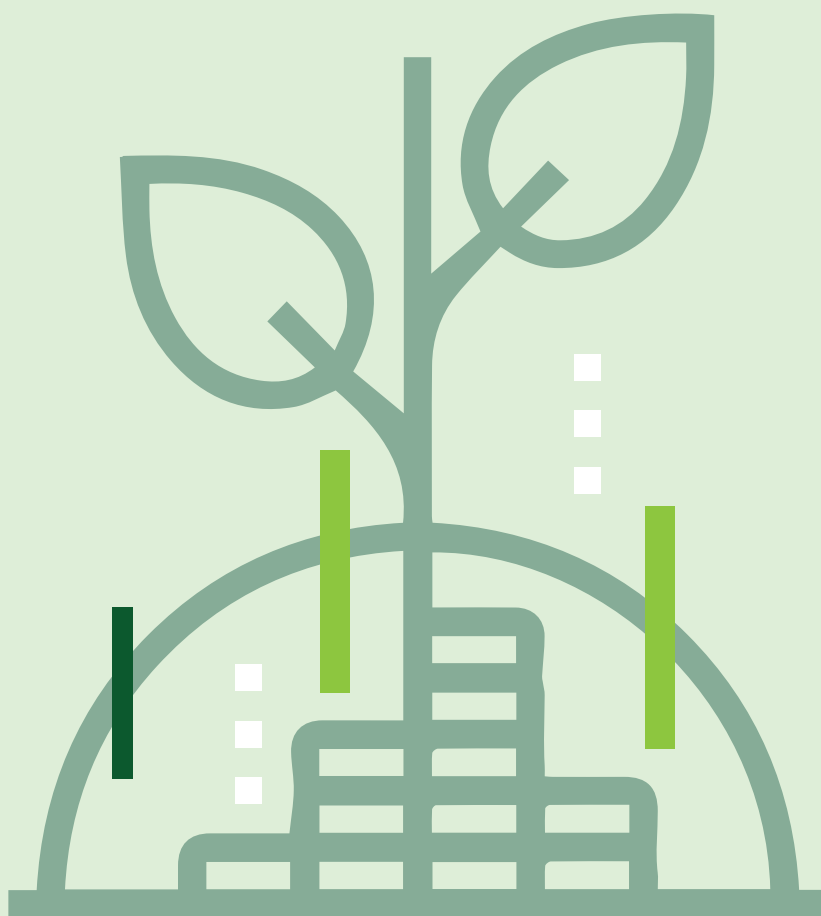
### 15. The risk from revenue and financial status of the Group might be affected by the fluctuation of the interest rate.

As appears in the most recent total financial statement ending on 31st December 2017 and the subsidiaries have an interest-bearing debt of 3,393 million baht which is a debt ratio that generates a burden of interest to be paid for shareholders at 0.5 times, increased 0.1 times at ending on the same day a year before. The main reason for this was the seeking of a source of investment funds to support the expansion of canning and bottling factories of CBD, glass bottles manufacturing factories of APG, and the aluminum cans for the packaging factory construction project by ACM. The increase of interest rates in the future may cause the company and the subsidiaries to have higher business costs and might negatively affect the revenue and financial status of the company and its subsidiaries significantly. The Group realize the effects from financial risk and are in studies for a loan structure from financial institutions, with consideration on liquidity management, the balance between source and use of capital, along with financial costs and relative expenses, and the rate of return to the Group's shareholders.

WORLD CLASS  
**PRODUCT**

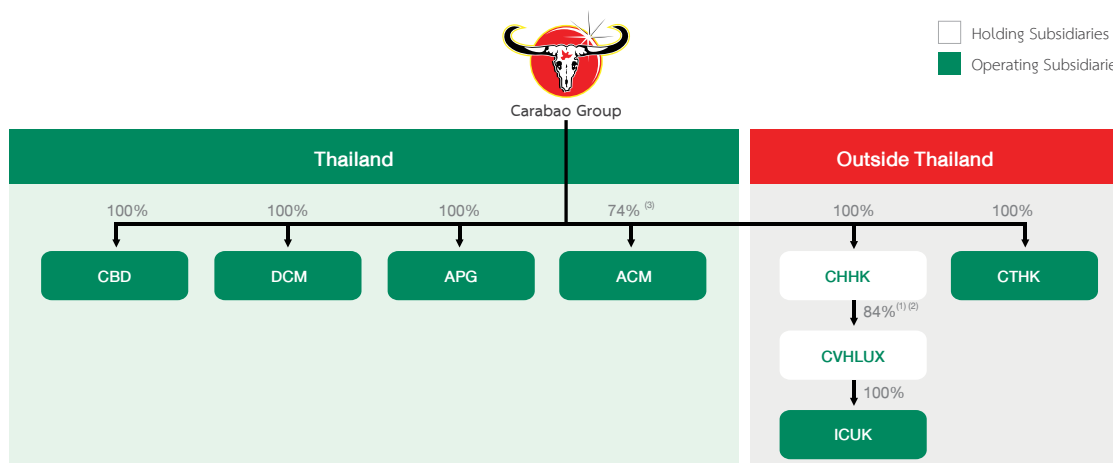
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WORLD CLASS  
**BRAND**



# Nature of business

Carabao Group Public Company Limited operates business as a holding company, investing in subsidiaries which operating production, marketing, sale and distribution of energy drink and other drinks both in the country and over-sea. Investment structure by shareholding are as follows,



(1) In January 2018, shareholding of CBG in CVHLUX is increased from 51.0% to 84.3 % as a result of acquisition of all issued and offered shares by CVHLUX and converting loan into fund in accordance with the Change of Overseas Subsidiaries' Capital Structure transaction.

(2) NIHK acquired and accepted the transfer of 6 million shares which ICSG holds in CVHLUX. As a result, NIHK and ICSG hold 9.6% and 6.1% of issued and paid up capital shares respectively.

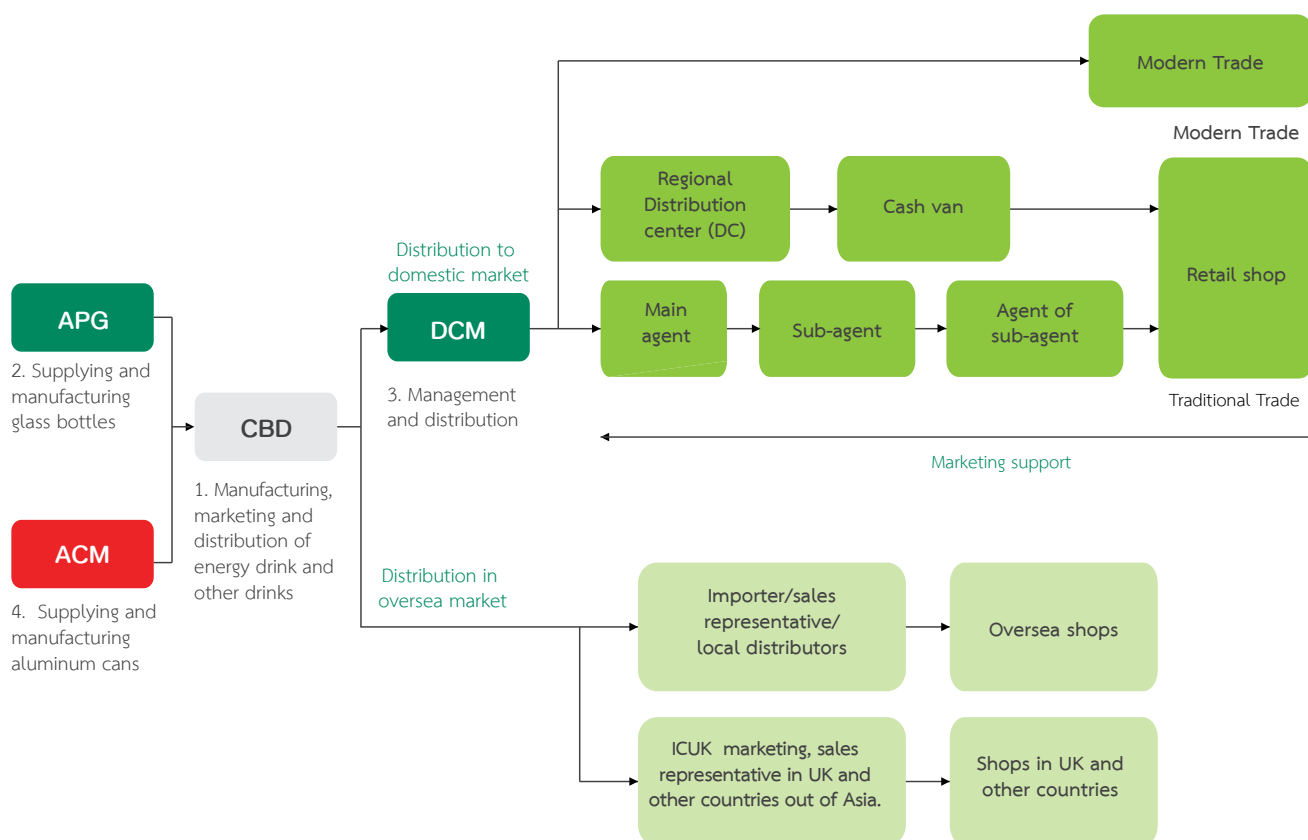
(3) SHOWA DENKO, Japanese ally holds the remaining shares of 26%.

**1. Business of subsidiaries both oversea and local where the Company invests by directly and indirectly holding shares are as follows.**

## 1.1 Subsidiaries incorporated in Thailand

Our subsidiaries business involve manufacturing, marketing, sales and distribution of energy drink and other drinks conducting through the concept "World Class

Product, World Class Brand". At present, businesses of the Group are classified in 4 major groups as follows.



### (1) Manufacturing, marketing, sales and distribution of energy drinks, electrolyzed drink under own trademarks.

Carabao Tawandang Co., Ltd (CBD), a subsidiary that operates producing, marketing, sales and distribution of energy drink under Carabao Dang trademark including electrolyzed drink under trademark Start Plus and other drinks that the Group may decide to produce and distribute in the future.

CBD produces 2 types of energy drink including bottled drink under trademark “Carabao Dang” volume 150 ml., non-carbonated can 250 ml and carbonated can 325 ml. under trademark “Carabao” Presently, the marketing activities, sales and distribution of bottled energy drinks are limited within Thailand only, and canned drinks are mainly promoted in overseas market to be in conformity

with competition situation and consumers’ behavior in each country.

The Group build factories and install new production lines following expansion of vertical integration of production capacity in response to the growth of energy drink in local and overseas market. The said expansion of production have been gradually implemented to commercial production process since Q2/2017. Upon completion in Q1/2018, the Group will have installed capacities at approximately 1,400 million cans and 1,800 million bottles per year under operation of CBD. Mainly, canning line and bottling line are relocated to the new production center located at Bang Pakong district, Chachoengsao province. In addition, CBD has installed capacities for bottled electrolyzed drink 250 ml. at approximately 110 million bottles per year.

## **(2) Manufacturing and Supplying of Glass Containers**

Asia Pacific Glass Co., Ltd. (APG) is a subsidiary that manufactures and supplies glass bottles for energy drinks and other drinks. APG boosted up its production capacity to 620 million ton glasses per year or equivalent to amber glass bottles for energy drink 150 ml. at quantity 1,300 million bottles per year, which is increased from 650 million bottles per year. The increasing capacity is implemented to commercial production in Q4/2017 to reduce dependency on amber glass bottles supplied by external party of which the cost per unit is higher, and to support the growth of energy drinks under Carabao Dang in Thailand. APG will use excess capacity (if any) to manufacture and distribute glass bottles to external party under prices and terms of normal trading that bring highest benefit to the Group.

APG provides clear glass bottles for electrolyzed drink from external persons, without any manufacturing in the company. APG is not responsible for supplying aluminum cans for CBD.

## **(3) Management of distribution channels**

Tawandang DCM Co., Ltd., a subsidiary manages distribution channels of products which include branded products by our own manufacture, branded products by 3<sup>rd</sup> party manufacture and 3<sup>rd</sup> party products for distribution within Thailand. Major distribution channels are through traditional trades by multi-tiered agent and through distribution center and cash vans, and modern trade. At present, DCM has 31 distribution centers and 333 cash vans operating throughout main trading area across the country, under its own management. DCM started to distribute 3<sup>rd</sup> party products since November 2015. As at end of 2017, there are 24 skus of 3<sup>rd</sup> party products for distribution including general consumer products and liquor, increasing from 13 skus in the previous year. All products sold and distributed in the

country are through DCM. The products for sales and distribution overseas including existing market (Non-China markets) such as CLMV countries, Afghanistan, Yemen and new base such as China are conducted through CBD where by coordinating with trading partners in each country.

## **(4) Aluminum cans**

Asia Can Manufacturing Co., Ltd., is a joint venture between the Company and Showa Denko with shareholding 74% and 26% respectively, having objective to manufacture aluminum cans for energy drinks and other drinks.

Aluminum can factory is located on 32 rai-land of APG, total usage space 22,000 square meters, available for installation of 2 product lines of aluminum cans. ACM will install manufacturing machinery of aluminum can for 1 production line. The machinery capacity is equivalent to for energy drink can size 250 ml. at 1,000 million cans per year. It is estimated that the installation will be finished in Q2/2018 and the entire set will be commercial in Q4/2018. This will reduce dependency on aluminum can supplied by external party and support the growth of energy drinks under Carabao in overseas market.

## **1.2 Subsidiaries incorporated overseas**

The Company jointly invested with ICSG by acquiring shares in ICUK (indirectly) through 2 new subsidiaries namely CHHK and CVHLUX. ICUK has set forth business and management plans by management team consisting of people with adequate knowledge and long-time experience in food and beverage business from world class firms. The objective is to introduce energy drink under Carabao trademark to overseas market, starting from United Kingdom where the energy drink market is one of world's top five, and to expand business network to other countries in addition to Asia in the future with strategy to create uniqueness that stand out of the crowd of energy drinks. For example, making connection between quality and image of the product to soccer. This is achieved by becoming sponsor for leading soccer teams i.e. Chelsea Football Club

Limited (CFC) for 5 years, when the season ended in 2021. The Company is the principal partner for the first 3 seasons and global partner for the 4th and 5th season respectively. Another sponsorship is in English Football League (EFL) for 3 season where the ending of season is in year 2020. English Football League (EFL) is one of major soccer program in UK joined by over 90 football clubs nationwide. The program was renamed to Carabao Cup throughout the contract term. Furthermore, Reading Football Club (RFC) is another leading football club that the company supports. In term of products, we focus on product differentiation coupling with expansion of product distribution to cover markets on continual basis. ICUK sales and distributes through products through traditional trade and modern trade in London and many major cities which are importance marketing base. Over 20,000 locations across UK are our sales points where we can reach target groups. The Company plans to expand distribution channels through modern trade based on the image of the product as a sponsor of football fan and sponsor of the world football club.



Products of the Company and subsidiaries is divided in 2 main categories which are branded products and 3<sup>rd</sup> party products. The branded products are of production by Company Group and contracting third party for production. Structure of sales revenue classified by product groups are summarized as follows.

## 2 Nature of products or services of the Group

Sales Breakdown	2015		2016		2017	
	Million baht	Ratio	Million baht	Ratio	Million baht	Ratio

### Domestic Business

#### Branded products by own manufacture

Bottled Carabao Dang	5,379	69.4	5,993	60.3	6,034	46.8
Bottled Start Plus	97	1.2	148	1.5	49	0.4
<b>Total</b>	<b>5,475</b>	<b>70.6</b>	<b>6,141</b>	<b>61.8</b>	<b>6,083</b>	<b>47.1</b>

#### Branded products by 3<sup>rd</sup> party manufacture

Carabao Drinking Water	-	-	102	1.0	96	0.7
Instant Coffee Powder	-	-	56	0.6	123	1.0
Ready-to-drink coffee	-	-	80	0.8	718	5.6
<b>Total</b>	<b>-</b>	<b>-</b>	<b>238</b>	<b>2.4</b>	<b>936</b>	<b>7.3</b>
<b>Total branded products</b>	<b>5,475</b>	<b>70.6</b>	<b>6,379</b>	<b>64.1</b>	<b>7,020</b>	<b>54.4</b>

Sales Breakdown	2015		2016		2017	
	Million baht	Ratio	Million baht	Ratio	Million baht	Ratio
3 <sup>rd</sup> party products for distribution						
General consumers' products	2	0.0	197	2.0	529	4.1
Alcoholic beverages	-	-	-	-	274	2.1
<b>Total</b>	<b>2</b>	<b>0.0</b>	<b>197</b>	<b>2.0</b>	<b>803</b>	<b>6.2</b>
<b>Total domestic businesses</b>	<b>5,477</b>	<b>70.6</b>	<b>6,576</b>	<b>66.1</b>	<b>7,822</b>	<b>60.6</b>
<b>Oversea businesses</b>						
under management of CBD						
Bottled Carabao	86	1.1	123	1.2	188	1.5
Non-carbonated canned Carabao	2,094	27.0	3,048	30.7	4,628	35.9
Others	96	1.2	169	1.7	6	0.0
<b>Total</b>	<b>2,276</b>	<b>29.4</b>	<b>3,340</b>	<b>33.6</b>	<b>4,821</b>	<b>37.4</b>
under management of ICUK						
Carbonated canned Carabao	-	-	16	0.2	202	1.6
<b>Total oversea businesses</b>	<b>2,276</b>	<b>29.4</b>	<b>3,356</b>	<b>33.8</b>	<b>5,024</b>	<b>38.9</b>
<b>Total revenue from other sales</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>0.1</b>	<b>58</b>	<b>0.5</b>
<b>Total sales revenue</b>	<b>7,753</b>	<b>100.0</b>	<b>9,943</b>	<b>100.00</b>	<b>12,904</b>	<b>100.0</b>

## Details of branded products of Company Group

### (1) Energy drinks under bottled Carabao Dang brand



Bottled Carabao Dang volume 150 ml. is a non-carbonated drink, mainly sold in Thailand. Some parts

are exported to oversea markets where consumers prefer bottled energy drinks.

Bottled Carabao Dang is the first energy drink in Thailand that promotes its product for having ingredient of vitamin B12 on product label, which is one of our product positioning to create uniqueness for Carabao Dang. As a result, bottled Carabao Dang achieved great success in Thailand until nowadays.

## (2) Non-carbonated canned Carabao

Non-carbonated canned Carabao volume 250 ml. is exported to overseas market mainly such as China, Cambodia, Afghanistan, Yemen, Myanmar, Vietnam and many countries globally. The portion of ingredients in canned Carabao supplied to each country are different, based on behavior and taste of consumers as well as local law.



## (4) Start Plus

Start Plus is an electrolyzed drink in glass bottle, volume 250 ml. The Group started marketing and first distributed Start Plus in Thailand in May 2014 by introducing Start Plus as a different product that out-stand rival products by adding essential ingredient like zinc.



## (3) Carbonated canned Carabao



Carbonated canned Carabao volume 325 ml. was first sold in Cambodia in May 2015 and became highly popular among consumers. Then the sales was expanded to UK, Brazil and other countries and is ready for more distribution to many countries across the world where energy drinks are on high demand.

## (5) Carabao Drinking Water



Carabao Drinking Water is packed in PET bottled with size 600 and 1500 ml. The Group started marketing and distribution in February 2016, promoting a new drinking water which is originally from natural underground water, of good quality and free of toxic and contaminants. The drinking water is processed by modern technology through 4 stages namely Filtration, R.O., UV and Ozone.



#### (6) “Carabao” Instant 3-in-1 coffee powder

Instant 3-in-1 coffee powder produced in 2 flavors 1. Rich Aroma (red pack) 2. Espresso (green pack). The Group first started marketing and distribution in July 2016 by introducing Carabao Rich Aroma Coffee- the perfect taste of coffee and concentrated taste of Espresso for those who loves strong coffee.



#### (7) Carabao ready-to-drink coffee

Ready-to-drink coffee produced in 2 flavors 1. Espresso (green can) 2. Robusta (green can) volume 180 ml./can. The Group first started marketing and distribution in November 2016. Carabao canned coffee is unique by its strong taste of coffee from Carabao.



#### (8) 3<sup>rd</sup> party products for distribution

The Group distributes products for third party by leveraging its own distribution center and cash vans. At the end of 2017, there are total 24 skus of 3<sup>rd</sup> party products for distribution including general consumers' products and alcoholic beverage. The products in general consumer's products consist of food such as fresh sugar brand 'Baan Oy', tamarind mixed with plum powder brand




'Preaw Pak', roasted peanut with salt, pea and broad beans brand 'Racha maled' and non-food products such as dish washing liquid brand 'Wow', softener brand 'Soft Dee', detergent brand 'Champ', toothbrush brand 'Big Smile'. The 3<sup>rd</sup> party products for distribution was first started in November 2016.




### 3. Marketing and Competition

#### (1) Target groups

Target groups for our products are summarized below.

Product	Characteristics of Target Customer
<p>Carabao Dang and Carabao</p> 	<ul style="list-style-type: none"> <li>● for local market, the Group sets target group on working age who need energy and refreshing during the day. The majority are those who earning basic to medium range income.</li> <li>● for oversea markets, the Group sets various target groups depending on each country.</li> <li>● At present, major revenue of Carabaodang is from local market. However, the Group plans to increase revenue ratio from oversea markets.</li> </ul>
<p>Start Plus</p> 	<ul style="list-style-type: none"> <li>● Target groups are consumers from teenager to medium age who look to their health and need to refresh during the day and after outdoor activities, including those who need freshen after exercise.</li> <li>● Target groups of Start Plus, at present, are only domestic customers.</li> </ul>
<p>Carabao Drinking Water</p> 	<ul style="list-style-type: none"> <li>● Customer base of domestic market for drinking water is wide, those who prefer branded drinking water, quality, cleanliness, standard other than unstandardized drinking water from local manufacturers.</li> <li>● At present, customer groups of Carabao drinking water are from Thailand only.</li> </ul>
<p>3-in-1 Instant coffee powder Carabao</p> 	<ul style="list-style-type: none"> <li>● The Group set forth the same target groups as energy drink where customers are those whose, by nature of occupation, need activation in the morning. Mainly, customers are earners of basic to medium income level.</li> <li>● Target group of Carabao instant 3-in-1 coffee powder is domestic customers.</li> </ul>

Product	Characteristics of Target Customer
<p>Carabao ready-to-drink coffee</p> 	<ul style="list-style-type: none"> <li>● Target group of Carabao ready-to-drink coffee is the same as energy drink and instant powder-3-in-1 coffee while the difference is time of consuming. Secondary target group are those who does not drink energy drink. However, the two groups need freshening during working day. Income of these group, mainly, are basic to medium level.</li> <li>● At present, the products are distributed only within Thailand.</li> </ul>

## (2) Marketing and sale promotion policies

For domestic market, the Group will conduct marketing with target group with objectives to encourage product demand through various channels. The marketing is conducted in form of Above the Line (marketing through channels that reach wide ranges of consumers) and Below the Line (marketing that reach specific target groups). Details are as follows.

### (a) Above the Line (marketing through channels that reach wide ranges of consumers)

Above the Line includes advertisement on different channels that can reach wide ranges of consumers such as television, radio, print media and advertisement board etc.

Trade mark and image of Carabao Dang are presented through presenters and brand ambassador. Mr. / Yuenyong Opakul or Ad Carabao, an artist and leader of folk music band, being famous in Thailand for over 30 years.



Example of public relations media with Ad Carabao as a presenter and brand ambassador.

(b) Below the Line (marketing that reach specific target groups).

Below the Line includes marketing activities conducted directly to consumers. For example, giving free product samples, arranging activities, game event with rewards, showcase of products etc.

In practice, the Group will conduct marketing activities by Baodang girls who are familiar, have knowledge and skill, relations with sales representative in different levels from retail shops to consumers in each region.

Marketing activities by Baodang Girl is targeted to promote sales of products to directly reach target groups and consumers who never consume products of the Company. Over 80 teams or more than 600 Baodang Girl work on important regions across the country. The Company believes that Baodang Girl is the biggest operation team of marketing in Thailand. Furthermore, that the Group manages Baodang Girl will ensure the knowledge, confidence of the products among the staff, including the organization loyalty,



Example of marketing activities that reach specific target groups directly.

(c) Thru-the Line (Digital Marketing)

Thru-the Line (Digital Marketing) includes presentation of content, advertisement, and marketing activities with consumers through digital platforms which is classified as a two-way communication. These channels i.e. website, social media and mobile phone can reach modern consumer groups.

Content and advertisement are presented in various forms such as articles, pictures, info-graphic, video, songs, games etc. to meet interest of consumers. These media are produced with person or a group of person that has

influence to digital society, aiming to promote products, creating brand awareness to modern consumers and to connect with existing consumers.

For marketing in oversea markets, the Group will seek for sales representative who is skilled, with experience in sales of consumer products, and knowledge in production distribution in each country in order to achieve sales goal of the Group. Marketing strategy and sales promotion activities will be adjusted to meet situation of each country.





Examples of marketing activities of the Group that directly reach consumers in digital era

The Group and sales representative concentrate on Above the Line (marketing through channels that reach wide ranges of consumers) to build demand of product consumption. The Group has collaborated with sales representative to conduct marketing in Cambodia, by applying marketing activities in Thailand.

For example, supporting boxing competition, holding music concert of Carabao band, giving out products samples. In addition, the said music concert was live on air in television channels with aim to indirectly promote products of the Group and Carabao band.

UK market is one of the fifth biggest market of energy drink in the world. The Company also consider marketing in other countries in Europe. The first official marketing was first made in September 2016. The Company implemented strategy to create uniqueness drink that out-stand other energy drinks in the market such as building connection from products in terms of quality and image to football, focusing on using football as a media to reach target groups.

Advertisements are made through posters and different platforms of social media, logos on football club t-shirt and on products. This will create brand awareness and emphasize Carabao trade mark, encouraging target group to try the product to enhance expansion opportunity coupling with reducing operation capital which are complex and unnecessary in order to generate benefit from sales in proper rate.



At present, the Group has entered into a contract with football clubs and football match as follows.

(1) Reading Football Club (RFC): Carabao has become a contractual party with Reading Football Club for 3 seasons from 2016-2019 where brand Carabao is shown on player's t-shirt and practicing t-shirt, including all media in the field.

(2) Chelsea Football Club (CFC): Carabao has become a contractual party with Chelsea Football Club for 5 seasons from 2016-2021. Details are as follows; first 3 seasons started from 2016-2019, Carabao is a principal partnership. Brand Carabao is shown on practicing t-shirts and all media in Stamford Bridge field such as on the seat arms of players or LED signage around the field.





Moreover, the Company can use symbols and players of CFC on productions of the Group worldwide. Carabao will become a global partnership in the latter 2 seasons from 2019-2021. Brand Carabao will be shown on LED signage around the field for all host teams of Chelsea for 5 minutes, and the Group can use symbols and players of CFC on products of the Group worldwide.

(3) English Football League (EFL): Brand Carabao has joined a a main sponsor in English Football League for 3 seasons from 2017-2020. Football League is attended by over 90 football clubs under name “Carabao Cup”. Brand Carabao is shown on player’s t-shirt and all media in the field throughout contract term.



### (c) Distribution channels

The Group manages distribution channels for products in Thailand and oversea as follows.

#### Domestic markets

Products are distributed through 2 channels which are traditional trade and modern trade.

Traditional trade is targeted to distribution products across Thailand. Potential main agents are appointed to distribute products in each province and these agents will, together with the Company, seek sub-agent and sub sub-agent in order to spread products to retail shops in sub-districts level. The Group sell products to main agents with advance payment made before product delivery. No product refund after delivery.

To support sales of main agents, the Group has sent Bao Dang Girl teams to do marketing activities by introducing products to retail shops and consumers

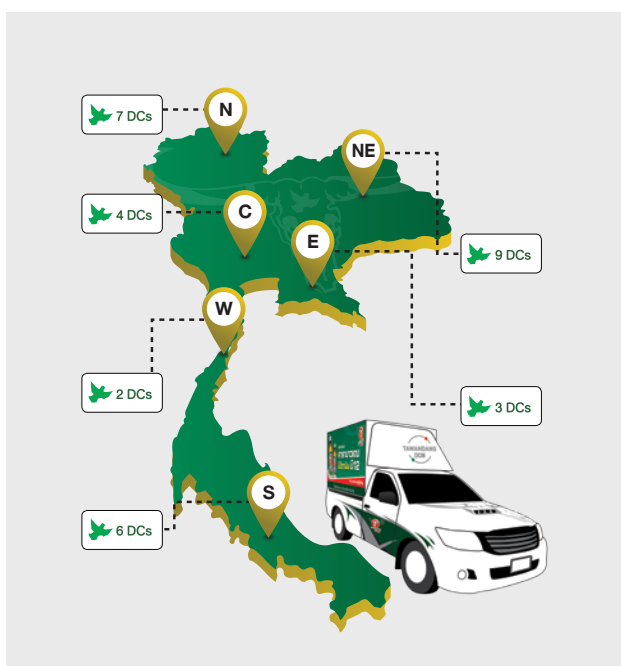
directly. In 2017, Bao Dang Girl teams focused on marketing activities in central region and northeastern region.

However, any provinces without main agents, sales team of the Group will distribute products to wholesale shops to build popularity of products and to expand distribution coverage.

The Group has increased product distribution to retail shops through sales team of each distribution center. At the end of 2017, there are total 31 distribution center, 333 cash vans throughout 73 provinces with access to 220,000 shops. The visit to these shops are arranged with prepared plan, with sales promotion and product layout in front of the shop. Therefore, these retail shops are regular places of the Group where opportunity to sell new products and comprehensive distribution is conducted through cash van.

- **Modern Trade:** The Company targets that consumers have access and can buy products fast and conveniently, therefore, having expansion in convenience stores, vending machines and local modern trades.

In supermarket and hypermarket, the Group assign full time staff of each merchandiser, arrange area for product layout to ensure products are well placed and well visible on the shelves.



## Overseas market

Products in overseas market is distributed through trading partners which include importers, sales agents or local distributors in overseas market who will distribute products to consumers of main market in each country. The Company has single trading partner policy where such partner must be skilled in product distribution. In other countries which are not main markets, the products are selected for importers, sales agent or local distributors based on suitability of business operation in each country. The Group has assigned overseas sales team who is directly responsible for management and building good relationship with overseas partner.

Product distribution overseas is conducted only with importers, sales agent or local distributors without product refund policy. In 2017, our products are distributed to many countries globally under management of CBD. The

first 5 countries that bring about highest sales revenue are Cambodia, China, Myanmar, Vietnam and Afghanistan. The Group plan to expand to new larger and potential markets for future growth. The Company acquired shares in ICUK which is responsible for marketing activities and distribution of energy drinks under Carabao brand for markets in UK and countries outside Asia.

In 2017, product distribution channels are expanded to various modern trade such as Booker One-Stop, WHSmith, Spar, BP, Morrisons Co-op Ocado and Poundland and ASDA which product will be on-shelf in January 2018

The advantage is that the products can reach target groups in over 20,000 locations throughout UK as of 2017. Based on image of a sponsor of football clubs and the world leading football teams, the Company Group plan to expand distribution channels through modern trades.

Products distributed in UK are carbonated canned Carabao volume 330 mL., with 4 flavors namely Original, Sugar Free, Green Apple and Green Apple Sugar Free.

For market in Greater China, energy drinks under Carabao brand are distributed through trading partners in China which is a joint venture between (1) Major shareholders of the Company (2) DAI Group and (3) Chinese Management who have knowledge and experience in management, marketing, sales and distribution of energy drinks under the leading brand in China for over 20 years. The Company has exported energy drinks under Carabao brand to the joint venture for the first time in Q1/2017. At the end of 2017, sales in China reached 20% of revenue from overseas sales. In 2017, the joint venture in China can spread energy drink under Carabao brand to over 300,000 locations in 30 counties of China. A sales team with more than 900 staff are to assist in communication, creating brand awareness and encourage to try energy drinks among stores and consumer groups. In addition, trading partners in China plans to increase distribution coverage on continual basis coupling with product promotion to wider ranges of recognition.





## 4. Overview of energy drink market

### (1) Domestic markets

According to information provided by Nielsen on energy drink market in Thailand, an average sales volume per year at 0.6% during 2014-2016 while the volume dropped by 2.7% in 2017 in comparison with previous year. Energy drinks in Thailand is distributed through 2 major trading channels namely traditional trade - the biggest channel where the sale volume ratio of total sale volume in 2017 was 73% while the rest portion is from modern trade at 27% per year. In 2017, the Company had market share as the second at 24%.

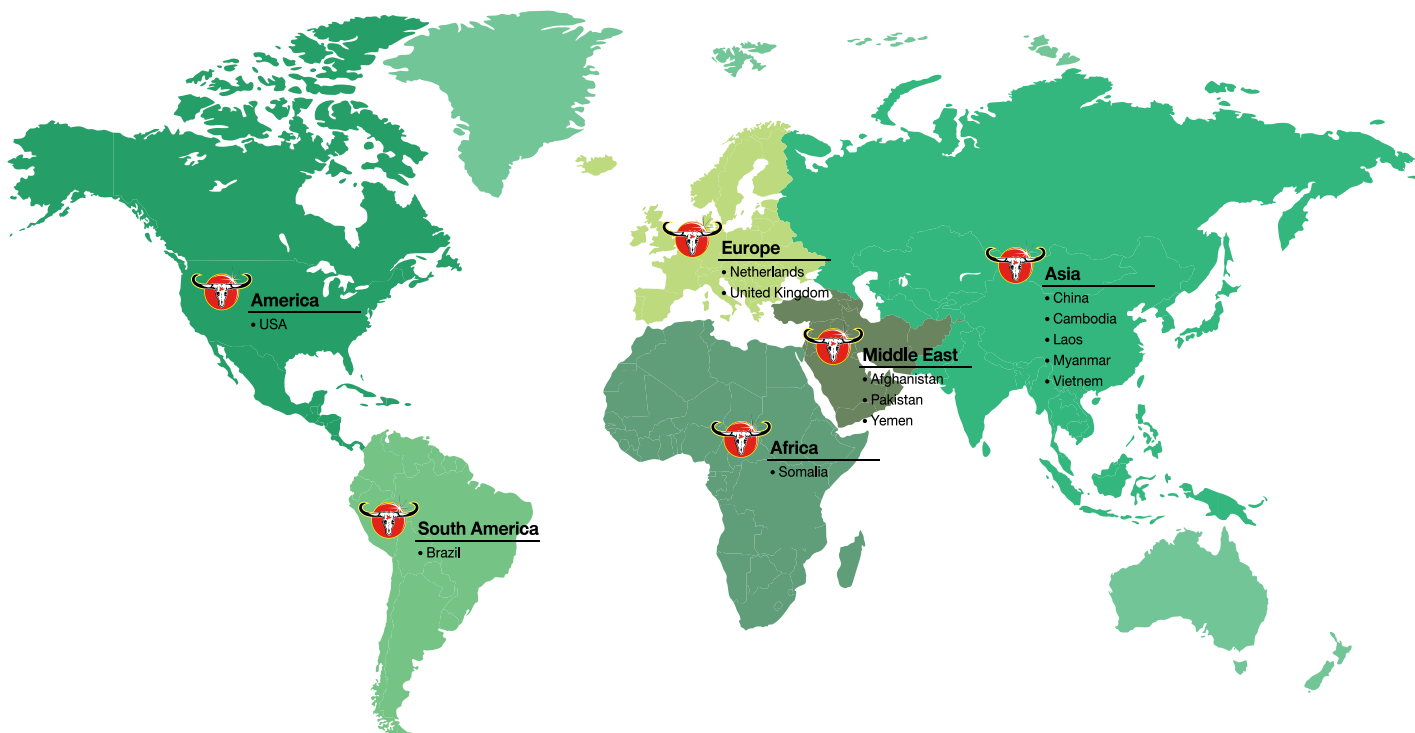
Consumers of energy drinks in Thailand has outstanding characters. They are those who earn income between basic to medium wages, working age between 26-45 years who prefer non-carbonated energy sweetened drink comparing to energy drink in other countries. In addition, when considering consumption behavior of Thai population, Thai prefer bottled energy drink other than canned ones. Hence, it is difficult for foreign companies to enter the market for competition in Thailand. The situation reflects competition in energy drink market in Thailand where majority of market shares are on domestic companies.

Despite being into the business operation, marketing and distribution in 2002, not a long time comparing to other rivals, the trade mark of the Company Group are well recognized among Thai consumers as a second ranked in energy drink market in Thailand. Furthermore, this is the second most often consumed by consumers.

Energy drink market in Thailand is highly competitive. Therefore, effective marketing activities and advertisement are crucial tools to increase brand loyalty among consumers, stimulate sale volume and to increase market share. Generally, companies use marketing activities and advertisement such as sales promotion activities and marketing -Above the Line and Below the Line.

Moreover, it is believed that Carabao Dang trade mark is connected to the image of being a leader and social supporter.

Hence, marketing under concept of being an energy drink that create quality of life, participating in social activities on continual basis are also considered as important matters.



## (2) Oversea market

Energy drink (except market in Southeast Asia) is viewed as a premium product due to the fact that selling price in average per milliliter is high when comparing to soft drinks. Majority of consumers of energy drinks are teenagers in high schools and universities, where male consumers is higher than female consumers.

Ratio of energy drink market, based on overall sale volume of the first highest 5 locations are in USA, China, Japan, UK and Brazil. In many companies, energy drink companies are aiming China due to increasing number of population and the variety of choices of energy drinks such as multi flavors, low sugar or zero calorie, extract of green coffee bean or tea, including the extract of fruit and product that decrease amount of caffeine following the trend where consumers are more looking into their health nowadays.

Energy drink market in China is the world second largest, with average growth per year approximately 30% during 2009-2016. It is estimated that Chinese market will continue to grow, taking over USA and become the world largest market of energy drink within 2020. Another

contribution is the increase of energy drink consumption per capita among China are still low at present, lower than 2 liters per person per year comparing to average consumption rate in developing countries which stands at 6 liters per person per year. This is in conformity with Chinese economic expansion which is an important factor to stimulate purchasing power and consumption of products and service rate of Chinese in long term. Main distribution channels for energy drink is from traditional trade with 75% of the market as a whole.

## 4.5 Procurement of products or services

### (1) Production factory and capacity

#### (a) Production factory

At present, production bases are located in 2 locations which are at Bang Bo district, Samut Prakarn and Bang Pakong district, Chahoengsao. The production factory consists of bottling line and canning line under trade marks of the Group, including production factory of amber glass bottles and aluminum cans. Details are as follows.

First factory is located at Bang Bo district, Samut Prakarn. The Group planned to relocate bottling

and canning manufacturing line to Bang Pa Kon district, Chachoengsao province in order to build comprehensive manufacturing center which was opened in 2017, in accordance with vertical integration expansion of production capacity which is designed and constructed in line with standard, using advance technology accepted in international level from upstream to downstream activities. The upstream is from manufacturing of glass bottles and aluminum cans to be used as a container to bottling and canning process in final stage. This is to ensure that the Group can manage supply chain effectively, reflecting determination to build sustainability on business. Production, categorized by activities types are as follows.

#### Filling factory of energy drink and electrolyzed drink

CBD produces and fills energy drink and electrolyzed drink. If the progresses are completed in accordance with targets within Q1/2018, CBD will have installed capacities both existing and additional ones in total 1,400 million cans per year and 1,800 bottles per year. Each production line has different speed to accommodate maximum filling capacity from 300 per minute to 1200 per minute, allowing flexibility in

laying out production schedule and warehouse management in order to support business growth in the future efficiently.

Moreover, carbonated bottled energy drink under management of ICUK is manufactured by 3<sup>rd</sup> party. The said third party has production base in Amsterdam, Netherlands, and is one of the world class contracted production company for beverage, leavening agent and other important raw materials. CBD, as an owner of trade mark, products and all pertaining rights of energy drinks under Carabao brand, therefore, is responsible for quality control to ensure all procedures are in line with standard.

#### Manufacturing factory of glass bottles

APG started commercial production of glass bottles in August 2014 contributed by support from the Board of Investment. The factory is located in Bang Pakong district, Chachoengsao province. The factory consists of furnace that is capable to produce 310 ton glass per day, equivalent to amber glass bottles which are used as a container of energy drinks under Carabao Dang trade mark volume 150 mL, 650 million bottles per year. In December 2017, APG completed its expansion project for glass bottle production. As a result, total of maximum capacity reach 620 ton glass per day, equivalent to amber glass bottles which are used as a container of energy drinks under Carabao Dang trade mark volume 150 mL, 1,300 million bottles per year. This minimizes dependency on amber glass bottles supplied by external party of which the cost per unit is higher, and to support the growth of energy drinks under Carabao Dang in Thailand. APG will use excess capacity (if any) to manufacture and distribute glass bottles to external party under prices and terms of normal trading that bring highest benefit to the Group.

APG provides clear glass bottles for electrolyzed drink from external persons, without any manufacturing in the company. APG is not responsible for supplying aluminum cans for CBD.



### Manufacturing factory of aluminum cans

ACM is a joint venture between the Company and SHOWA DENKO registered as a juristic person in July 2017, having objective to manufacture aluminum cans, with installed capacities 1,000 million cans per year and installation of machinery, supporting system and equipment are scheduled for completion in Q2/2018. The Group expects that ACM will enter commercial production in Q4/2018 under management of Japanese

working team who have experience and skill in aluminum field recognized by international standard. Products from operation of ACM is used, mainly, as a 250 ml. cans.

#### (b) Production capacity

Installed capacities and actual operation of bottling and canning factory for energy drink of CBD at year end of 31 December 2015, 2016 and 2017 as follows.

Bottling factory under operation of CBD	For accounting year end as of 31 December		
	2015	2016	2017
Weighted average installed capacities (million bottle per year)	1,080	1,080	1,080
Actual production volume (million bottled per year)	756	845	869
Capacity used (percentage)	70	78	80

Canning factory under operation of CBD	For accounting year end as of 31 December		
	2015	2016	2017
Weighted average installed capacities (million cans per year)	350	350	800
Actual production volume (million cans per year)	282	357	555
Capacity used (percentage)	81	102	68

**Remarks:** Maximum capacity is calculated from maximum capacity of machine 20.5 hours/300 days/year, deducted by estimated loss from production and reflects weighted average of commercial production time of each production line.

Bottling factory does not include 2 production lines for electrolyzed drinks, in total 110 million bottles per year.

## (2) Raw material supply

The Company has policy to procure raw materials from at least 2-3 suppliers to avoid dependency on only one supplier. This method is also a way to enhance power to negotiate to the Group. Raw materials will be purchased in accordance with sales plan and annual production. Central purchasing department will contact raw material supplier to purchase raw materials for production. Mainly, the Group will enter into short-term contract within 12 months duration. In addition, the Group will visit production process of suppliers on annual basis to ensure that the Group will receive raw materials of good quality in line with requirement set forth.

Raw materials used in production of energy drinks and electrolyzed drinks

Main raw materials consists of (1) white sugar (2) glass bottles (3) cans and can lids and (4) other raw materials. Details are as shown below.

### (1) White sugar

White sugar is a main raw materials for production of Carabao Dang and Start Plus. The Company will plan the purchase of white sugar from domestic suppliers on annual basis, in accordance with annual production plan and enter into short-term contract for 1 year. The purchasing quantity and purchasing price are specified in Thai baht. Purchasing price is subject to any changes upon increase or decrease of sugar price. The Group has good and long-time relationship with sugar suppliers, and has never experience any shortage of such raw material.

### (2) Glass bottles

Glass bottles is a main raw material in bottling procedures such as amber glass bottle 150 ml. for energy drink and clear glass bottle 250 ml. for electrolyzed drink.

APG procures all glass bottles used in CBD production process while the exceed demand of amber glass bottle from APG will be supplied from the third party. The excess demand of glass bottles will be purchased on annual basis and APG will order directly from 2-3 domestic manufacturers under short-term contract (1 year) which the purchasing quantity and price is specified in Thai baht. All clear glass bottles are supplied by the third party, without manufacturing from APG.

APG boosted up its total production capacity to 620 million ton glasses per year or equivalent to amber glass bottles for energy drink 150 ml. at quantity 1,300 million bottles per year, which is increased from 650 million bottles per year.

APG plans to purchase raw materials and prepare production schedule for amber glass bottles in accordance with production plan of CBD. Raw materials is purchased by central purchasing department to coordinate and purchase with suppliers in various countries.

Main raw materials used in production of glass bottles are reserved for 7-10 days of operation for flexibility in management and the capability to generate product to meet demand of amber glass bottles of CBD continuously. The raw materials are (1) cullet (2) glass sand (3) soda ash (4) natural gas and (5) other raw materials

- Cullet

Cullet is a main raw material fed to production of amber glass bottles. Mainly, the Group purchases cullet from cullet warehouse in Thailand where used glassware are collected and ground, decontaminated and supplied to buyers. APG purchases cullet from this supplier through short term contract (1 year).

- Glass sand

Glass sand is an important raw material, secondary to cullet, in production of amber glass bottles. After



melting process, glass sand will become main structure of the glass. Mainly, glass sand is ordered from suppliers in Rayong province through purchase order which specifies purchasing price and quantity for 6 months in advance.

- **Soda ash**

Soda ash is a main raw material in production of amber glass bottle. Mainly soda ash is found in Kenya and China. APG purchases these raw materials from many importers through purchase order which is in conformity with general marketing code of practice.

- **Natural gas**

Natural gas is a main raw material for production of amber glass bottles by APG. The natural gas is purchased through contract made between APG and PTT PLC. (“PTT”) with duration 5 years.

- **Other raw materials**

Other raw materials used in production of amber glass bottles are such as limestone, feldspar, Sodium Sulphate, charcoal powder, selenium, iron rust and others. Mostly APG purchases raw materials from domestic suppliers where the purchasing department has policy to procure raw materials from at least 2-3 suppliers to avoid dependency on only one supplier and to enhance power to negotiate price and quality of raw materials.

Ratio of raw materials for production of amber glass bottles can be changed and replaced each other as suitable, based on the possibility to find each type of raw material in each time frame.

### (3) Cans and can lids

Cans and can lids is the main raw material in canning process of energy drinks. The can with 250 ml. volume is used. The cans and can lids are purchased on annual basis in accordance with annual production plan from 2-3 suppliers by using purchase order which the exact prices and quantity are specified a year in advance.

Demand of purchasing of aluminum cans will drop once ACM starts production process which is scheduled for completion in Q2/2018 and expected to enter commercial operation date in Q4/2018.

### (4) Other raw materials

Other raw materials for production of energy drinks consists of Taurine, Caffeine, Inositol, Nicotinamide, Dexpanthenol, Vitamin B 6 and B 12 etc. and other raw materials for production of electrolyzed drinks are Sodium Chloride, Potassium Chloride and Zinc Gluconate etc. Mostly, raw materials are purchased on annual basis in accordance with the annual production plan. The plan is prepared by CBD and suppliers in order to initially determine quantity of raw materials for the whole year. After production unit prepares monthly production plan, the purchasing department will order raw materials on monthly basis from suppliers through purchase order which prices and quantity are clearly specified.

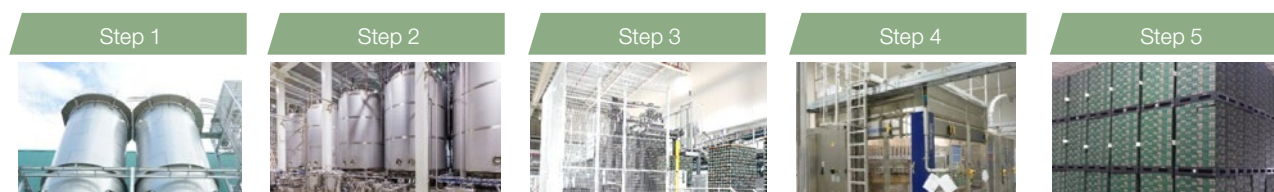
## 6. Production Process

Production process of the Group are summarized as below.

### (a) Carabao Dang production process (managed by CBD)



<p>Step 1 Preparation of raw materials with Automation Weighing System</p>	<p>Main raw materials includes sugar, Taurine, caffeine, Inositol, Nicotinamide, Dexpanthenol, Vitamin B 6 and B 12 which passed quality check procedure. Ingredient required in large amount such as sugar is stored in sugar silo (closed system). All raw materials are transferred to weighting, measuring system through automated system. Raw materials in power form are weighted precisely with load cell while solutions are weighted by flow meter which passed checking and calibration regularly before use. The quantity used in each recipe are described in computer system.</p>
<p>Step 2 Automation Mixing System</p>	<p>Water used in production process is RO water (processed through Reverse Osmosis). Next is transfer to mixing tank where sugar and other raw materials transferred from weighting system mixed together (order of mixing). Each recipe is described in computer system to ensure the same standard in every mixture. Next is the quality check where taste and quality requirement is tested. Once the drink passed quality check, it will be transferred to filtering process and then transferred to filling in closed system.</p>
<p>Step 3 Preparation of packaging</p>	<p>Bottles or cans for Carabao Dang drink are transferred through conveyor belt by depalletizer and through empty bottle/can inspection for quality control. Then, the containers are transferred through conveyor to automated washing machine with hot water 80 Celsius. After washing, the cans or bottles are transferred through conveyor to filling machine.</p>
<p>Step4 Bottling or canning</p>	<p>Bottles or cans after Step 3 will be transferred to automated filling machine to fill the drink from mixing in Step 2 and bottle or can is closed with the cap with capper or seamer. This procedure is conducted in clean room class 100,000 in accordance with Good Manufacturing Procedures (GMP). After filling procedures, Carabao Dang drinks are transferred on conveyor through full bottle/can inspection, then to lot printing on the bottles or cans.</p>
<p>Step 5 Packaging</p>	<p>Carabao Dang in bottle or can are transferred on conveyor to film packing machine and box packing. The factory contains machinery that can pack by wrap around and half tray. Carabao drinks packed in paper boxes will enter lot printing machine. Final stage is arranging products on pallets using palletizers to store in ready-made product warehouse.</p>



## Quality Management

All bottles of energy drinks under Carabao Dang are produced in accordance with procedures accepted in international standard.

Moreover, production factory of the Group in Bangkok district, Chachoengsao province is designed and constructed in accordance with global standard. CBD implements management and quality management procedures to each production stage which is certified by HACCP, ISO 22000 and GMP (Good Manufacturing Practice) which is certified by Food and Drug Administration. Production procedures and quality control management by CBD are certified as follows.

(1) HACCP (Hazard Analysis and Critical Control Point) is a certification from Office of Industrial Product Standard and Food and Drug Administration - a management system for safety and quality under control in production process, free of microbes, chemicals and foreign matters.

(2) Halal is a certification from Central Islamic Commission of Thailand of correction procedures in accordance with Islamic religious.

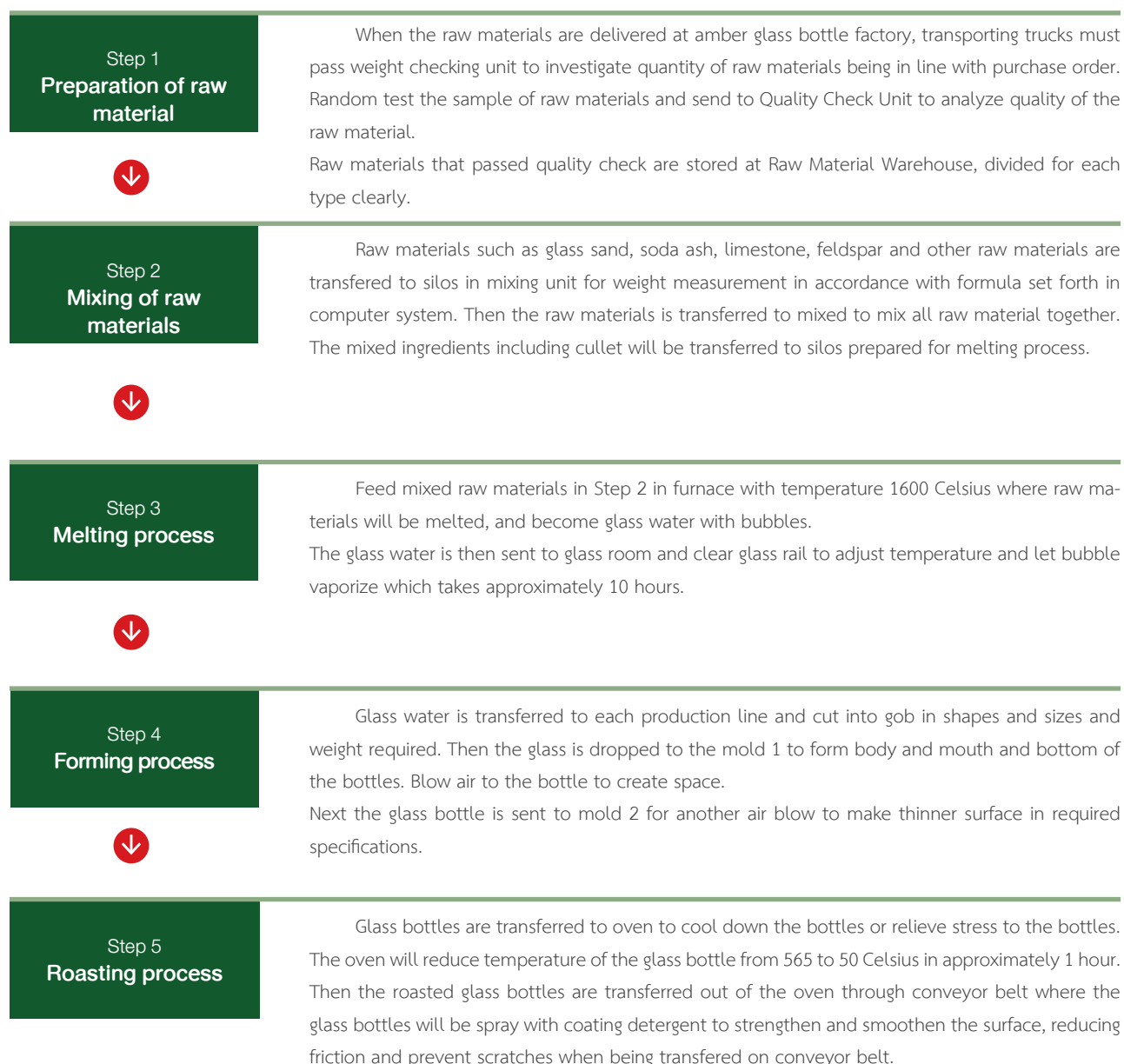
(3) ISO 22000:2005 (E) is a certification by Bureau Veritas Certification (Thailand) Limited - a management system for food safety in accordance with international standard.

### (b) Production process of Start Plus

Start Plus is produced in the same procedures as Carabao Dang, starting from preparation of raw materials, mixing/boiling, preparation of container, bottling and packaging.

### (c) Manufacturing factory of glass bottles (managed by APG)

Manufacturing of glass bottles is a continuous procedures through 24 hours, and whole year long. Details of production process are shown in the chart below.





#### Step 6 Quality check



Quality check of glass bottles is divided in 2 types.

- (1) Side Wall Inspection: The glass bottles are transferred through the machine to detect side wall surface such as brick grain, bubbles and crack.. Then the glass bottles are transferred through the another machine for finish inspection in order to detect defect on bottle nose such as diameter, smoothness, crack, thread and neck.
- (2) Visual inspection is conducted by random, selecting a glass bottle from running conveyor belt and look under the light to detect bubbles, shapes, scratch or crack on the bottle. The Quality Assurance Department is responsible to make a random test on physical properties of the glass bottles which include thickness, sizes, weight and endurance to immediate change of temperature.

#### Step 7 Packaging

Glass bottles that passed quality check are transferred to conveyor belt to pack in palletizers in assigned quantity. Then staff will cover bottle in each layer with paper, and transfer palletizers to the conveyor belt and cover palletizers with plastic sheet to maintain cleanliness and prevent cracking.

Finally, the palletizers are arranged in the warehouse for delivery to customers.

## 7. Environmental impact

Drink production of CBD and bottle manufacturing of APG is under enforcement of the law, regulations and environmental requirement applied to national, provincial and local level.

Environmental laws, regulations and requirement applied to producers of beverage and manufacturers of amber glass bottles include provisions of control of air pollutant emission, water pollutants, prevention and wastewater treatment and exhaust including management and disposal of hazardous substance and waste.

However, volume of exhaust, wastewater and other waste from drink production process of CBD and amber glass bottle production process of APG are in standard ranges and in compliance with all relevant environmental law, regulations and requirement.

The Company believes that, at present, CBD and APG has complied with the environmental law, regulations and requirement applied to national, provincial and local levels on the part related to production factory of CBD and APG.

CBD and APG have never been prosecuted for any lawsuit in regard to non-compliance to environmental law. However, it is unpredictable that the Group may be affected from an unexpected environmental situation or new impose of law, regulations and requirement or amendment thereof that may affect the Group or production factory of CBD and APG in the future.

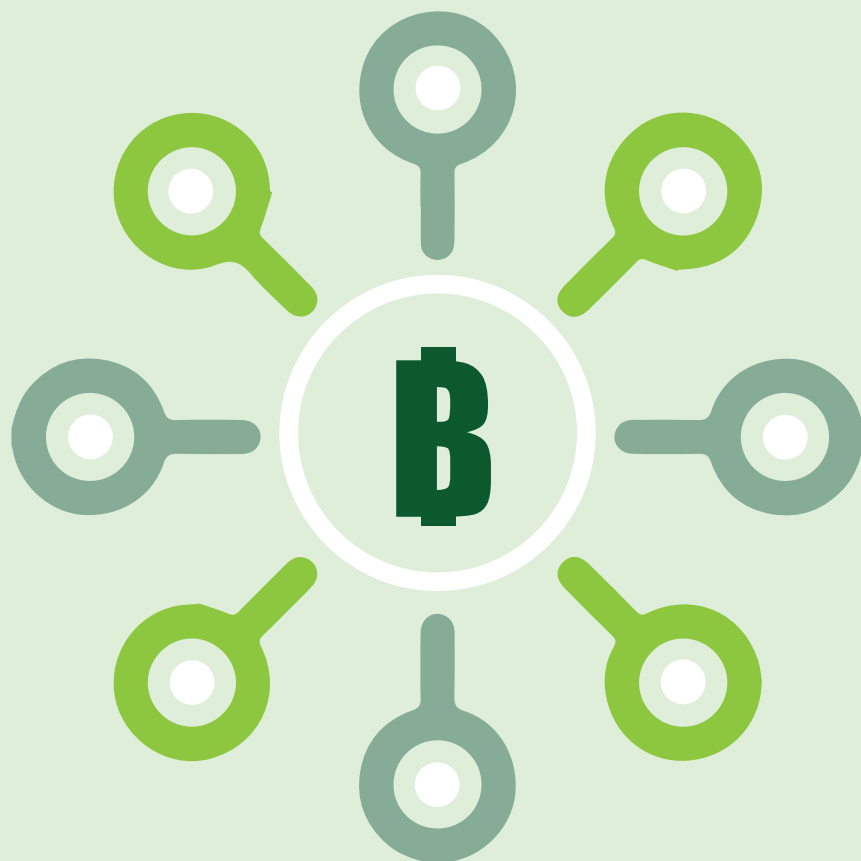
## 8 Ongoing project

-None-

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# Information on the Securities and Shareholders

## 1. Capital

As of 31 December 2017, the registered capital and paid-up capital of the company is Baht 1,000 million

(Par value baht 1). Total of shares are traded in Stock Exchange of Thailand.

## 2. Shareholder

2.1 The shareholding and percentage of Top 10 of shareholders as of August 29, 2017 are as follows;

No.	Shareholders' name	Number of share	Shareholding Percentage
1.	Sathientham Holding Co.,Ltd.	250,064,500	25.01%
2.	Ms. Nutchamai Thanombooncharoen	210,000,000	21.00%
3.	Mr. Yuenyong Opakul	70,480,000	7.05%
4.	Mr. Sathien Setthasit	48,154,100	4.82%
5.	Mr. Pracha Dumrongsuttipong	45,948,700	4.59%
6.	Thai NVDR Co., Ltd.	32,148,521	3.21%
7.	Mrs. Linjong Opakul	26,145,800	2.61%
8.	UBS AG SINGAPORE BRANCH*	25,161,400	2.52%
9.	Northend Investment Limited	20,000,000	2.00%
10.	Mrs. Wongdao Thanombooncharoen	18,152,700	1.82%

2.2 Holding companies that are the Group's major shareholders and have significant impact for company's policies and operations are as follows:

2.2.1 The shareholding structure of Sathientham Holding Co., Ltd. is as follows: Mr. Sathien Setthasit holds shares at 55.0 percent, Mrs. Dararat Setthasit holds shares at 15.0, Mr. Veeratham Setthasit holds shares at 10.0 percent, Mr. Romtham Setthasit holds shares at 10.0 percent, and Miss Tientham Setthasit holds shares at 10.0 percent of the total paid-up capital of Sathientham Holding Co., Ltd.

2.2.2 A shareholder of Northend Investment Ltd. is Autumn Gold Capital Ltd. (incorporated under the law of the British Virgin Islands). A shareholder of Autumn Gold Capital Ltd. is Allshores Corporation Pte. Ltd. (incorporated under the law of Singapore), which operates business of providing service of processing and liaising in order to incorporate companies under various countries' law with Mr. Sathien Setthasit as a beneficiary.

Note: \* UBS AG SINGAPORE BRANCH was appointed to serve as a custodian for and on behalf of Northend Investment Limited.

## 2.3 Summary of Directors and Managements' Shareholding Year 2017

Director / Management	Relation	Number of Shares (Beginning)	Increase / (Decrease) During Year	Number of Shares (Ending)
<b>1. Sathien's Group</b>				
• Mr. Sathien Setthasit		47,974,100	180,000	48,154,100
• Sathientham Holding Co.,Ltd.		250,064,500	-	250,064,500
• Northend Investment Limited		45,161,400	-	45,161,400 <sup>1</sup>
<b>2. Nutchamai's Group</b>				
• Ms. Nutchamai Thanombooncharoen		210,000,000	-	210,000,000
• Mrs. Wongdao Thanombooncharoen	Ms. Nutchamai's Sister	18,152,700	-	18,152,700
<b>3. Yuenyong's Group</b>				
• Mr. Yuenyong Opakul		70,480,000	-	70,480,000
• Mrs. Linjong Opakul	Mr. Yuenyong's Wife	26,145,800	-	26,145,800

Remark : <sup>1</sup> UBS AG SINGAPORE BRANCH is appointed to serve as a custodian for and on behalf of Northend Investment Limited.

## 3. The Subsidiaries

At present, the shareholding structure of the Group's subsidiaries could be summarized as follows.

### 3.1 Carabao Tawandang Company Limited ("CBD")

Name of Major Shareholder	Number of Shares	Shareholding Percentage
1. The Company	2,999,990	99.9
2. Mr. Sathien Setthasit	5	0.0
3. Mr. Veeratham Setthasit	5	0.0
<b>Total</b>	<b>3,000,000</b>	<b>100.0</b>

### 3.2 Tawandang DCM Company Limited ("DCM")

Name of Major Shareholder	Number of Shares	Shareholding Percentage
1. The Company	999,980	99.9
2. Mr. Sathien Setthasit	10	0.0
3. Miss Nutchamai Thanombooncharoen	10	0.0
<b>Total</b>	<b>1,000,000</b>	<b>100.0</b>

### 3.3 Asia Pacific Glass Company Limited (APG)

Name of Major Shareholder	Number of Shares	Shareholding Percentage
1. The Company	12,999,980	99.9
2. Mr. Sathien Setthasit	10	0.0
3. Miss Nutchamai Thanombooncharoen	10	0.0
<b>Total</b>	<b>13,000,000</b>	<b>100.0</b>

### 3.4 INTERCARABAO LIMITED (“ICUK”)

Name of Major Shareholder	Number of Shares	Shareholding Percentage
The Company	14,500,000	100.0
<b>Total</b>	<b>14,500,000</b>	<b>100.0</b>

### 3.5 CARABAO HOLDINGS (HONG KONG) LIMITED (“CHHK”)

Name of Major Shareholder	Number of Shares	Shareholding Percentage
The Company	34,023,193	100.0
<b>Total</b>	<b>34,023,193</b>	<b>100.0</b>

### 3.6 CARABAO VENTURE HOLDINGS (LUXEMBOURG) LIMITED S.À R.L. (“CVHLUX”)

Name of Major Shareholder	Number of Shares	Shareholding Percentage
1. The Company	8,611,207	51.0
2. INTERCARABAO PRIVATE LIMITED	8,272,674	49.0
<b>Total</b>	<b>16,883,881</b>	<b>100.0</b>

Remark : In 2018 CVHLUX’s registered capital will be increased by 45,424,684 shares

### 3.7 CARABAO TRADING (HONG GONG) LIMITED (“CTHK”)

Name of Major Shareholder	Number of Shares	Shareholding Percentage
The Company	50,000	100.0
<b>Total</b>	<b>50,000</b>	<b>100.0</b>

### 3.8 ASIA CAN MANUFACTURING COMPANY LIMITED (“ACM”)

Name of Major Shareholder	Number of Shares	Shareholding Percentage
1. The Company	5,180,000	74.0
2. SHOWA DENKO Group	1,820,000	26.0
<b>Total</b>	<b>7,000,000</b>	<b>100.0</b>

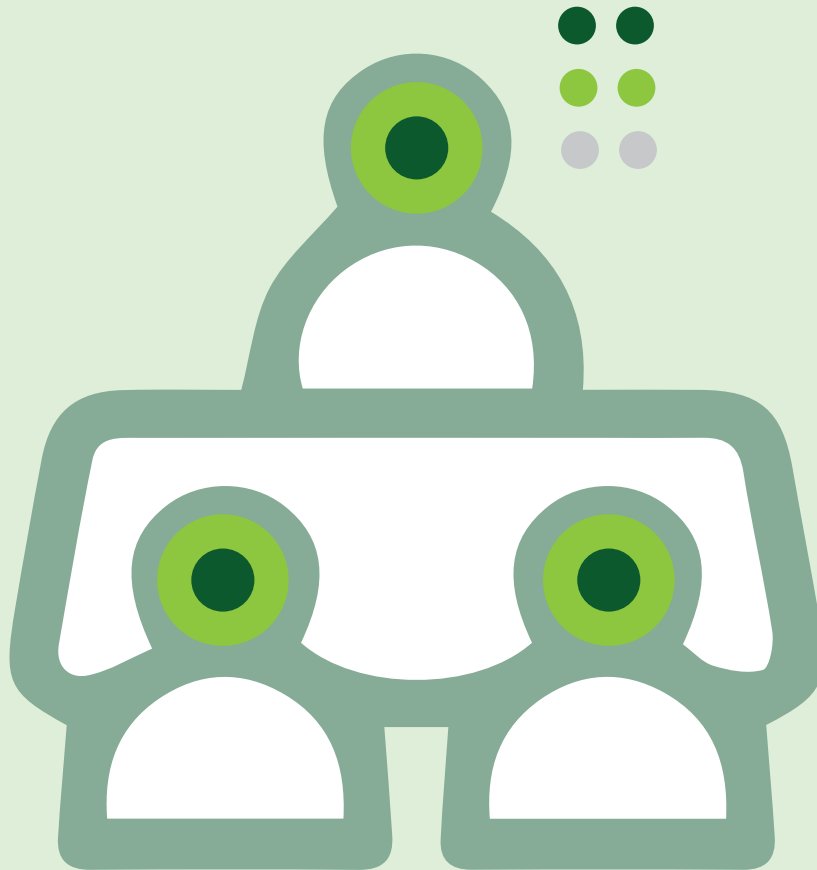
## 4. Shareholders Agreement

- None -

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# Dividend Policy

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## 1. Dividend Policy of the Company

The Company has a policy to pay dividends at the rate of not less than 40.0 percent of net profit after income tax under the consolidated financial statements and the allotment of a legal reserve. The rate of dividend payment is subject to the investment plan, the conditions and restrictions as specified in the loan agreements, or other relevant agreements (if any), the financial condition and operating results as well as other relevant factors of the Company and its subsidiaries. The Board of Directors may reconsider and amend the dividend policy from time to time to be consistent with the Company's and its subsidiaries' future business growth plans, investment capital and working capital requirements, and other factors as considered appropriate. However, the dividend payment must not be in excess of the retained earnings under the Company's separate financial statements, and must be in accordance with the relevant law.

The Company is a holding company and its main assets are investments in its subsidiaries. Therefore, the Company's ability to pay dividends is dependent upon the operating results of and dividend payment of its subsidiaries.

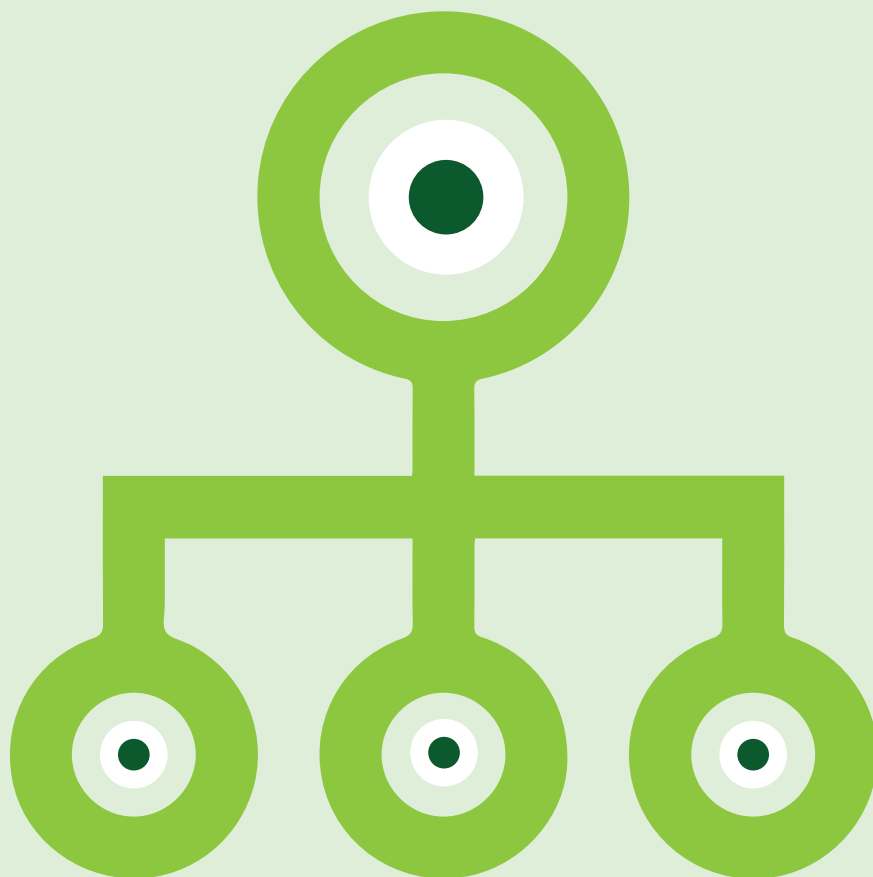
## 2. Dividend Policy of the Subsidiaries

The subsidiaries of the Company have a policy to pay dividend to shareholders at the rate of not less than 40.0 percent of net profit after income tax under the separate financial statements of the subsidiaries and the allotment of a legal reserve. The rate of dividend payment is subject to their operating results, financial conditions, liquidity, investment requirements, additional investments, business expansion, conditions and restrictions provided under loan agreements and other factors relating to their management as their Board of Directors and/or shareholders may consider appropriate. The dividend payment shall be in accordance with the Company's policy. However, the dividend payment must not be in excess of the retained earnings under the subsidiaries' separate financial statements, and must be in accordance with the relevant law.

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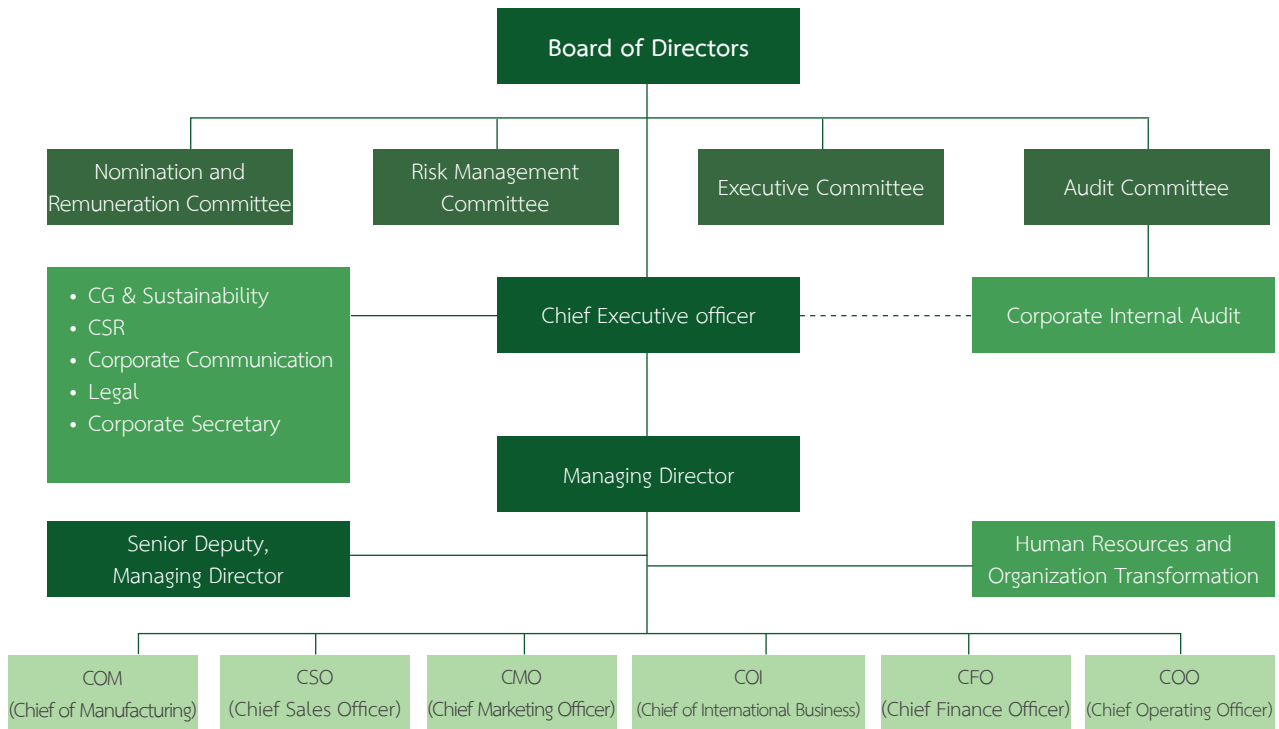




# Management Structure

## 1. Management Structure of the Company

### 1.1 Organization Structure



### 1.2 Board of Directors

The Board of Directors of the Company comprises of 9 directors as follows:

Name	Position
1. Mr. Sathien Setthasit	Chairman of the Board of Directors / Chairman of Executive Committee / Chairman of Nomination and Remuneration Committee
2. Miss Nutchamai Thanombooncharoen	Vice-Chairman of the Board of Directors / Vice-Chairman of Executive Committee / Vice-Chairman of Risk Management Committee / Member of Nomination and Remuneration Committee
3. Mr. Yuenyong Opakul	Director
4. Mr. Kamoldist Smuthkochorn	Director / Member of Executive Committee / Member of Risk Management Committee
5. Mr. Romtham Setthasit <sup>1</sup>	Director / Member of Executive Committee / Member of Risk Management Committee
6. Mrs. Saowanee Kamolbutr	Director / Chairman of Audit Committee / Chairman of Risk Management Committee / Vice Chairman of Nomination and Remuneration Committee / Independent Director
7. Mr. Kanit Patsaman <sup>2</sup>	Director / Member of Audit Committee / Member of Nomination and Remuneration Committee / Member of Risk Management Committee / Independent Director
8. Mr. Sanchai Jullamon <sup>3</sup>	Director / Member of Audit Committee / Member of Nomination and Remuneration Committee / Independent Director
9. LT.GEN. Siripong Wongskhunti <sup>4</sup>	Director / Independent Director

Remark: <sup>1</sup> Mr. Romtham Setthasit were appointed by resolution of the Board of Directors No. 5/2016 on December 21, 2016 to be Director and were appointed to be a Member of Risk Management committee by resolution of the Board of Directors No. 8/2017 on December 20, 2017

<sup>2</sup> Mr. Kanit Patsaman were appointed to be a Member of Risk Management committee by resolution of the Board of Directors No. 2/2016 on May 13, 2016 and were appointed to be a Member of Audit Committee and Member of Nomination and Remuneration Committee by resolution of the Board of Directors No. 4/2016 on November 11, 2016

<sup>3</sup> Mr. Sanchai Jullamon were appointed to be a Member of Audit Committee and Member of Nomination and Remuneration Committee by resolution of the Board of Directors No. 5/2016 on December 21, 2016

<sup>4</sup> LT.GEN. Siripong Wongskhunti

## 1. Authorized Director

The Company's authorized directors to sign to bind the Company are Mr. Sathien Setthasit, or Mr. Yuenyong Opakul, or Miss Nutchamai Thanombooncharoen, or Mr. Kamoldist Smuthkochorn. Any two out of four of such authorized directors jointly sign with the Company's seal affixed in order to bind the Company, except for certification of documents or copies of documents, which shall require the signature of any one of these four authorized directors with the Company's seal affixed.

## 2. Board of Directors meetings

Name of Director	Board of Director	Audit Committee	Numeration and Remuneration Committee	Risk Management Committee
1. Mr. Sathien Setthasit	✓		✓	
2. Miss Nutchamai Thanombooncharoen	✓		✓	✓
3. Mr. Yuenyong Opakul	✓			
4. Mr. Kamoldist Smuthkochorn	✓			✓
5. Mr. Romtham Setthasit <sup>1</sup>	✓			✓
6. Mrs. Saowanee Kamolbutr	✓	✓	✓	✓
7. Mr. Kanit Patsaman <sup>2</sup>	✓	✓	✓	✓
8. Mr. Sanchai Jullamon <sup>3</sup>	✓	✓	✓	
9. LT.GEN. Siripong Wongskhunti <sup>4</sup>	✓			
10. Mr. Paiboon Kujareevanich <sup>5</sup>				✓
11. Mr. Pongsarn Klongwattanakith (CFO)				✓
12. Mr. Anupong Pongsuwana				✓

Name of Director	Annual Conference 2016/2017									
	Board of Director		Audit Committee		Numeration and Remuneration Committee		Risk Management Committee		Annual General Shareholders' Meeting	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
1. Mr. Sathien Setthasit	5/5	8/8			3/3	2/2			1/1	1/1
2. Miss Nutchamai Thanombooncharoen	5/5	8/8			3/3	2/2	4/4	4/4	1/1	1/1
3. Mr. Yuenyong Opakul	4/5	8/8							1/1	1/1
4. Mr. Kamoldist Smuthkochorn	5/5	7/8					4/4	3/4	1/1	-
5. Mr. Romtham Setthasit <sup>1</sup>	-	7/8					-	-	-	1/1
6. Mrs. Saowanee Kamolbutr	5/5	7/8	5/5	7/7	3/3	2/2	4/4	4/4	1/1	1/1
7. Mr. Kanit Patsaman <sup>2</sup>	5/5	8/8	1/1	7/7	1/1	2/2	2/2	4/4	1/1	1/1
8. Mr. Sanchai Jullamon <sup>3</sup>	5/5	8/8	-	7/7	-	2/2			1/1	1/1
9. LT.GEN. Siripong Wongskhunti <sup>4</sup>	-/1	8/8							1/1	1/1
10. Mr. Paiboon Kujareevanich <sup>5</sup>							4/4	4/4		
11. Mr. Pongsam Klongwattanakith							4/4	4/4	1/1	1/1
12. Mr. Anupong Pongsuwana							4/4	4/4		

Remark: <sup>1</sup> Mr. Romtham Setthasit were appointed by resolution of the Board of Directors No. 5/2016 on December 21, 2016 to be Director and were appointed to be a Member of Risk Management committee by resolution of the Board of Directors No. 8/2017 on December 20, 2017

<sup>2</sup> Mr. Kanit Patsaman were appointed to be a Member of Risk Management committee by resolution of the Board of Directors No. 2/2016 on May 13, 2016 and were appointed to be a Member of Audit Committee and Member of Nomination and Remuneration Committee by resolution of the Board of Directors No. 4/2016 on November 11, 2016

<sup>3</sup> Mr. Sanchai Jullamon were appointed to be a Member of Audit Committee and Member of Nomination and Remuneration Committee by resolution of the Board of Directors No. 5/2016 on December 21, 2016

<sup>4</sup> LT.GEN. Siripong Wongskhunti were appointed by resolution of the Board of Directors No. 4/2016 on November 11, 2016 to be Director.

<sup>5</sup> Mr. Paiboon Kujareevanich resigned from member of the Risk Management Committee on August 7, 2015 and were appointed by resolution of the Board of Directors No. 5/2016 on December 21, 2016, resigned from member of the Risk Management Committee on December 31, 2017.

### 1.3 Sub - Committee

The Company has 3 sub-committee such as Audit Committee, Nomination and Remuneration Committee and Risk Management Committee

Audit Committee compose of 3 Independent Directors

Name of Director	Position
1. Mrs. Saowanee Kamolbutr	Chairman of the Audit Committee
2. Mr. Sanchai Jullamon	Member of the Audit Committee
3. Mr. Kanit Patsaman	Member of the Audit Committee

Nomination and Remuneration Committee compose of 5 Directors

Name of Director	Position
1. Mr. Sathien Setthasit	Chairman of the Nomination Remuneration Committee
2. Mrs. Saowanee Kamolbutr	Vice Chairman of the Nomination Remuneration Committee
3. Ms. Nutchamai Thanombooncharoen	Member of the Nomination Remuneration Committee
4. Mr. Kanit Patsaman	Member of the Nomination Remuneration Committee
5. Mr. Sanchai Jullamon	Member of the Nomination Remuneration Committee

Risk Management Committee compose of 7 Directors

Name of Director	Position
1. Mrs. Saowanee Kamolbutr	Chairman of the Risk Management Committee
2. Ms. Nutchamai Thanombooncharoen	Vice Chairman of the Risk Management Committee
3. Mr. Kamoldist Smuthkochorn	Member of the Risk Management Committee
4. Mr. Kanit Patsaman	Member of the Risk Management Committee
5. Mr. Paiboon Kujareevanich (resign)	Member of the Risk Management Committee
6. Mr. Pongsarn Klongwathanakith	Member of the Risk Management Committee
7. Mr. Anupong Pongsuwan	Member of the Risk Management Committee
8. Mr. Romtham Setthasit	Member of the Risk Management Committee

Executive Committee compose of 6 Directors :

Name of Director	Position
1. Mr. Sathien Setthasit	Chairman of Executive Committee
2. Ms. Nutchamai Thanombooncharoen	Vice Chairman of Executive Committee
3. Mrs. Wongdao Thanombooncharoen	Member of Executive Committee
4. Mr. Kamoldist Smuthkochorn	Member of Executive Committee
5. Mr. Paiboon Kujareevanich (resign)	Member of Executive Committee
6. Mr. Pongsarn Klongwathanakith	Member of Executive Committee
7. Mr. Romtham Setthasit	Member of Executive Committee

## 1.4 Executives

Executive Management of the Company consists 7 executives as follows:

Name of Director	Position
1. Mr. Sathien Setthasit	Chief Executive Officer
2. Miss Nutchamai Thanombooncharoen	Managing Director
3. Mr. Yuenyong Opakul	Senior Deputy Managing Director
4. Mr. Kamoldist Smuthkochorn	Deputy Managing Director, Marketing
5. Mr. Paiboon Kujareevanich <sup>1</sup>	Deputy Managing Director, Management
6. Mr. Pongsarn Klongwathanakith	Chief Financial Officer
7. Mr. Romtham Setthasit <sup>2</sup>	Deputy Managing Director, International Business

Remark: <sup>1</sup> Mr. Paiboon Kujareevanich resigned from Deputy Managing Director on December 31, 2017

<sup>2</sup> Mr. Romtham Setthasit were appointed to be Deputy Managing Director, International Business by resolution of the Board of Directors No. 8/2017 on December 20, 2017

## 1.5 Company Secretary

Board of Directors Meeting No. 5/2015, held on August 7, 2015, was approved the appointment of Mr. Waranchai Jensiriwanich as the Company secretary, in order to comply with section 89/15 of the Securities and Exchange Act. The duties and responsibilities of the Company secretary are as follows:

(1) to prepare and keep the following documents:

(a) directors register;

(b) notices of Board of Directors meetings, minutes of Board of Directors meetings, annual reports of the Company, and preparing supporting details and documents for Board of Directors meetings; and

(c) notices of shareholders meetings, minutes of shareholders meeting, and preparing supporting details and documents for shareholders meetings;

(2) to keep reports on the interests as reported by the directors and executives;

(3) to perform other acts as prescribed by the Capital Market Supervisory Board; and

(4) to send copies of reports on the interests under section 89/14, as prepared by the directors and executives, to the chairman of the Board of Directors and the chairman of the Audit Committee within seven business days from the receipt thereof by the Company.

The Company Secretary must perform the aforementioned duties in a responsible, careful, and honest manner, and comply with the laws, the Company's objectives and Articles of Associations, and the resolutions of the Board of Directors and shareholders meetings.

## 1.6 Remuneration of the directors and executives

### 1. Remuneration of the directors

(a) Monetary remuneration

Monetary remuneration of the company consist that salary, meeting allowance and bonus.

Refer to resolution of Annual General Meeting Year 2016, held on April 26, 2016 was approved monetary remuneration for non-executive directors not more than THB 5.0 million per year the details as follows:

Name	Salary	Meeting Allowance
Chairman of the Board of Directors or chairman of committee	THB 45,000/person/month	THB 20,000/person/time
Director	THB 30,000/person/month	THB 20,000/person/time

In considering bonus payments to non-executive directors, it is at the discretion of the Chairman of the Board of Director, but not more than the amount approved by the shareholders.

For the Year 2017, the Company has director remuneration expenses as follows.

Name	Position	Monetary remuneration	Bonus
1. Mr. Sathien Setthasit	Chairman of the Board of Director / Chief Executive Officer	None	None
2. Miss Nutchamai Thanombooncharoen	Vice Chairman of the Board of Director / Managing Director	None	None
3. Mr. Yuenyong Opakul	Director / Senior Deputy Managing Director	None	None
4. Mr. Kamoldist Smuthkochorn	Director / Deputy Managing Director	None	None
5. Mr. Romtham Setthasit	Director / Assistant Managing Director	None	None
6. Mrs. Saowanee Kamolbutr	Director / Chairman of Audit Committee / Chairman of Risk Management Committee / Vice Chairman of Nomination and Remuneration Committee / Independent Director Committee / independent director	960,000	350,000
7. Mr. Kanit Patsaman	Director / Member of Audit Committee / Member of Nomination and Remuneration Committee / Member of Risk Management Committee	800,000	150,000
8. Mr. Sanchai Jullamon	Independent Director		
	Director / Member of Audit Committee / Member of Nomination and Remuneration Committee / Independent Director	720,000	120,000
9. LT.GEN Siripong Wongskhunti	Director / Independent Director	500,000	50,000
<b>Total</b>		<b>2,980,000</b>	<b>670,000</b>

(b) Non-monetary remuneration  
None

## 2. Remuneration of the executives

(a) Monetary remuneration

Type of Remuneration	For the fiscal year ended 31 December 2016		For the fiscal year ended 31 December 2017	
	No. of Executives	Value (Baht)	No. of Executives	Value (Baht)
Salary and bonus	8	165,401,500	6	135,700,112
Provident fund and social security contributions	8	3,243,656	6	3,952,803
<b>Total</b>		<b>168,645,156</b>		<b>139,652,915</b>

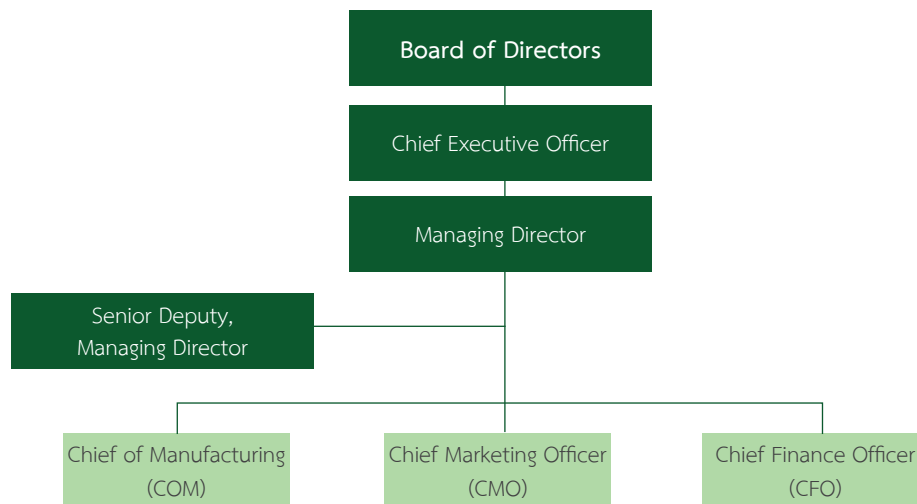
The Nomination and Remuneration Committee consider the bonus payout criteria and salary adjustment for top executives.

(b) Non-monetary remuneration  
None.

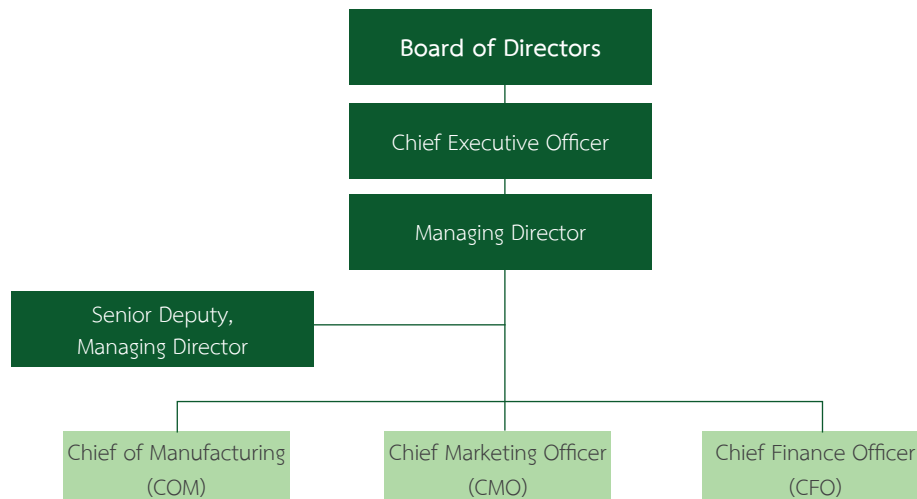
## 1. Management Structures of the Subsidiaries

### 1.1 Organization Structure of the Subsidiaries

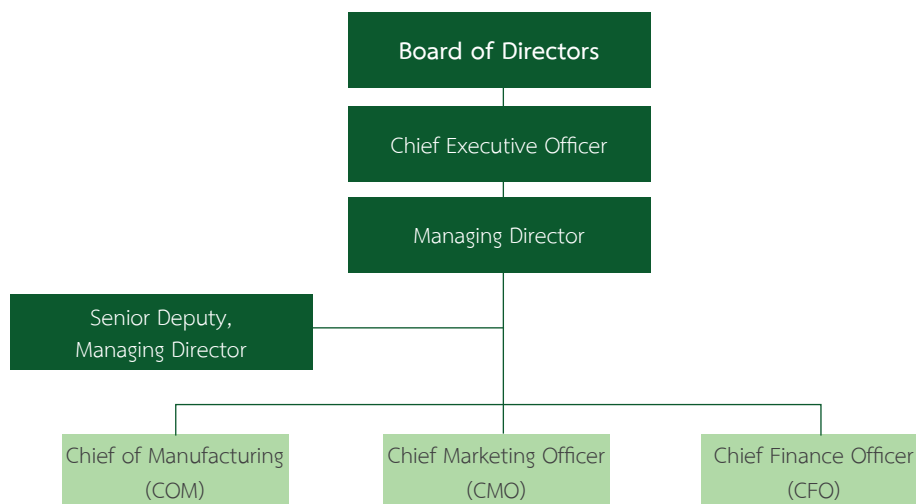
#### 1. Carabao Tawandang Company Limited (“CBD”)



#### 2. Asia Pacific Glass Company Limited (“APG”)



### 3. Tawandang DCM Company Limited (“DCM”)



## 1.2 Board of Directors of the Subsidiaries

### 1. Boards of Directors of CBD, APG, and DCM

As of 31 December 2017, the Boards of Directors of the 3 subsidiaries, viz. CBD, APG and DCM, consist of five directors as follows:

Name	Position
1. Mr. Sathien Setthasit	Chairman of the Board of Directors
2. Miss Nutchamai Thanombooncharoen	Vice Chairman of the Board of Directors
3. Mr. Yuenyong Opakul	Director
4. Mrs. Wongdao Thanombooncharoen	Director
5. Mr. Kamoldist Smuthkochorn	Director
6. Mr. Pongsarn Klongwathanakith	Director

### 2. Authorized director of the subsidiaries

The authorized directors of the three subsidiaries, i.e. CBD, APG, and DCM are any two directors, who shall jointly sign with the seal affixed in order to bind such three subsidiaries, except for certification of documents and/or copies of documents, which shall require the signature of any one director with each subsidiary's seal affixed.



### 1.3 Management of the subsidiaries

As of 31 December 2017, the management of the three subsidiaries, i.e. CBD, APG, and DCM, consists of eight executives as follows:

Name	Position	Company		
		CBD	APG	DCM
1. Mr. Sathien Setthasit	Chief Executive Director	✓	✓	✓
2. Miss Nutchamai Thanombooncharoen	Managing director	✓	✓	✓
3. Mr. Yuenyong Opakul	Senior Deputy Managing Director	✓	-	-
4. Mr. Kamoldist Smuthkochorn	Deputy Managing Director, Marketing	✓	✓	-
5. Mr. Paiboon Kujareevanich	Deputy Managing Director, Management	✓	✓	✓
6. Mr. Pongsarn Klongwathanakith	Chief Financial Officer	✓	✓	✓

Remark: 1 Mr. Yingyong Sae-sueng resigned from executive management on January 16, 2017.

## 3. Personnel of the Group

### 3.1 Number of personnel and remuneration

For the fiscal year ended 31 December 2016 and 2017 the Group had a total number of employees (excluding management) of 2,692 persons and 2,910 persons, respectively.

Company	Number of Employer year 2016	Number of Employer year 2017
CBG	14	9
CBD	1,406	1,539
DCM	1,051	1,051
APG	221	311
<b>Total</b>	<b>2,692</b>	<b>2,910</b>

Summary of employees' remuneration.

Type of Remuneration	For the fiscal year ended 31 December 2016		For the fiscal year ended 31 December 2017	
	No. of Employee	Value (Baht)	No. of Employee	Value (Baht)
Salary and bonus	2,692	670,859,879	2,910	809,497,767
Provident fund and social security contributions	2,692	26,217,298	2,910	32,854,625
<b>Total</b>		<b>697,077,177</b>		<b>842,352,392</b>

### 3.2 Dispute on laboring issues

During the past 3 years ended 31 December 2017, the Group was not a party to any legal dispute on laboring issues that may have materially affected their business operation.

### 3.3 Human Resources Management Policy

In order to achieve efficiency and effectiveness of the operation of human resources management, which is considered as an important and valuable resource for the company's sustainable growth, and compliance with business direction and goals of the company,

the company has established the human resources management policy to be used as a principle and guidance for managing human resources and promoting engagement of employees at all levels in building business success and constant growth of the organization. The policy is divided into the following areas of human resources management:

#### 1. Employment and Assignment of Employees

The company has a policy to manage its manpower to fit the organization structure by improving the procedure to recruit and select employees with attributes, abilities and faculties that suit each position in order to achieve the organization's visions, goals and missions. In the event that a vacancy is available, the company will give priority to its current employees to be assigned to the position. When the internal recruitment isn't successful, then the company will perform recruitment and hire persons outside the company instead.

#### 2. Chain of Command and Job Allocation Structure

The company has set the organization structure with a concise chain of command and job allocation. Specific duties and scope of responsibility are clearly allocated to each department and position, in accordance with the type or sort of the company's business. The allocation will be constantly reviewed to be suitable and in line with the situation of the company.

#### 3. Operating Results Management

The company has a policy to manage the operation results to be effective by determining an indicator (KPI) which consists of goals of the company, goals of the department and personal goals that are explicit and compatible. There will also be a connection between the operating results and reward consideration to motivate and reward the employees that achieve the expected goals.

#### 4. Work Environment

The company aims to encourage the work environment that meets the diversity workforce and intends to make the employees work happily and safely, and has a good quality of work life. In this regard, the company has set the workplace, utensils, and uniform to be suitable for each sort of work. The company also provides its employees with a variety of facilities, such as, parking lots, first aid rooms, restrooms, etc.

## 5. Employee Welfare

The company has a policy to manage the reward system and other welfare suitably and fairly, and to be competitive in the labour market of the same sort of business. Besides being compliant with laws, the company also adds more welfare for its employees, such as, life insurance, accident and health insurance, provident fund, marriage allowance, funeral allowance, and employee loan fund, etc.

## 6. Human Resources Development

The company gives precedence to the human resources development, considering each employee as a valuable asset that can be improved by time. In this way, the human resources development is a long-term action. It is not only a training session, but also a design and development of activities or any other action that provide the employees with learning to enhance their knowledge, skills and attitude, which can be used to improve their working. The learning does not emphasize only the specific knowledge on their current scope of responsibility, but also including the enrichment of ability that can serve the changing needs of other jobs and prepare for the changing demands of the market and clients. This is considered as an improvement of the human resources development to become a learning organization that can make the company achieve its goals and grow sustainably.

The Company has set up personnel development structure in 5 groups as follows.

### (1) Orientation Program

Orientation Program is allocated for new employees to pass on information about management structure of the Company, business, products and services of the Company Group, nature of work and other necessary information including requirement, regulations, policies rules and bylaws of the Company of which employees must comply with strictly to achieve correct and safe operation. This program supports employees of the affiliated companies to know and to create good relationship among employees, to support readiness among new employees to adjust themselves to the organization in order to start working in the Company with positive attitude toward their chief and colleagues. As a result, all employees will develop positive attitude toward organization.

### (2) Core Competency Training Program

Core Competency Training Program is a program developed to improve core competency among employees to contribute to support, development and create business growth for the Company, including to be a code of practice which will lead to promoting corporate culture where the final goal is to cultivate the same characteristics and required behavior among all employees.

### (3) Business Competency Development Program

Business Competency Development Program is developed to educate employees on knowledge, understanding about concept, pattern and business operation tool to build skill and required abilities for development and operation in their work line under business competition environment, to achieve targets of each operation line and to move forward in same direction as a whole.

### (4) Managerial Competency Development Program

Managerial Competency Development Program is a program developed to pass on knowledge, enhance management skill of which executive staff should possess in order to manage their work, and to lead subordinates toward corporate goals efficiently, for example, planning, strategic thinking and leadership etc.

### (5) Functional Competency Development Program

Functional Competency Development Program is a program developed to pass on knowledge, skill and technical ability on specific fields which require expertise and time for learning and practicing. These abilities will affect the success of work assigned from supervisor, for example, communication skills, ability to control and maintain equipment and machinery or knowledge in various occupations.

Personnel Development Groups are divided by nature of business, based on structure of development program which consists of 4 group namely Sales Team, Baodang Girls, Factory Employees and Supporting Employees. Details are as follows.

(1) Sales Team

The Group has a training system to provide its Sales Team with knowledge in the management of agents, extensive distribution of products, and sales management techniques.

(2) Bao Dang Girls Team

The Bao Dang Girls Team is in charge of communications, sales promotion activities, and introduction of the Group's new products to target groups for testing. To ensure the achievement of these objectives, the Group provide to its team with the development of various skills, such as hosting, acting, attracting consumers, and communicating skills.

(3) Factory Team

In developing the Factory Team, the Group emphasizes on production, product quality, cost reduction, increase in productivity, and work process, to be consistent with the main objectives of the factory, i.e. increase in productivity, cost reduction, and management of the quality systems, such as GMP system, HACCP system, and ISO 22000 system. Employees are also provided with training on techniques and development of other soft skills.

(4) Supporting Team

Development of the Supporting Team is significant for business operations in order to achieve the organization's goals. The Group provides development to their Supporting Team as if they were business partners. Supporting Team is provided with development of knowledge and abilities from its actual work, in-house training, the advice of experienced persons in each field, and training by third-party organizations.

Moreover, the company has set an obligatory course for all employees, which is the safe driving awareness creating course. And also has established a project to promote safe driving under the project named "Bao Dang Safe Driving, Caring For All" in order to encourage the employees of the organization to be aware of the traffic rules and raise awareness on safe driving and caring for other companions on the road. This awareness creating does not apply only with the driving during working time, but also serves as a way to express our concern on the driving of our employees during their private time when coming to work or going back home, including on how they live their daily lives caring for others on the same road.

Apart from the abovementioned course set by the company, the human resources department will perform surveys and analyze the necessity of training sessions, and using training course suggestions that the C-level employees consider suitable for enhancing knowledge of their subordinates to build the annual training plan. This is to make the training courses serve the needs and maximize the benefit of employee development.

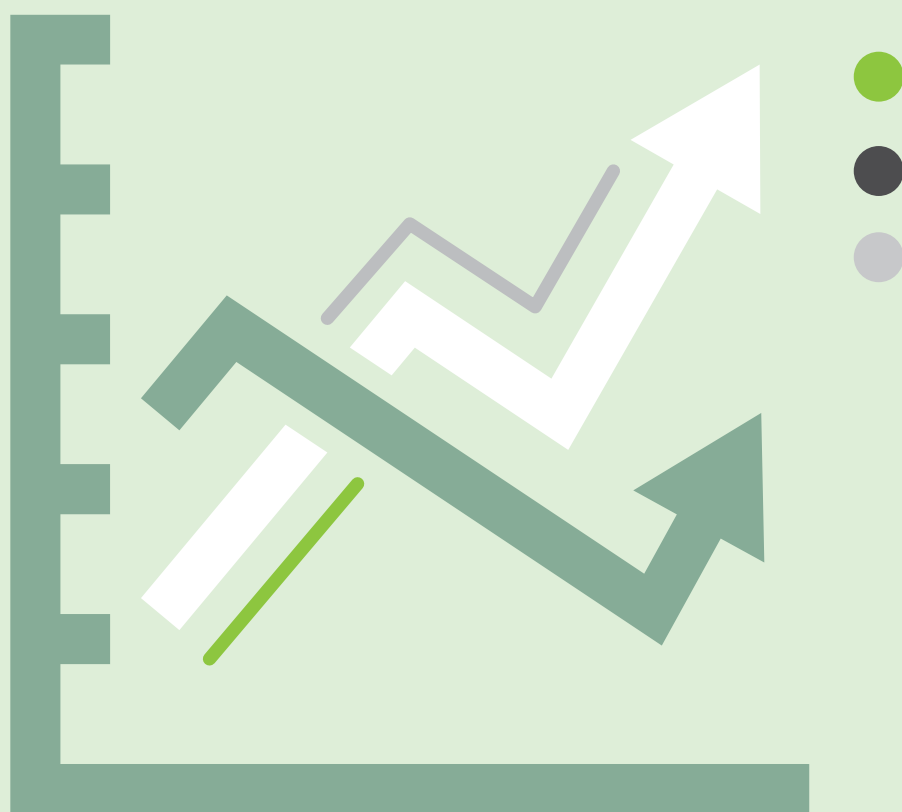
#### The detail of employees' training in year 2017

Affiliation	Training Crouse (No. of Crouse)			No. of attendant and Training Hours		Training Cost (THB)		
	Plan	Actual	Percentage	Attendant	Hours	Budget	Actual	Remaining
Head office	182	217	119.23	4,358	15,796	2,962,150	1,357,199	1,604,951
Bangbo	24	285	1,187.50	2,262	12,733	623,452	314,692	308,760
APG	60	56	96.67	716	419	792,000	468,949	323,051
<b>Total</b>	<b>266</b>	<b>560</b>	<b>210.53</b>	<b>7,336</b>	<b>28,948</b>	<b>4,377,602</b>	<b>2,140,840</b>	<b>2,236,762</b>

WORLD CLASS  
**PRODUCT**

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WORLD CLASS  
**BRAND**



# Corporate Governance Policies

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Carabao Group Public Company Limited, together with its subsidiary companies, has been adhering to and abiding by corporate governance principles to operate under the synergy of its board, executives, and employees in compliance with its own corporate governance policies, which have been in effect since 2014, for the purpose of building investor confidence and of maintaining the sustainability of its business value.

In 2017, our board members considered changing its corporate governance policies in order to render them apt to our business circumstances and performance, with some improvements made as to the policies concerning corporate governance in correspondence with the corporate governance principles stated by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) and the instructions by the Thai Institute of Directors. Both the executives and employees were notified of this amendment requiring their compliance.

Our company's corporate governance policies are composed of 5 sections as follows:

1. The Rights of Shareholders
2. The Equitable Treatment of Shareholders
3. The Role of Shareholders
4. Disclosure and Transparency
5. Board Responsibilities

## Section 1 The Rights of Shareholders

Our company is well aware that its shareholders are entitled to the rights to the ownership of our company and its governance through its appointed board of directors. Therefore, it gives precedence to the rights of all its shareholders-majority or minority shareholders and foreign or institutional investors alike. Besides, it has no explicit intentions of depriving its shareholders of their fundamental rights and is willing to facilitate their convenience of exercising their rights apropos of the matters they are entitled to.

- **The Protection of Shareholders' Rights**

Our company is well aware of its responsibilities and gives precedence to granting and defending the rights of its shareholders, and ensures that they gain and exercise their fundamental rights entitled to them by law and our company's regulations in a proper, equal, and just fashion and in accord with our company's rules and regulations as well as those of the SET and the SEC or other important related laws. The fundamental rights of shareholders comprises: buying, selling, and transferring stocks; receiving dividends; being kept well informed of company's information and news; attending shareholders' meetings in which they use their voting rights to appoint and remove board of directors and determine their remuneration; appointing auditors and determining their remuneration; and examining matters that might affect our company such as dividend allocation, the imposition or amendment of regulations or memoranda, fund reduction or augmentation, and approval for other special causes.

In addition, with respect for and in defense of the rights of its shareholders, our company has no policy which precludes its shareholders from communicating among them. It also has no policy on agreement-making between the shareholders that can have a significant impact on our company or other shareholders.

- **Shareholders' Meeting**

Our shareholders' meeting is a consequential means by which shareholders can exercise their rights as shareholders. Hence, our company comes up with the guidelines on how it hosts its shareholders' meeting as stipulated by the SET in order to facilitate shareholders, as follows.

Our company hosts its annual ordinary shareholders' meeting within four months after the the last day of its fiscal year or within the duration required by law or related regulations. Other shareholders' meetings are extraordinary

shareholders' meetings, which will be convened as appropriate. When holding each meeting, our company stages several procedures to facilitate it and encourage shareholders as well as institutional investors to attend it and exercise their voting rights. It prioritizes the appropriateness and convenience of date, time, and rendezvous for shareholders to attend the meeting and gives them an opportunity to propose the meeting agenda in advance according to the rules and conditions and procedures stated by our company under related regulations and law; it also promulgates the details, rules, channels, time, and results to shareholders via our company website as well as the SET website.

Our company created meeting invitations explicitly stating the agenda, objectives, causes, and board of directors' opinions and recommendations, together with related information concerning each meeting agenda in both Thai and English, published on our company website, and sent them to shareholders prior to the meeting within no less time than required by law so that they would have enough information and time to make an effective decision on each agenda. For those who have questions, they can raise the questions to be answered in the meeting beforehand via the channels stated by our company, or they can inquire about, recommend, and comment on the agenda at the meeting.

Our company attached herewith the proxies in the form required by law, with explanations as to the procedures and documents that the shareholders must prepare to attend the meeting and give proxies in case they could not attend the meeting so they could delegate someone else or appoint any independent director as stipulated in the proxies to attend the meeting and vote on their behalf.

Our company will be responsible to supply all meeting attendees with adequate and effective personnel,

registration, and devices to facilitate them and check their documents.

Our company encourages all board of directors, managing directors, subcommittee chairman and members, and senior executives to attend the meeting in order to give explanation, answer questions, and hear attendees' comments and recommendations.

Our company will apprise shareholders of the regulations and procedures for attending the meeting and giving proxies and explain to shareholders the regulations and procedures for giving their votes prior to considering the agenda. It will also supply them with ballots and invite a third party or the representatives of minority shareholders to observe and examine the vote-counting process to ensure accuracy and transparency.

Our company confers on all shareholders equal rights to make comments and ask questions relevant to the agenda and matters being proposed during the meeting as deemed appropriate.

Our company will notify the meeting consensus through the SET news channel within the duration and under the rules it or any related organization stipulates. Our company will also record and create accurate and complete meeting minutes and send them to the SET and related organizations before publishing them on our company website, available in both Thai and English, within the duration stipulated by law or related regulations so that shareholders can access to check them. These meeting minutes will be organized systematically so they can be rechecked and used as reference.

## Section 2 The Equitable Treatment of Shareholders

Our company gives precedence to treating all shareholders-majority or minority shareholders, institutional

and foreign investors-equally and justly; therefore, it pursues a policy to defend their rights and make sure they are treated equally and justly, as explained below.

Our company offers shareholders an opportunity to propose an additional meeting agenda and/or nominate fully qualified and suitable persons to be considered being elected as board of directors before the ordinary shareholders' meeting takes place, according to our company's rules, conditions and procedures. It also divulges the details, regulations, conditions, and procedures including channels, time, and results to shareholders through its website as well as on the SET website.

Our company created bilingual meeting invitations with information documents and sent them together together with the details of the meeting agenda to all shareholders besides publishing them online via our website prior to the date of the actual meeting within the duration required by law or regulations.

Our company offered proxies which enable shareholders to specify how voting should be carried out, attached along with the invitations, so that non-attendees could assign someone else to attend the meeting and vote on their behalf. These documents provide shareholders with explicit documents or evidence as well as how to give proxies to someone else so that they could prepare correct documents and that their appointees have no trouble attending the meeting. The regulations, procedures, and conditions as to giving proxies are based on the law, without imposing any other procedure that might cause complications to shareholders in giving proxies. Besides, shareholders can give proxies to any independent director named in the proxies to preserve their rights.

Our company requires that all corporate board of directors and executives divulge information apropos of their stakes and any relevant party as required by company regulations and law so that the board of directors can consider

corporate transactions, which might cause dissension of interest, before making a decision for company's sake. The board of directors and executives involved in stake transactions will not partake in them.

Our company imposes some measures clearly informing board of directors and executives of the role and responsibility to hold the property in the companies of their own, their spouse or their family members who have not come of age. It has also apprised the SEC of the change of hand of property as required by law (article 59, punishable as stated in the property act) and requested board of directors and executives to reveal their property ownership in its annual almanac.

Our company also imposes some measures on using inside information and has clearly notified board of directors, executives and employees not to capitalize on confidential inside information, which has never been divulged to the public, for the benefit of themselves or other parties. This includes buying and selling company assets by board of directors, executives and employees from the division well acquainted with inside information. Furthermore, our company also imposes some penalty in case there was an infringement of using corporate inside information in company regulations; such punishment ranges from verbal admonition to dismissal from work.

Our company imposes procedures for interdivisional transactions by considering the actual costs or with reference to market costs and by considering the benefits to company. It also emphasizes strict compliance with the regulations and procedures for revealing information that related to listed companies.

Moreover, our company clearly advises that the law, rules and regulations of the SET and the SEC be strictly complied with so that all shareholders are assured that they are treated and exercise their rights equally and justly.



### Section 3 The Roles of Shareholders

Our company gives precedence to the rights of stakeholders from all parties, inside or outside, since it is well aware that all the stakeholders must be given best care as their rights are protected by law. It is therefore advisable that there be cooperation between company and its stakeholders in order to maintain business sustainability. In the system of our organization, there are several parties: shareholders or investors, employees, customers, trade partners, creditors, adjacent community, the public, the government, and other parties such as our rivals.

Our company is cognizant that our satisfactory performance results from cooperation among all of the above-mentioned parties involved; therefore, it has a policy to effectuate the synergy between the company and these parties in order to bring about reciprocal benefits and to ensure that all are protected and treated well, with their rights being given priority as explained below.

- **Shareholders**

On behalf of the shareholders, our company aims at operating its business for the highest benefit to them, on the basis of honesty and with adherence to fair and equal treatment to all as witnessed by its regular updates of complete and accurate information together with its discreet administration and decision-making to effectively achieve its short- and long-term goals while building its own sustainable business.

- **Employees**

Our company plans on managing human resources in accordance with and in support of its policies, business achievements, and strategies. It maintains that its employees be treated equally and fairly, with regards to human rights and personal freedom, both directly and indirectly. It also places importance on its employees' quality of life, security, welfare, and workplace environment by constantly improving its standards related to these.

Our company pursues a policy to consider remuneration based mainly on their competency and effectiveness and places much importance on improving their potential by offering employees various training sessions, held both in and out of company, so as to ameliorate their knowledge and proficiency.

Our company also opens channels for employees to send their complaints or information that might be injurious to its image or employees and finds ways to deal with these complaints and protect its employees.

Our company set up its Safety, Occupation Health and Environment (SHE) at its two factories, with the aim of upgrading welfare and security and of reducing accidents in workplace.

Carabao Tawandang Co. Ltd., energy drink factory at Bang Bo

	2015	2016	2017
Employee number	530	690	530
Accident number	17	16	10
Leave due to accidents	8	6	4

Asia Pacific Glass Co. Ltd. (amber glass bottle factory)

	2015	2016	2017
Employee number	180	215	288
Accident number	17	10	15
Leave due to accidents	1	-	2

- **Customers**

Our company aims of constantly improving product and service quality to most satisfy consumers. It does not only takes care of and is responsible for its customers by maintaining the quality and standard of its products, but it also carries out its business by the rules and law and in accord with business ethics so that quality products of

decent standard and reasonable price are guaranteed. In addition to this, it set up a division to deal with consumer complaints and find solutions to the requests to investigate and quickly mend their problems to their satisfaction.

- **Trade Partners**

Our company realizes how important it is to look for and select its trade partners, considering their portfolio, price, reliability, and record free from corruption and human right violation. As far as its business operation is concerned, it treats its trading partners with transparency and equality, on the basis of justice and mutual benefit.

To prevent its trading partners and employees involved from fraudulence, our company has its procedure and criteria for selecting its partners apart from setting up a procurement committee to ensure that its partners follow its policies and establishing a procedure for dealing with fraudulent trade partners and employees.

- **Creditors**

Our company has a policy to treat creditors in a fair and equal manner and vows to strictly and legitimately abide by the conditions and terms of agreement made in the contract made between it and its creditors.

- **Rivals**

Our company plays by universal rules and treats business rivals with transparency, which is beneficial to consumers, and operates with honesty without concealing terms of agreements, trying to expose rivals' confidential information or maligning their reputation using any illegal means.

- **Community**

Our company realizes that being a part of the society means helping one another. To reciprocate the society, especially those in the vicinity of the locations of the company, factories, outlets, outlets, and the national

society as a whole, our company is planning to create jobs and opportunities to communities and satisfy their needs by setting up a division to put into practice constant and sustainable community development.

- **Environment**

Our company is aware that it is essential to instill into people the value of love for nature and make them conscious of using natural resources to fullest efficiency and how important it is to manage the environment in every way so that the society and businesses can capitalize on it perpetually. This notion can be promoted from within the company to the community to the society.

Our company uses every means it has such as bulletin boards and electronic media to communicate this message to employees, campaigning to follow policies concerning using resources wisely such as turning off electric lights and air conditioners before leaving a meeting room. Besides, its executives always stresses the importance of not wasting resources and set an example to the employees.

- **Public and Related Organizations**

Our company strictly complies with the law, regulations, and decrees regarding workforce treatment, taxation and accountancy, workplace safety, and the environment, imposed by the government on corporate operation.

To put the above policy into effect, our company adheres to the SET regulations as follows.

- (1) Our company implements a clear policy on how to treat its stakeholders, which covers various principles of good business operation for a listed company in 2012 imposed by the SET.
- (2) Our company has adopted the procedure for and channel of receiving and dealing with complaints by stakeholders via its official website.

## Section 4 Disclosure and Transparency

The Company is committed to disclosing accurate, complete, and transparent information, both in terms of financial reports and general information as well as essential information that impacts the price of the Company's shares, so that all relevant persons equally acknowledge such information through the channels and media as followed.

1. Apart from disclosure of information both in terms of financial reports and general information in accordance with the rules specified through the channels of the SET and the SEC, the Company takes into account the necessity of keeping confidential corporate information, business strategies, or information that might put a business at a disadvantage and inability to compete if disclosed. These reports include the annual registration statement (Form 56-1), and the annual report (56-20), the Company will disclose the financial information alongside the auditor's information in the annual report. The board of directors recognizes its responsibility in providing accurate, complete, true, and reasonable financial statements which are prepared in accordance with generally accepted accounting standards. The Company regularly applies appropriate accounting policies and carefully exercises its discretion. The Company also provides adequate information in the notes to the financial statements.

2. Our company has an investor relations unit to contact, coordinate with, and provides institutional investors, shareholders, and analysts involved with information without discrimination. We open a channel to contact our investor relations staff on our website and set up a unit responsible for propagating the accuracy and consequential information about our activities, performances, and projects to the public.

3. Our company has the policy to expose information, both financial and nonfinancial, via the channel offered

by the SET at an appropriate time. Shareholders, investors and the public are already acquainted with the channel, which is easily accessible and allows for equal access to our information, available in both Thai and English. Moreover, our company also offers this vital information on our website and keep it updated constantly so that investors and those who are interested in have immediate and equal access to it.

4. The Company is aware of the conflict of interest, which might result from using corporate inside information for personal purposes; therefore, it proposes that the board of directors and executives inform their shares as well as the transactions between companies, which might cause a conflict of interest, in which case the Company will confer on the assets scrutiny committee the responsibility intervene. If the assets scrutiny committee have no expertise on settling the dispute, they may employ a specialist to help them. The company suggests avoiding any transaction that might cause dispute between the Company and the employees.

To prevent conflicts of interest, the Company has an explicit policy to prevent matters related to such conflicts of interest by barring stakeholders from doing transactions that might cause disagreement and disqualifying them from the right to vote or take part in such transactions.

## Section 5 Board Responsibilities

Board director play a pivotal role in directing corporate management towards the target and and direction of utmost utility to shareholders and stakeholders and assigning board of directors' structure, qualifications, and scope of responsibility deemed appropriate and favorable to corporate efficiency. Those appointed as board of directors should be knowledgeable, competent, experienced, visionary, honest and able to dedicate their time to working for the company to their fullest potential and to make an independent decision.

Board of directors set up a subcommittee to study, scrutinize, screen, and work in support of board of directors to achieve greater efficiency; therefore, they specify committee and subcommittee members' structure, scope of work, and responsibilities as followed.

- **Structure of Board of Directors**

1. Company board must comprise of at least 5 persons or as required by law and/or company's regulations.
2. More than half of the board of directors must possess a permanent home in Thailand.
3. There must be at least 1 independent director out of every 3 board of directors, but no less fewer three persons, or as required by law or the SET regulations.
4. The board of directors select one person as chief executive officer and may appoint one or more person as vice chief executive officer as they deem appropriate.

- **Qualifications of Board of Directors**

Qualified board of directors must be competent and knowledgeable or have diversified work experience, which would be favorable to running the company. A fully qualified board of directors must not possess qualities prohibited by the public company limited law and/or lack confidence in running a company, which, by the rights of law, the SET decree, and other corresponding regulations, is co-owned by the public.

- **Qualifications of Independent Directors**

Independent directors must not be dependent on the majority shareholders and executives and must possess qualifications specified by the SET and SEC regulations, decree, and other corresponding laws. (Details as to this are in the title "Recruiting and Appointing Board of Directors and Chief Executive.)

- **Recruiting Board of Directors**

Board of directors assign the members of the nomination and remuneration committee in exchange for recruiting the board of directors by selecting a person with

decent qualifications required for the position based on his or her competency, knowledge, ability, and work experience. They may also take into account his or her age, gender, skills, profession, and specialization. These people will recruit the person with the expertise and proficiency required to boost the efficacy of the team of board of directors

When the members of the nomination and remuneration committee have chosen the nominee, they nominate the qualified person and his or her brief background for consideration in the board of directors' or shareholders' meeting depending on the case. Appointing a member of the board of directors by the shareholders concurs with the regulations and procedures required by the company and relevant law.

- **Role and Responsibilities of the Board of Directors**

The board of directors are responsible to the shareholders, hence they must perform their duty with discretion and honesty by using their knowledge, ability, and experience for the sake of running the company in accord with the law, the company's regulations, and the consensus reached at the board and shareholders' meetings. They also have to reveal accurate, transparent, and complete information to shareholders and stakeholders as appropriate.

The board of directors also have the duty to ensure the smooth running of business by giving instructions and approval, having vision and target, or even finding strategies to perform their duty and allocate resources as appropriate and apt to current circumstances. They have to be able to adapt to changes and competition so as to effectuate satisfactory performance in the long run. The board of directors also has the responsibility to direct and administer in correspondence with the policies and plans they aim to achieve with regards to the benefits to all parties involved, and try to reduce the negative effects on the environment both for now and in the future.

Thus, the company committee has determined the goal based on the sustainability. The goal and purpose is to be made in accord to create the value for the company who holds the responsibility and for the society as a whole. They could be achieved by using innovation and technology adequately and safely.

The company committee will administrate the money report, account report, intra-qualification, risk management and intra- administration to be adequate, proper and reliable. This is to ensure the accuracy of the performance, legally correct, equal treatment for all shareholders, sustain the profit of shareholders and any person involved and the information clarification as accurate, adequate and swift.

Thus, it is forbidden for the committee members to own a business or become a shareholder or committee for a similar business or to compete with the company's network. This is also forbidden for the committee or an individual who has a conflict, profit-related or conflict with the company or sub-company (as the laws regard and as declared by Securities and Exchange Commission and The Securities Exchange of Thailand). The aforementioned person are not allowed to vote in that subject.

Any operation or legally business permit must be permitted by the shareholders' decision. The company committee must follow the rules and conditions strictly. The company committee has the authority to set the individual board of director or in groups.

The company committee has the authority to appoint the board of director and/or administrators to administrate single or group of operation for the company committee. The administration must be under the regulation of the company committee and must be controlled adequately. The company committee also has the authority to set up the sub-committee to support their administration and it is their job to regulate the authorization of this sub-committee.

The company committee has the authority to appoint any individual member to be the board of administration in order to operate the order of the company committee. The company committee has the right to change, adjust the authority of the board of administration.

Thus, this aforementioned appointment must not come in a form of passing the authority to whom may have allowed the operation which himself, conflict-related individual and related issue (as the laws regard and as declared by Securities and Exchange Commission and The Securities Exchange of Thailand) with the company network. This is an exception for the operation which was made under the policy and permitted by the company committee. The person involved in the operation is not allowed to vote.

Furthermore, the company committee requires each member to be board of director of not more than 5 registered companies. The board of directors must not work for any other companies except for cooperated companies, sub-companies or network companies.

### ● Tasks and responsibilities for board of director

These following issues are under the responsibilities of board of director

1. Being responsible as the leader of the Company's Board of Directors in supervising and monitoring the Company's management to achieve the objectives set forth by the policies.
2. Acting as the Chairman of the Board of Directors' Meeting and the shareholders' meeting
3. Giving the casting vote in the case that the Board of Directors' Meeting has given the equal votes.
4. Controlling the shareholders' meeting in accordance with the Company's regulations and the determined agenda as well as giving the casting vote in case of having the equal votes.
5. Performing any other duties as prescribed by law.

## ● Board of Directors' Meeting

1. The meetings are scheduled by the Board of Directors on a quarterly basis and the additional meetings will possibly be scheduled as needed. The meeting is scheduled in advance for the whole year round.

2. At the Board of Directors' Meeting, the President of the Board of Directors or the person assigned by the President will send the invitation letter together with the meeting documents completely and sufficiently to each director at least 5 days in advance prior to the meeting date. Unless there is an urgent need to protect the rights and benefits of the Company, the meeting arrangement will be announced by other means and the meeting date may be arranged earlier than that.

3. In each Board of Directors' Meeting, the directors are required to attend the meeting for not less than half of the total number of directors to be the quorum.

4. The President of the Board of Directors chairs the Board of Directors' Meeting. In the case that the President of the Board does not present at the meeting or cannot perform the duty, the Vice President will chair. If there is no Vice President or the Vice President cannot perform the duty, the directors are supposed to choose one director attending the meeting to chair over the meeting.

5. The Company's Board of Directors determines the Company's Secretary to be responsible for recording the Minutes of the meeting in writing. And after having been certified by the Board of Directors, the Minutes will be kept and available for the directors and relevant persons to check at any time.

In the year 2017, the Company's Board of Directors and every sub-committee member attended the meetings for not less than 75% of the number of meetings being held.

## ● Balance of Non-Executive Directors

The Company has set the policy to restructure the Company's Board of Directors for the independent directors, executive directors, and non-executive directors appropriately for the performance of the Company's Board

of Directors to be properly monitored and counterbalanced. Moreover, the Company also has the policy to encourage the non-executive directors to hold the meeting as appropriate without the attendance of the management team or the executives in order to give the opportunities for the non-executive directors to discuss on various issues related to the business operation or any other matters as deemed appropriate.

In the meeting, the non-executive directors will choose one director to be the Chairman of the meeting.

## ● Term of Company's directors

At each Annual General Meeting of Shareholders, the directors who are in the longest position shall retire from office for one third of the total number of directors. If the number of directors cannot be divided into three parts, the nearest number to one third will be used instead. However, the names of the outgoing directors following such term may be proposed to the shareholders' meeting for consideration to be re-appointment in the position again except for the independent directors who should not have consecutive terms of office for over 3 or 9 years unless any independent director is suitable to stay in the office longer.

The Board of Directors may consider the independence, suitability, efficiency in the operational performance, and explain the reasons together with the performance of duties to the shareholders for consideration to elect the independent directors who hold the position of independent director for more than 3 consecutive terms or 9 years to be the independent directors of the Company further.

Apart from the termination following the term, the Company's directors shall vacate the office due to reasons as prescribed by laws or the Company's regulations. And in the case that the position is vacant due to other reasons apart from the termination following the term, the Board of Directors will choose the qualified persons without the

prohibited characteristics by law to become the directors except for the term of the director is less than 2 months. The newly appointed directors will hold the office only for the remaining term.

Such appointment of directors must be approved by the Board of Directors with the votes of not less than three quarters of the remaining directors.

### ● Assessment of the Company's Board of Directors

The Company has the policy to the Board of Directors to do the self-assessment at least once a year to be utilized in developing and improving the performance of the Company's Board of Directors. According to the principles of Good Corporate Governance for the listed companies, the Board of Directors and the sub-committee of the listed companies are recommended to do the self-assessment at least once a year for the Board of directors to jointly consider the work and improve. The assessment on the performance of various committees in the year 2017 can be divided as follows:

1. Assess the performance of the Board of Directors.
2. Assess the performance of the Audit Committee.
3. Assess the performance of the Nomination and Remuneration Committee
4. Assess the performance of the Risk Management Committee.

The Company uses the self-assessment form designed by the Stock Exchange of Thailand as the guidelines for listed companies to use in self-assessment as follows.

Type 1 "Self-assessment form of each committee" to assess the operation of the committee as a whole.

Type 2 "Self-assessment of sub-committee" to assess the operation of the subcommittee as a whole.

The scores can be given in several ways and it should be standardized for the whole committee to be able to

compare the results of each assessment or compare the results of each year, for example:

- 0 = strongly disagree or no action is taken on that.
- 1 = disagree or some action is taken on that.
- 2 = agree or the action is taken on that sufficiently.
- 3 = quite agree or the action is taken on that well.
- 4 = strongly agree or the action is taken on that excellently.

### ● Determination of remuneration of the Company's Board of Directors

The Company's Board of Directors provides the system in considering and determining the remuneration of the Company's Board of Directors under the proper process and can be auditable which will build the confidence to the shareholders. The Company's Board of Directors assigns the Nomination and Remuneration Committee to consider the remuneration to the Company's Board of Directors and the subcommittees in all forms including the salary, meeting allowance, director's remuneration, as well as other forms of remuneration (if any) to be proposed to the Company's Board of Directors for reviewing the appropriateness before proposing to the shareholder's meeting to consider approving further. The director's remuneration will be determined in all forms. The Nomination and Remuneration Committee will consider and refer from the companies in the industry and business having the similar sizes. The remuneration must be suitable and correspondent with the missions, duties, performance, and responsibilities as assigned as well as being able to motivate the qualified and competent directors to become the Company's Board of Directors in order to perform the duties to achieve the objectives, goals, and direction set forth by the Company.

### ● Orientation

The Company's Board of Directors defines the orientation for all new directors in order that the new directors can know the roles, duties, responsibilities of the Company's Board of Directors, policies, and codes of



practices in the supervision of the Company's operation as well as creating the knowledge and understanding in the business, products, business plan, and operations of the Company including the visits on various operational units of the Company to be prepared for the operational performance of the Company's Board of Directors.

### ● Development of Directors

The Company has the policies to promote and encourage all Company's Board of Directors to attend the beneficial seminar and study in various training programs held by Thai Institute of Directors Association or IOD and SEC including the independent organizations or various agencies to enhance the knowledge and benefit the performance to be more efficient.

In 2017, the Company encouraged the directors to attend the training s and the seminars on various programs considered by the directors to be appropriate for the development of knowledge and competence of the directors in order to benefit the Company's management such as Driving Company Success with IT, Governance (ITG) 5/2017, etc.

### ● Succession Plan

The Company prepares and monitors the progress of the comprehensive succession plan on the top executive position in order to ensure that the Company has the executives with knowledge, competence, and experiences that can be inherited important position in the future. The succession plan is reviewed and reported as appropriate. This is to promote and prepare the executives to be responsible for the succession of important jobs or positions of the Company.

The Company has prepared the succession plan with 6 steps as follows:

1. Determine key positions to prepare the succession plan.
2. Determine the qualifications and attributes in various areas of the successors to be used in the consideration and selection including the revision of the roles and duties.

3. Cooperate with the representatives from the assessment team and consider selecting the successors from those who have the suitable qualifications and attributes as specified in the plan.

4. Propose to the executives for approving, assigning the important jobs and the name list of the successors of positions

5. Prepare individual development plan for the selected person and implement the development as planned such as holding the training, assignment for special projects, etc.

6. Monitor the results of development, review the progress of development on the successors including the status and important job changes.

### ● Company's secretary

The Company has appointed the Company's secretary in accordance with the law and the principles of good corporate governance with the scope of authority, duties, and responsibilities as follows:

1. Have the authority to contact and sign the documents notified to the Stock Exchange of Thailand. Thailand
2. Have duties and responsibilities as required by the laws on the securities and the Stock Exchange of Thailand, SEC, and relevant regulatory agencies.

### ● Subcommittee

The Company has appointed the Subcommittee to assist in the supervision of the Company's operation, namely, the Executive Committee, Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, with the compositions, qualifications, meeting, office term, and scope of responsibilities of each subcommittee as prescribed by the Board of Directors set forth in the charter or the order for the appointment of such subcommittee.

The meetings for subcommittees are scheduled in advance and can be additionally arranged as needed. There are also the recorded Minutes of meeting in writing and the Minutes are also kept systematically.



Moreover, the Board of Directors requires the disclosure of details of the composition, structure, roles, duties and responsibilities, operations, meeting attendance, amount of remuneration of the Board of Directors and the subcommittee as well as the Company's authorized signatory directors in the annual report as well.

### ● Communication and promotion of conformity to the corporate governance policy and business ethics of the Company

The Company's Board of Directors is aware of the importance of disseminating, promoting, and encouraging the awareness, understanding, and cooperation of all people in the organization to abide by and conform to the policy of good corporate governance and business ethics of the Company strictly in order to achieve the objectives and purposes in developing and elevating the level of corporate governance.

The Company's Board of Directors, therefore, sets the policy for the communication to the employees for knowing the good corporate governance and business ethics of the Company continually as well as arranging the activities to promote the knowledge and understanding on the processes in monitoring and conforming to the policies and business ethics of the Company in order to be used for improving and developing the conformity to the principles as the same approach or target for the whole organization.

### ● Controlling and internal audit systems

The Company's Board of Directors has provided the internal audit system covering all aspects for the Company's operation to follow the target, regulations, and relevant rules. There is also the mechanism provided for balancing that is sufficiently efficient for protecting and regulating the capital of the shareholders and the Company's assets. The hierarchy of approval, the responsibilities of the executives and the employees, the operational regulations are defined in writing. The internal audit agency is set to audit the performance of all agencies to be correct and precise in order to prevent

the corruption and to be in accordance with the rules and regulations set forth. There is also the Audit Committee to be responsible for the Company's operation and management for the Company to have the efficient internal audit system and the reliable system of financial report by considering the operational performance directly reported by the internal audit agency of the Company to be prepared as the report of the Audit Committee to report to the Company's Board of Directors every quarter and in the annual report.

The Company has promoted and encouraged the internal audit agency to be independent in their practice for the audit and balance completely by reporting to the Audit Committee to ensure that the Company's operations follow the guidelines strictly and efficiently. In each Audit Committee meeting, the Head of Internal Audit Unit will report the results of significant audit to the Audit Committee. Moreover, the Audit Committee will send the reports, comments and recommendations to the management team to know what should be improved. It is also the unit to support the performance of Audit Committee on the complaints and whistle blowing both from the personnel and the outsiders of the Company.

### ● Risk management

As the Company's Board of Directors is aware of the importance in the management of risks possibly occurring to the Company, the Risk Management Committee is set consisting of the committee and the executives covering all important agencies of the Company to be responsible in assessing and managing the risks for the whole organization including the risks on the corruption and fraud.

The Risk Management Committee will discuss together to assess the main risk factors, the secondary risk factors, and the non-significant risk factors as well as providing the guidelines and approaches for the solution of management or alleviating the negative effects from various types of risk factors. The progress of operation is monitored properly and continuously including preparing the report of the Risk Management Committee to report to the Company's Board of Directors quarterly as well as reporting in the annual report.

# Nomination and Appointment of Directors and Top-Level Executives

## (1) Board of directors

The composition, nomination, appointment, removal or retirement of directors of the Company are specified in the charter of the board of directors approved by Board of Directors Meeting No. 3/2014 held on 22 April 2014. The charter specifies the qualifications of the Company's directors, which can be summarized as follows:

- (a) The Company's directors need not hold shares in the Company. A director must possess knowledge, ability, experience beneficial to the operation of the Company's business, honesty, integrity, morality in operating the business, and sufficient time to dedicate his or her knowledge and ability, and must be able to fully perform their duties for the Company. Furthermore, a director must possess all qualifications required and must not possess any prohibited characteristics under the law governing public limited companies and the law governing securities and exchange. A director must not possess any trait that reflects lack of suitability to be trusted with managing a business of which the public hold the shares, as specified by the SEC. A director must be listed in the database of directors and executives of securities issuing companies under Notification of the Capital Market Supervisory Board Re: Rules for Listing Names of Persons on Database of Directors and Executives of Securities Issuing Companies.
- (b) The board of directors shall consist of no fewer than five directors and at least one half of the total number of directors shall be domiciled in Thailand.
- (c) There shall be at least three independent directors and the number of independent directors shall constitute at least one-third of the Company's board of directors. Independent directors must be independent from the control of major shareholders and shall not have any financial or operational relation or interest. Independent directors shall also possess all qualifications under the rules prescribing qualifications of independent directors

prescribed in Notification of the Capital Market Supervisory Board No. TorJor. 28/2551 Re: Application and Approval for New Shares ("Notification TorJor. 28/2551") as amended.

- (d) The board of directors shall include no fewer than three audit directors. The audit directors must possess all qualifications required under Notification TorJor. 28/2551, and shall have the authority, duty and responsibility in accordance with the scope specified by the SET.
- (e) The board of directors may elect one director to be the chairman of the board of directors. If the board of directors deems it appropriate, they may appoint one or more directors as vice chairman.

## (2) Independent directors

The nomination and remuneration committee will consider the qualifications of the persons appointed as independent directors by considering the qualifications and prohibited characteristics prescribed in the PLCA, the SEC Act, notifications of the Capital Market Supervisory Board, and other relevant notifications, regulations and/or rules. Furthermore, the board of directors will consider selecting persons with qualifications, experience and suitability to be the Company's independent directors and propose them to the shareholders meeting for consideration and appointment as Company's directors. It is the Company's policy to ensure that the number of independent directors shall constitute at least one-third of the Company's board of directors and not fewer than three members. The board of directors has specified the qualifications of an independent director, as follows:

- (a) an independent director must not hold shares exceeding one percent of the total shares with voting rights of the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company. Such percentage shall include

shares held by related persons of such independent director;

- (b) an independent director shall not be or have been an executive director, employee, staff and consultant who receives a regular salary or a controlling person of the Company, the parent company, the subsidiaries, the associate companies, the same-level subsidiaries, major shareholders, or controlling persons of the Company, unless the director has not held such position for at least two years before the date of submission of the application to the Office of the SEC;
- (c) an independent director shall not be related by blood or legal registration as father, mother, spouse, sibling, or child, including spouse of a child of another director, executive, major shareholder, controlling person to be nominated as an executive director or controlling person of the Company or the subsidiaries;
- (d) an independent director shall not have or have had a business relationship with the Company, the parent company, the subsidiaries, the associate companies, major shareholders or controlling persons of the Company in the manner that may prevent free judgment, and shall not be or have been a significant shareholder or controlling person of a person related to the business of the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company, unless such relationship ended at least two years before the date of submission of the application to the Office of the SEC;
- (e) an independent director shall not be or have been an auditor of the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company, and shall not be a significant shareholder, controlling person of or a partner in the auditing office in which the auditor of the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company works, unless the director has

not held such position for at least two years before the date of submission of the application to the Office of the SEC;

- (f) an independent director shall not be or have been a provider of any professional service, including legal advisory or financial advisory service receiving more than Baht two million of service charges per year from the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company, and shall not be a significant shareholder, controlling person or a partner of the service provider, unless the director has not held such position for at least two years before the date of submission of the application to the Office of the SEC;
- (g) an independent director shall not be a director appointed as the agent of the directors of the Company, major shareholders, or shareholders related to a major shareholder;
- (h) an independent director shall not operate a business of the same nature with and in competition with the business of the Company or the subsidiaries and shall not be a significant partner in a partnership, or be an executive director, employee, staff and consultant who receives a regular salary, or hold shares exceeding one percent of the total shares with voting rights, of another company operating a business of the same nature with and in competition with the business of the Company or the subsidiaries.
- (i) an independent director shall not possess any other characteristics that prevent them from freely giving an opinion regarding the Company's operation.

### (3) Audit committee

The components and nomination, appointment, removal, or retirement of audit directors are specified in the charter of the audit committee approved by Board of Directors Meeting No. 2/2014, held on 10 March 2014.

- (a) The board of directors selects and appoints the Company's audit committee, which shall consist of at least three members. An audit director shall be an

independent director of the Company who possesses the qualifications required under the law governing securities and exchange and the notifications, regulations and/or rules of the SET.

- (b) At least one member of the audit committee shall possess knowledge and experience in verifying the accuracy of the financial statements, and such qualifications shall be set out in the certificate and biography of audit committee members to be submitted to the SET and in the filing forms, Form 56-1 and Form 56-2.
- (c) Upon expiration of the term of an audit committee member or if an audit committee member vacates the office before the term expires, causing the number of members to be lower than three, the board of directors will appoint replacement members within three months from the date on which the number of members becomes lower than three for continuity in the performance of the audit committee.
- (d) The Company's head of audit shall be the secretary of the audit committee.
- (e) The term of each member of the audit committee is three years.

#### (4) Executive committee

The components and nomination, appointment, removal, or retirement of executive directors are specified in the charter of the executive committee approved by Board of Directors Meeting No. 3/2014, held on 22 April 2014, which can be summarized as follows:

- (a) The executive committee consists of at least three members.
- (b) The board of directors will appoint one member as the chairman of the executive committee. If the board of directors deems it appropriate, they may appoint one or more members as vice chairman of the executive committee.

#### (5) Risk management committee

Board of Directors Meeting No. 3/2014, held on 22 April 2014, passed a resolution appointing a risk management committee, consisting of directors and/or executives who possess appropriate qualifications, in order to determine policies related to risk management covering the whole organization, ensure that the company implements risk management systems or processes to control risks and minimize impact on the Company's business. The main duties of the risk management committee include identification of risks related to the operation of the business of the Company, determination of preventive measures, and monitoring compliance with such measures. The purpose of the charter is to ensure that the risk management committee members understand their roles, duties, and responsibilities and use the charter as a guideline for their performance.

The risk management committee is appointed by the board of directors. The term of office is three years from the date of appointment. A retiring member of risk management committee is eligible for reappointment.

#### (6) Nomination and remuneration committee

Board of Directors Meeting No. 3/2014, held on 22 April 2014, passed a resolution appointing a nomination and remuneration committee consisting of directors and executives who possess appropriate qualifications, in order to determine policies related to nomination of persons to be directors and top-level executives, and screening of persons with appropriate qualifications and proposing the same to the board of directors or shareholders meeting for appointment. The nomination and remuneration committee also plays an important role in considering criteria in determining appropriate remuneration of directors and top-level executives that reflect the performance of directors and top-level executives, based on the goals specified.

The nomination and remuneration committee consists of no fewer than three directors and executives. The board of directors will appoint one member as the chairman of the nomination and remuneration committee. The term of the nomination and remuneration committee, appointed by the board of directors, is three years from the date of appointment. A retiring member of nomination and remuneration committee is eligible for reappointment.

## Governance of Operation of Subsidiaries and Associate Companies

The Company is a holding company with no significant business of its own. Therefore, in order for the Company to govern and be responsible for the operation of the subsidiaries as though they are a part of the Company and in order to maintain the interest of the Company's investment, Board of Directors Meeting No. 3/2014, held on 22 April 2014, passed a resolution approving the policy on control of and mechanism for governing the business in which the Company invests in order to determine the mechanism for governing subsidiaries and the measures for monitoring the operation of the subsidiaries to ensure compliance with the rules prescribed in Notification TorJor. 28/2551. Furthermore, the Extraordinary General Meeting of Shareholders No. 3/2014, held on 1 October 2014, passed a resolution approving the amendment of the Articles of Association of The Company and the subsidiaries to be in compliance with the rules prescribed in Notification TorJor. 28/2551.

The details of governing the operation of the subsidiaries and associate companies in accordance with the policy on control of and mechanism for governing the business in which the Company invests are as follows.

### 1 Exercise of voting rights by the Company's representative in the shareholders meetings of the subsidiaries and associate companies

The Company has determined the guidelines on exercise of voting rights by the Company's representative in the shareholders meetings of the subsidiaries with respect

to certification of minutes of ordinary and/or extraordinary general meetings of shareholders, certification of annual financial statements, election of directors and determination of remuneration, appointment of auditors and determination of remuneration, allocation of profit, approval of other matters, and consideration of other matters not specified in advance in the agenda in order to comply with the guidelines on good corporate governance and to maintain the best interests of the Company, the subsidiaries and other shareholders as a whole.

## 2 Structure of management of subsidiaries

The Company has determined the structure of management of subsidiaries in order to control the management and be responsible for the operation of the subsidiaries as though they are a part of the Company. The Company also implements measures for monitoring management of the subsidiaries in order to maintain the interest of the Company's investment, as follows.

### (1) Nomination of directors of subsidiaries

The Company will nominate persons approved by the board of directors meeting as directors of the subsidiaries in a number reflecting the shareholding proportion of the Company in the respective subsidiary. The nominated director shall have the required qualifications, role, duty, and responsibility, and shall not possess untrustworthy characteristics as prescribed in the notifications of the SEC concerning determination of untrustworthy characteristics of directors and executives of a company.

### (2) Determination of scope of duty and responsibility of directors and executives of subsidiaries

The directors appointed by the resolution of the board of directors meeting as a director of subsidiaries shall observe the scope of duty and responsibility specified in the Articles of Association of the subsidiaries specified by a resolution passed by the Extraordinary General Meeting of Shareholders of the Company No. 3/2014, held on 1 October 2014. The objective of the Articles of Association is to ensure that the boards of directors of the Company and the subsidiaries understand their roles, duties, and responsibilities toward the shareholders of the Company and the subsidiaries, and

that they will perform their duties efficiently and effectively with transparency. More importantly, the board of directors of the subsidiaries must perform their duties in accordance with the policy on control of and mechanism for governing the business in which the Company invests, and the policy of corporate governance specified by the Company.

The Company shall ensure that the subsidiaries have internal control system, risk management system, fraud prevention system which are appropriate, efficient and adequate, ensuring that the operations of the subsidiaries are in compliance with the Company's policy, the Articles of Association of the subsidiaries, Chapter 5: "the management for the compliance with the controlling policy and corporate governance mechanism of the company in which the Company invests", as well as, law and notifications regarding good corporate governance of listed companies, including relevant notifications, regulations and rules of the Capital Market Supervisory Board, the Office of the SEC and the SET. The Company shall also procure a clear arrangement to demonstrate that the subsidiaries have a sufficient system for disclosing significant transactions in accordance with prescribed rules with continuity and accountability, allowing directors and executives of the Company to have access to the information of the subsidiaries for the purpose of effectively monitoring operating results and financial conditions, related party transactions between the subsidiaries and directors and executives of subsidiaries and significant transactions of the subsidiaries. In addition, the Company shall have mechanism for auditing the said system of the subsidiaries by ensuring that the internal audit team and independent directors of the Company have direct access to such information and also the result of the system audit is reported to directors and executives of the Company, ensuring that the subsidiaries constantly comply with the system.

(3) Disclosure of data of directors and executives of the subsidiaries

- (a) A director and executive of a subsidiary must disclose and submit data on their interest and involvement in any transaction that can be expected to create a conflict of interest with the

Company and a subsidiary to the board of directors of the subsidiary or the person assigned by the board of directors of the subsidiary within the period specified by the subsidiary. The board of directors of the subsidiary has the duty to notify the board of directors of the Company of the matter within the period specified by the Company so that such data can be used to support any consideration or approval. The board of directors will consider the matter, taking into account the best interest of the subsidiary and the Company. The directors and executives of the subsidiary shall not be involved in the approval of any matter in which they have an interest or conflict of interest.

- (b) A director and executive of a subsidiary, including persons related to the director and executive, have the duty to notify the board of directors of the subsidiary of their relationship and transaction with the subsidiary in a manner that may cause a conflict of interest, and shall avoid making any transaction that may create a conflict of interest with such subsidiary. The board of directors of the subsidiary has the duty to notify the Company of such matter.

The following actions, which cause a director, executive, or person related to the director or executive to gain other financial interests apart from those normally receivable by them, or cause damage to the subsidiary shall be assumed as actions that materially conflict with the interest of the subsidiary:

- a transaction made between the subsidiary and a director, executive, or related person not in accordance with the rules concerning related party transactions;
- use of data of the Company and the subsidiary which such person has obtained, unless such data has been disclosed to the public; or
- use of property or a business opportunity of the Company and the subsidiaries in a manner that violates the rules or general practices prescribed by the Capital Market Supervisory Board.



(4) Disclosure of information of subsidiaries

- (a) It is the duty of a subsidiary to disclose accurate and complete information on its financial status and operating results, transactions made between the subsidiary and a connected person, acquisition or disposal of assets, or other important transactions of the subsidiary, and to apply the rules concerning disclosure and transactions of a nature similar to the rules of the Company.
- (b) A subsidiary must report its business operation plan, business expansion, investment in large projects, and joint investment with other business operators to the Company through a monthly performance report. The Company is entitled to invite the subsidiary to provide an explanation or submit supporting documents for consideration, and the subsidiary shall strictly comply with such request immediately. If the Company finds any significant issue, the company may request that the subsidiary provide an explanation and/or submit documents for consideration by the Company.

(5) Use of inside information of subsidiaries

No director, executive, staff, employee, or designated persons of the subsidiaries, including spouse or minor child of the aforementioned persons shall use the inside information of the Company and the subsidiaries, whether obtained in accordance with their duty or otherwise, in a manner that significantly affects or may affect the Company and/or the subsidiaries for their own or others' interest whether directly or indirectly, or whether any benefit is gained from such use.

(6) Transactions made by the directors, executives, or persons related to subsidiaries

The director, executive, or related person of a subsidiary may enter a transaction only when such transaction has been approved by the Company's board of directors or shareholders meeting, depending on the size of the transaction, calculated based on the rules prescribed in the related party transaction notification, unless such transaction is a commercial agreement of a nature which a reasonable person would enter with a general party under similar circumstances without any influence as a director, executive, or related person, as the case may be. The commercial terms of such transactions must be approved by the board of directors or in accordance with the criteria previously approved by the board of directors.

### 3 Financial control of subsidiaries

- (1) A subsidiary has the duty to submit monthly operating results and reviewed quarterly financial statements, as well as data supporting the preparation of such financial statements of the subsidiary and associate company to the Company, and agrees that the Company may use such data for preparation of financial statements or annual or quarterly reports of the Company's operating results, as the case may be.
- (2) A subsidiary has the duty to prepare estimates of operating results and a summary of comparison of operating results with the actual operation plan on a quarterly basis, monitor the operating results to ensure compliance with the plan, and notify the Company of the same.
- (3) A subsidiary has the duty to report significant financial issues to the Company upon discovery or request by the Company to investigate and report such issues.



WORLD CLASS  
**PRODUCT**

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WORLD CLASS  
**BRAND**



# Internal Control & Risk Management

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Carabao Group Public Company Limited has placed much importance on internal-control system on a continued basis to ensure that the internal control of the Company is satisfied for the business. The internal-control division has the duty to audit operations systems used by each unit of the Company and reports directly the Audit Committee. It aims to ensure that the operations of the Company are effective and efficient; that the Company's resources are used efficiently for maximum benefits; that the Company's assets are well protected and maintained; and that any risk of mistake is minimized and damages are prevented. The audits are also carried out to supervise the Company's operations, to ensure that financial statements are accurate, reliable, and prepared in a timely manner, as well as to ensure compliance with policies, rules, regulations and laws so as to prevent any damage from being done to the Company. In addition, the Board of Directors performs the internal control assessment of the Company every year based on the guidelines from the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) referring to COSO framework (The Committee of Sponsoring Organizations of the Tread Way Commission) which comprised of five components and 17 principles. There is no significant defect found to the Company's internal control.

## 1. Organization and Environment

The Company's organizational structure is properly designed to support the good internal control. Also, the Company's business goals and key performance indicators (KPIs) are clearly defined to ensure the efficiency to work and the alignment of the Company's target. The authority delegation manuals and the operation manuals for all functions are clearly defined and written. The Company's targets are communicated through all divisions and functions. Efforts also have been made to

encourage the environment for good operations so as to promote good attitudes, honesty and ethics among staff at all levels in the Company. In addition, the Company has continued to reinforce the good corporate governance principles to all executives and employees to ensure the work transparency and the fairness to all stakeholders.

## 2. Risk Management

The Company has continue to place much importance on the risk management which may affect its business and prevent from achieving its goals. The Board of Directors had the resolution to setup the Risk Management Committee comprising of the managements from various functions responsible for defining, measuring and monitoring the risks regularly and report to the Board of Directors. The risk management detail is described in the "Risk Factors" topic.

## 3. Control Measures

The Company has adequate and proper control measures. It has formulated policies and guidelines in a way that clearly prescribes the scope of duties, authority and rights to approve and delegation of duties. Control measures also include manuals that offer work guideline at every stage, as well as audits of financial statements and reports on the Company's nonfinancial operating results to ensure compliance with rules and regulations. All the accounting transactions are recorded accurately and completely. The accounting information and documents are retained systematically and legally. Each function especially the key function has the checks and balances systems to ensure the accuracy such as the financial transactions, sales, procurement, assets etc. The information systems are also implemented to improve the work efficiency.

#### 4. Information System and Communications

The Company recognizes the important of the information systems and communications, therefore the information systems are continuously improved to ensure the accuracy, up to date and effectiveness. The systems have stored information and kept documents in an efficient manner to ensure the data accuracy and adequacy for the management and stakeholders to utilize it. In addition, the Company's Investor Relations Unit is in place to coordinate with investors ensuring that they can get information on the Company's operations and investments promptly and conveniently through highly accessible channels such as Company's website, e-mail, call center, etc. The whistle-blowing or complaints from outside also are reported via these channels.

#### 5. Monitoring System

The Company has monitored and evaluated its internal control system on a continued basis. Assigned by the Board of Directors, the Audit Committee is responsible for monitoring and assessing the Company's internal control system driven by the internal audit department based on the annual internal-audit plans approved by the Audit Committee to ensure that flaw detected has been properly notified and improved instantly and reported to the Audit Committee and executives quarterly and annually. In addition, the Audit Committee has invited the Company's auditor to its meeting to review and acknowledge the results of financial-statement audits and internal-control issues which no significant issues found.

# Related Party Transactions

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## 1. Person Who May Have Conflict of Interest

### 1.1 Mongol Co., Ltd.

#### Nature of Business

Engaging in the businesses of manufacturing and selling audio tapes, CDs and VCDs, and composing music

#### Nature of Relationship with the Company

- One joint director, Mr. Yuenyong Opakul
- Two joint shareholders, Mr. Yuenyong Opakul and

Mrs. Linjong Opakul who hold 50% and 20% of shares, respectively, in Mongol Co., Ltd.

Engaging in the business of (1) producing and selling beer; and (2) selling food and beverages

#### Nature of Relationship with the Company

- One joint director is Miss Nutchamai Thanombooncharoen
- Two joint shareholders, i.e. Mr. Sathien Setthasit and Miss Nutchamai Thanombooncharoen who hold 40% and 20% of shares, respectively, in Tawandang German Brewery 1999 Co., Ltd.

### 1.2 Tawandang Brewery Co., Ltd.

#### Nature of Business

Engaging in the business of (1) producing and selling beer; and (2) selling food and beverages

#### Nature of Relationship with the Company

- One joint director is Miss Nutchamai Thanombooncharoen
- Two joint shareholders, i.e. Mr. Sathien Setthasit and Miss Nutchamai Thanombooncharoen who hold 30% and 2% of shares, respectively, in Tawandang Brewery Co., Ltd.

### 1.5 C.J. Express Group Co., Ltd.

#### Nature of Business

Engaging in the business of wholesale stores and convenience stores

#### Nature of Relationship with the Company

- One joint director is Mr. Sathien Setthasit
- Four joint shareholders, i.e. Mr. Sathien Setthasit, Miss Nutchamai Thanombooncharoen, Mr. Yuenyong Opakul and Mrs. Wongdao Thanombooncharoen who hold 38%, 21%, 13% and 13% of shares, respectively, in C.J. Express Group Co., Ltd.

### 1.3 Tawandang German Brewery Co., Ltd.

#### Nature of Business

Engaging in the business of (1) producing and selling beer; and (2) selling food and beverages

#### Nature of Relationship with the Company

- One joint director is Miss Nutchamai Thanombooncharoen
- Two joint shareholders, i.e. Mr. Sathien Setthasit and Miss Nutchamai Thanombooncharoen who hold 40% and 40% of shares, respectively, in Tawandang German Brewery Co., Ltd.

### 1.6 Sahamitr Products Co., Ltd.

#### Nature of Business

Trading

#### Nature of Relationship with the Company

Two directors of the company related to the company such as Miss Nutchanok Vongswat (Miss Nutchamai Thanombooncharoen's Daughter) and Miss Phoogkwan Smuthkochorn (Mr. Kamoldist Smuthkochorn's Daughter) who hold 50% and 50% of shares, respectively, in Sahamitr Products Co., Ltd.

### 1.4 Tawandang German Brewery 1999 Co., Ltd.

#### Nature of Business

### 1.7 Coco Foods Co., Ltd.

#### Nature of Business

Trading

### Nature of Relationship with the Company

Two directors of the company related to the company such as Miss Kwansuda Treethammakul (Mr. Romtham's wife) and Miss Kornthong Wilai (Mr. Sathien Setthasit's Daughter in laws) who hold 50% and 50% of shares, respectively, in Coco Foods Co., Ltd.

### 1.8 Sahamitr Sugar Co., Ltd.

#### Nature of Business

Engaging in the business of wholesale alcoholic beverage business and import alcoholic beverages.

#### Nature of Relationship with the Company

- One joint director, Ms. Nutchamai Thanombooncharoen
- Two joint shareholders, i.e. Miss Nutchamai

Thanombooncharoen and Miss Nutchanok Vongswat who hold 7% and 7% of shares, respectively, in Sahamitr Sugar Co., Ltd.

### 1.9 Tawandang 1999 Co., Ltd.

#### Nature of Business

Engaging in the business of producing and selling alcoholic beverages.

#### Nature of Relationship with the Company

- One joint director, Mr. Romtham Setthasit
- One joint shareholders, i.e. Mr. Sathien Setthasit who holds 74% in Tawandang 1999 Co., Ltd.

## 2 Related Party Transactions

Below is a summary of the related party transactions between the Group and persons who may have conflicts of interest during the fiscal year ended 31 December 2016 and 2017.

### 2.1 Mongol Co., Ltd.

Nature of Transaction	Transaction Value (Baht)	
	Fiscal Year Ended 31 December 2016	Fiscal Year Ended 31 December 2017
<ul style="list-style-type: none"><li>• <b>Advertising expense</b></li></ul> <p>CBD entered into an agreement with Mongol Co., Ltd. to engage Mr. Yuenyong Opakul to be a presenter of Carabao Dang energy drink.</p>	10,000,000	10,000,000

#### Necessity and Reasonableness

- On 1 January 2014, CBD entered an agreement with Mongol Co., Ltd. to engage Mr. Yuenyong Opakul to be a presenter of Carabao Dang energy drink (the same conditions as the agreement which the Company previously made with Mongol Co., Ltd.).
- On 1 July 2014, CBD amended the conditions of the agreement and entered a long-term agreement with Mongol Co., Ltd. Below is a summary of its conditions.  
CBD engages Mongol Co., Ltd. to hire Mr. Yuenyong

Opakul to be a presenter of Carabao Dang energy drink as well as other beverages and products of CBD. The term of the agreement is five years, from 1 January 2014 to 31 December 2018. The remuneration is Baht 10.0 million per annum, whereby the payment will be made on 31 December of every year.

Such agreement will be automatically renewed for another five years, from 1 January 2019 to 31 December 2023, with remuneration of Baht 12.0 million per annum. CBD has the right adjust the remuneration

as suitable and consistent with the market price, as well as to terminate the agreement if the image of Mr. Yuenyong Opakul fails to meet the intent of the agreement.

## 2.2 Tawandang Brewery Co., Ltd.

### Audit Committee's Opinion

This transaction supported the Company's normal business operation. The engagement was on an arm's-length basis.

Nature of Transaction	Transaction Value (Baht)	
	Fiscal Year Ended 31 December 2016	Fiscal Year Ended 31 December 2017
<ul style="list-style-type: none"> <li><b>Income from sale of products</b> DCM supplied products to Tawandang Brewery Co., Ltd. for sale in its restaurant.</li> </ul>	-	172,479
<ul style="list-style-type: none"> <li><b>Trade accounts receivable</b></li> </ul>	-	36,864
<ul style="list-style-type: none"> <li><b>Other expenses</b> CBD paid the prices of food and beverages and gift cards to Tawandang Brewery Co., Ltd.</li> </ul>	699,851	355,723
<ul style="list-style-type: none"> <li><b>Other payable</b> Tawandang Brewery Co., Ltd. was CBD's other payable on account of the prices of food and beverages and gift cards.</li> </ul>	238,025	99,170

### Necessity and Reasonableness

- DCM supplied products to Tawandang Brewery Co., Ltd. for sale in its restaurant in Thailand, based on the market price and commercial term.
- CBD entertained its business partners, organized sales promotion events, and organized activities for employees of the Group at Tawandang Brewhouse, with a discount of 20% for food and beverages, with prices and commercial terms as normally offered to other special customers.

- CBD purchased food and beverage gift cards from Tawandang Brewhouse as New Year presents for its business partners, with prices and commercial terms as normally offered to other special customers.

### Audit Committee's Opinion

These transactions were done on an arm's-length basis. A 20% discount was normally offered to other special customers of Tawandang Brewery Co., Ltd.

## 2.3 Tawandang German Brewery Co., Ltd.

Nature of Transaction	Transaction Value (Baht)	
	Fiscal Year Ended 31 December 2016	Fiscal Year Ended 31 December 2017
<ul style="list-style-type: none"> <li><b>Income from sale of products</b> DCM supplied products to Tawandang German Brewery Co., Ltd. for sale in its restaurant.</li> </ul>	-	203,643
<ul style="list-style-type: none"> <li><b>Trade accounts receivable</b></li> </ul>	-	64,143
<ul style="list-style-type: none"> <li><b>Other expenses</b> CBD paid the cost of its employees' New Year party, organizing sales promotion events, and entertaining its business partners, to Tawandang German Brewery Co., Ltd.</li> </ul>	4,453,226	3,858,116
<ul style="list-style-type: none"> <li><b>Other payable</b> Tawandang German Brewery Co., Ltd. was CBD's other payable on account of the cost of CBD's New Year party, organizing sales promotion events, and entertaining its business partners.</li> </ul>	800,000	39,025

### Necessity and Reasonableness

- DCM supplied products to Tawandang German Brewery Co., Ltd. for sale in its restaurant in Thailand, based on the market price and commercial term.
- CBD organized its employees' and executives' New Year party, organized sales promotion events, and entertained its business partners, at Tawandang German Brewhouse, with a discount of 20% on food and beverages with prices and commercial terms as normally offered to other special customers.

### Audit Committee's Opinion

These transactions were done on an arm's-length basis. A 20% discount was normally offered to other special customers of Tawandang German Brewery Co., Ltd.

## 2.4 Tawandang German Brewery 1999 Co., Ltd.

Nature of Transaction	Transaction Value (Baht)	
	Fiscal Year Ended 31 December 2016	Fiscal Year Ended 31 December 2017
<ul style="list-style-type: none"> <li><b>Income from sale of products</b> DCM supplied products to Tawandang German Brewery 1999 Co., Ltd. for sale in its restaurant.</li> </ul>	-	154,408
<ul style="list-style-type: none"> <li><b>Trade accounts receivable</b></li> </ul>	-	56,971
<ul style="list-style-type: none"> <li><b>Other expenses</b> CBD paid for a meal to Tawandang German Brewery 1999 Co. Ltd. in entertaining its business partners</li> </ul>	143,001	85,756
<ul style="list-style-type: none"> <li><b>Other payable</b> Tawandang German Brewery 1999 Co., Ltd. was CBD's other payable on account of the cost of CBD's entertaining its business partners</li> </ul>	38,928	-

### Necessity and Reasonableness

- DCM supplied products to Tawandang German Brewery 1999 Co., Ltd. for sale in its restaurant in Thailand, based on the market price and commercial term.
- CBD organized its business partners, at Tawandang German Brewhouse 1999, with a discount of 20% on food and beverages with prices and commercial terms as normally offered to other special customers.

### Audit Committee's Opinion

This transaction was done on an arm's-length basis. A 20% discount was normally offered to a special customers of Tawandang German Brewery (1999) Co., Ltd.



## 2.5 C.J. Express Group Co., Ltd

Nature of Transaction	Transaction Value (Baht)	
	Fiscal Year Ended 31 December 2016	Fiscal Year Ended 31 December 2017
<ul style="list-style-type: none"> <li><b>Income from sale of products</b> DCM supplied products to C.J. Express Group Co., Ltd. for sale in its convenience stores.</li> </ul>	73,648,478	78,879,473
<ul style="list-style-type: none"> <li><b>Trade accounts receivable</b></li> </ul>	13,594,959	12,316,995
<ul style="list-style-type: none"> <li><b>Sales promotion expenses</b> DCM paid sales promotion expenses to C.J. Express Group Co., Ltd.</li> </ul>	3,525,727	3,595,091
<ul style="list-style-type: none"> <li><b>Other payable</b> C.J. Express Group Co., Ltd. was DCM's other payable on account of DCM's sales promotion expense.</li> </ul>	828,205	500,162
<ul style="list-style-type: none"> <li><b>Office rent and service</b> CBD leased office space on the 4th to 6th floor of the 393 Silom Building and 2th to 4th floor of 4th floor Building including the right to use the car park to C.J. Express Group Co., Ltd. to use as its office.</li> </ul>	10,827,049	12,985,863
<ul style="list-style-type: none"> <li><b>Other receivable</b> C.J. Express Group Co., Ltd. was CBD's other receivable on account of CBD's office rental and service.</li> </ul>	187,233	194,117
<ul style="list-style-type: none"> <li><b>Other payable</b> C.J. Express Group Co., Ltd. was CBD's other payable on account of CBD's office rental deposit.</li> </ul>	1,528,348	2,664,778
<ul style="list-style-type: none"> <li><b>Other expenses</b> CBD paid office supplies expenses to C.J. Express Group Co., Ltd.</li> </ul>	124,228	179,941

### Necessity and Reasonableness

- DCM supplied product to C.J. Express Group Co., Ltd. for sale in its convenience stores in Thailand, based on the market price and commercial term.
- DCM paid sales promotion expenses to C.J. Express Group Co., Ltd. for organizing a sales promotion campaign and preparing public relations leaflets, based on the market price and commercial term.
- C.J. Express Group Co., Ltd. leased office space on 4th to 6th floor of the 393 Silom Building and 2th to 4th floor of the 4th Building with a total space of 3,516.6 square meters in the building owned by CBD to be used

as its office including the right to use the car park at the rental rate with service fee included of Baht 350-495 per square meter whereby such rental rate and conditions are based on the same rates and conditions as offered on the market. Rental and service fee of the other buildings in the nearby area are between Baht 350-500 per square meter.

### Audit Committee's Opinion

These transactions were done on an arm's-length basis of normal business transaction of DCM. The leased office space was also done an arm's-length basis with fair market price

## 2.6 Sahamitr Products Co., Ltd.

Nature of Transaction	Transaction Value (Baht)	
	Fiscal Year Ended 31 December 2016	Fiscal Year Ended 31 December 2017
<ul style="list-style-type: none"><li>• <b>Purchase of products</b> DCM is a distributor of Sahamitr Products Co., Ltd.</li></ul>	90,745,944	180,138,354
<ul style="list-style-type: none"><li>• <b>Accounts payable</b> Sahamitr Product Co., Ltd. is a trade payable of DCM regarding the purchasing of goods.</li></ul>	12,032,356	14,977,201
<ul style="list-style-type: none"><li>• <b>Other receivable</b> Sahamitr products Co., Ltd. is an other receivable of DCM regarding the amount due from sales promotion expenses.</li></ul>	-	366,677
<ul style="list-style-type: none"><li>• <b>Other income</b> CBG reimbursed an expense relating to training and seminar from Sahamitr products Co., Ltd.</li></ul>	-	17,000

### Necessity and Reasonableness

- DCM as a distributor of Sahamitr Products Co., Ltd., distributes their products through multiple channels, based on the market price and commercial term.
- CBG reimburse expense relating to the training and seminar based on actual price.

### Audit Committee's Opinion

These transactions were done on an arm's-length basis of normal business transaction of DCM.

## 2.7 Coco Foods Co., Ltd.

Nature of Transaction	Transaction Value (Baht)	
	Fiscal Year Ended 31 December 2016	Fiscal Year Ended 31 December 2017
<ul style="list-style-type: none"> <li><b>Purchase of products</b> DCM is a distributor of Coco Foods Co., Ltd.</li> </ul>	24,053,802	45,653,709
<ul style="list-style-type: none"> <li><b>Accounts payable</b> Coco Foods Co., Ltd. is a trade payable of DCM regarding the purchasing of goods.</li> </ul>	512,935	1,375,190
<ul style="list-style-type: none"> <li><b>Other receivable</b> Coco Foods Co., Ltd. is an other receivable of DCM regarding the amount due from sales promotion expenses.</li> </ul>	-	167,054

### Necessity and Reasonableness

• DCM as a distributor of Coco Foods Co., Ltd., distributes their products through multiple channels, based on the market price and commercial term.

### Audit Committee's Opinion

These transactions were done on an arm's-length basis of normal business transaction of DCM.

## 2.8 Sahamitr Sugar Co., Ltd.

Nature of Transaction	Transaction Value (Baht)	
	Fiscal Year Ended 31 December 2016	Fiscal Year Ended 31 December 2017
<ul style="list-style-type: none"> <li><b>Purchase of products</b> DCM is a distributor of Sahamitr Sugar Co., Ltd.</li> </ul>	-	301,078,381
<ul style="list-style-type: none"> <li><b>Accounts payable</b> Sahamitr Sugar Co., Ltd. is a trade payable of DCM regarding the purchasing of goods.</li> </ul>	-	409,232
<ul style="list-style-type: none"> <li><b>Other receivable</b> Sahamitr Sugar Co., Ltd. is an other receivable of DCM regarding the amount due from sales promotion expenses.</li> </ul>	-	2,682,953

#### Necessity and Reasonableness

- DCM as a distributor of Sahamitr Sugar Co., Ltd., distributes their products through multiple channels, based on the market price and commercial term.

#### Audit Committee's Opinion

These transactions were done on an arm's-length basis of normal business transaction of DCM.

### 2.9 Tawandang 1999 Co., Ltd.

Nature of Transaction	Transaction Value (Baht)	
	Fiscal Year Ended 31 December 2016	Fiscal Year Ended 31 December 2017
<ul style="list-style-type: none"><li>• <b>Office rent and service</b> CBD leased office space on the 1th floor of the Siri Building including the right to use the car park to Tawandang 1999 Co., Ltd. to use as its office.</li></ul>	-	659,760
<ul style="list-style-type: none"><li>• <b>Other receivable</b> Tawandang 1999 Co., Ltd. was CBD's other receivable on account of CBD's office rental and service and other receivable on account of DCM's from sales of recycled bottle.</li></ul>	-	1,308,171
<ul style="list-style-type: none"><li>• <b>Other payable</b> Tawandang 1999 Co., Ltd. was CBD's other payable on account of CBD's office rental deposit.</li></ul>	-	92,400

#### Necessity and Reasonableness

- Tawandang 1999 Co., Ltd. leased office space on 1<sup>th</sup> floor of the Siri Building with a total space of 132 square meters in the building owned by CBD to be used as its office including the right to use the car park at the rental rate with service fee included of Baht 350 per square meter whereby such rental rate and conditions are based on the same rates and conditions as offered on the market. Rental and service fee of the other buildings in the nearby area are between Baht 350-500 per square meter.

- DCM sells recycled bottle to Tawandang 1999 Co., Ltd. with margin of the 3%

#### Audit Committee's Opinion

These transactions were done on an arm's-length basis of normal business transaction of DCM.

The leased office space was also done an arm's-length basis with fair market price.

### 3. Guarantees and Mortgages

-None-

### 4. Necessity and Reasonableness of the Related Party Transactions

Audit Committee Meeting No. 1/2017, held on 22 February 2017 and No. 1/2018, held on 21 February 2018 considered the Company's related party transactions for the fiscal year ended 31 December 2016 and 2017 as well as information obtained from the Company's management, reviewed the information in the notes to financial statements audited by the Company's auditor, and was of the view that these related party transactions for the fiscal year ended 31 December 2016 and 2017 were for the Company's normal course of business operations and on an arm's-length basis.

### 5. Related Party Transaction Approval Measures or Process

Board of Directors Meeting No. 4/2014, held on 29 May 2014, has considered and approved the related party transaction approval policy and process in order to ensure that related party transactions between the Group and persons or juristic persons who may have conflict of interest are transparent and in the interest of the Company. Below is a summary of such policy and process.

The Group's related or connected transactions must be in accordance with the rules under the Securities and Exchange Act, Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 re: Rules on Connected Transactions, and Notification of the Board of Governors of the Exchange re: Disclosure of Information and other Acts of a Listed Company Concerning Connected Transactions, including the relevant rules of the Office of the SEC and/or the SET. These transactions are also subject to compulsory disclosure in the notes to financial statements audited

by the Company's auditor and the annual registration statement (form 56-1).

If the law provides that the Company must obtain approval from its board meeting or shareholders meeting before entering a related party transaction, the Company must cause its Audit Committee to audit and give an opinion on such transaction. The Audit Committee's opinion will be submitted to the Company's board meeting or shareholders meeting, as the case may be, in order to ensure that the proposed transaction is in the best interest of the Company.

If there are related party transactions between the Group and persons who may have interest or conflict of interest, either for the time being or in the future, the Audit Committee will provide an opinion on the necessity of these transactions and the reasonableness of their prices, based on various conditions according to the nature of normal business operation in the industry and a comparison with third-party or market prices. If the Audit Committee has no expertise on any related party transaction that may take place, the Company may ask an independent specialist or the Company's auditor to provide an opinion on such related party transaction to support decision-making by the Board of Directors, the Audit Committee, or shareholders, as the case may be. Directors who have an interest in such transactions may not vote thereon. Related party transactions must also be disclosed in the notes to financial statements audited or reviewed by the Company's auditor.

In principle, management may approve these transactions if they are on an arm's-length basis and free of their influence in their capacity as directors, executives or related persons, provided that the Company must prepare a summary report on these transactions and make a report to the next board meeting.

## 6. Policy on or Likelihood of Future Related Party Transactions

After the public offering of shares in the Company, connected transactions or transactions between the Group and persons who may have interest or conflict of interest, either for the time being or in the future, must be in accordance with the applicable rules of the SET or the SEC.

If the Company wishes to enter any connected or related party transactions between the Group and persons who may have interest or conflict of interest either for the time being or in the future, the Company must strictly adhere to the foregoing policy and process. The Audit Committee will provide guidelines for the consideration of these transactions, based on their necessity for the Company's operation, the prices of comparable transactions made with third parties (if any), and the significance of the transaction sizes.

If the Company will enter a related party transaction, the Company will cause its Audit Committee to provide an opinion on the reasonableness of such transaction. If the Audit Committee has no expertise on the transaction, the Company will seek an opinion from a knowledgeable person or specialist, such as an independent auditor or valuer. The opinion of the Audit Committee or such knowledgeable person or specialist will be used to support decision-making by the Board of Directors or shareholders, as the case may be, so as to ensure that such transaction is not a manipulation or transfer of benefits by the Company or its shareholders, but is in the best interest of all shareholders.

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# Sustainable Development Report

## The Carabao Group

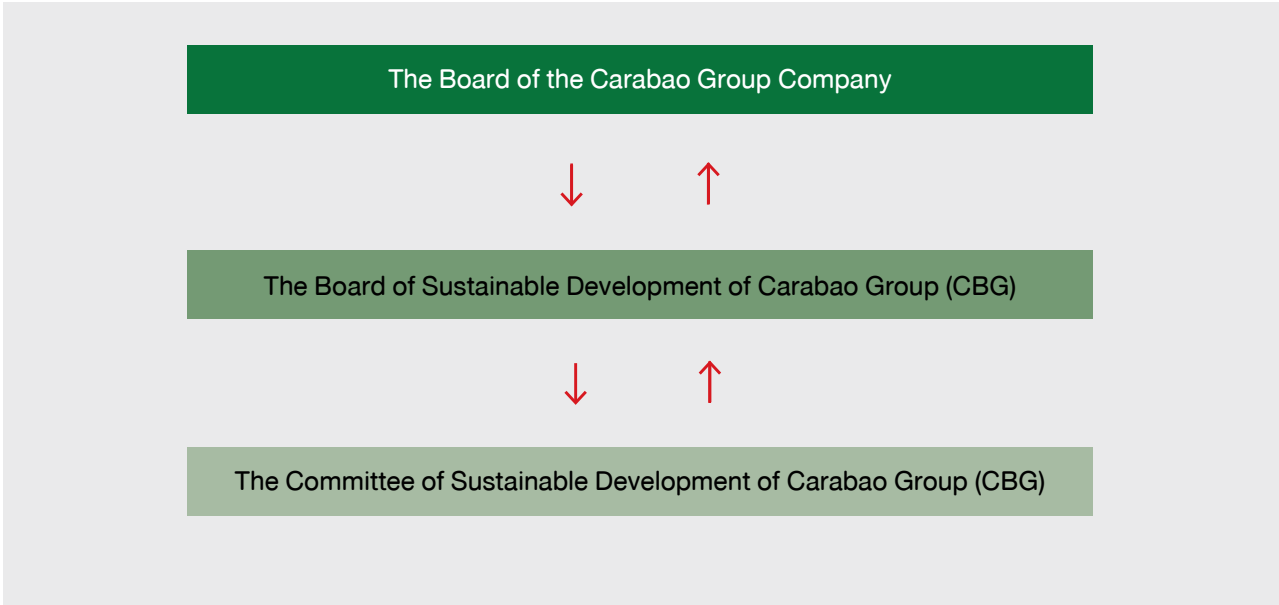
The Carabao Group conducts business with the aim of delivering value back to society as well as implementing social projects to convey and build the foundation of good life values to the sustainable public development.

## Sustainability Policy

The Company is committed to operating under its vision, mission, commitments, strategies and policies for its growth, prosperity, and sustainability. Taking into account the impact on all stakeholders and social and environmental responsibility.

## Sustainable Management Structure

The Board of Carabao's Group Company authorized The Board of Sustainable Development to represent the executive branch of the company and to play a role in shaping sustainable development strategies and policies. As well as to evaluate the essence scope and report on sustainable development as the objective of The Committee of Sustainable Development of Carabao Group (CBG) is set up to study and projects to be implemented under the company's Sustainability Strategy.

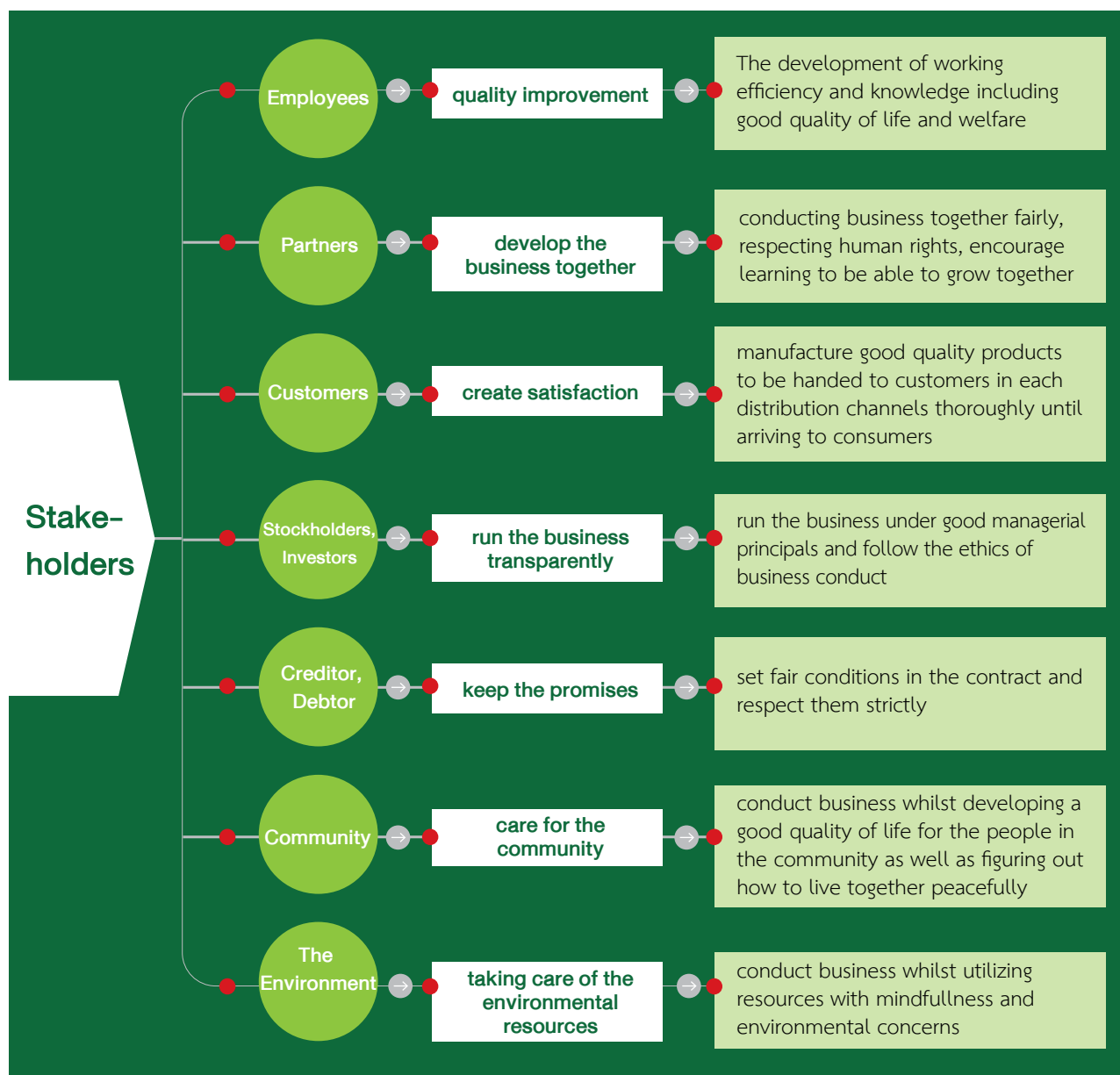


## Stakeholders of the Company

Stakeholders	Issues that interested or anticipated
1. Employees	Career opportunities and welfare
2. Supplier	Fair business
3. Customer	Great quality products at affordable prices
4. Shareholders/Investors	Business Performance, Growth and Transparency
5. Debtor	Reliable
6. Community	Community Development to grow with the business.
7. Environment	Solving problems that may arise from the operation of the company.



## Responding to Stakeholders



# The Management and Development of Human Resources for Sustainability

To enhance the competitiveness of the company, to prepare for a change in the future among business opportunities, and to move forward to become a leading company as the energy beverage business in Thailand and CLMV countries including Cambodia, Lao PDR, Myanmar, and Vietnam. The Company pays excellent attention to the development of personnel at all levels to fully utilize the corporate values as it says “Enlightened, Real Actions, Accurately, and Precisely”. We also recruit talented people with a wide range of skills to keep up with the technology and management used by the company.

## 2017's performance

Corporate Reform Triangle Program (Cascade Goal, KPI into action and to link individual appraisal systems): Chief Executive Officer (CEO) and Managing Director works together as an Executive Chairman to show vision and strategic goals to focus on business growth. Along with the development of modern organizations using information management by striving and implementing the Corporate Reform Triangle Program as a way to develop managerial competencies in target planning. The Board Directors of Carabao Group Company and all employees work together as a team to convert targets into an operational plan, implementing, structure, and human resources to accomplish and promote the achievement of goals. This process enables and enhances the company to build the culture of linking, integrated management, and management at the same time. As well as knowledge exchange, understanding, and to be able to pitch new ideas for further business development. According to 2017 Annual Report, it was found that 100% of employees had experience in a project that requires communication and action to staff. 80% of the planned project has been implemented and had a successful completion of the time cycle which results from learning from the project implementation to develop strategy for 2018 Annual Report; to review the Vision, Mission, and Core Values to link up with the Core Competency of the employees in the previous year of 2017.

## HR Transformation

- To define HR Strategy and Principal Organization Structure including team building
- To distinctly establish guidelines for the selection of employees according to the group of qualifications and expectations of each work group
- To define the criteria for evaluation and performance measurement for critical job role roles that are aligned with the company's overall strategic goals
- To raise awareness about safety in work. The company provides safety training for all levels of work in all distribution centers throughout the country (The Chief Supervisor of the Administration and Advanced Technical).100% of the employees have completed the training in driving values and fire emergency & evacuation training.





- Human Resources Development: The Company develops the skills of the employees according to the characteristics of the group including knowledge management in accordance with the learning plan so that employees have the knowledge and ability to perform their responsibilities effectively. As well as enhancing the technology capabilities such as Workshops. Workshops are being held to improve the work of the financial assistant to support the distribution center and staff nursing staff to teach a newcomer team called “Saobao Dang” Team which had just started to operate in 90 days.



In the year 2017, the number of employees in “Nong Saobao Dang” team has passed the examination, and 97 employees were promoted on this occasion. Accordingly, from the idea of creating a learning organization, the company has provided an academic exchange continuously which those practices are focused on the use of internal personnel as the leading lecturer to enhance

In the past year, the company created 15 courses as a classroom-based and these programs are well-received by the staff. There is also a regular exchange of workplace information such as when problems arise the employees will analyze the causes of the problem.



English Training: Listening, Speaking, and Interactive Writing



Course: Accounting and Digital Product Management Training



Course: Negotiation and MC Training



Course: Teamwork Training

- Develop HR system into Digital HR by using E-Leave E-Slip and E-Profile system for employees. (100% Real Usage)

### The Success Factors of Human Resource Departments

Office/Department	Training Courses (As Plan)	Training Courses (Actual No.)	% Courses Trained compared to Plan	Numbers of Employees Trained	Number of Hours Employees had Trained
Headquarters: Silom	182	180	99	4,358	15,796
Factory: Bang Bo	24	55	229	2,820	14,533
Factory: APG	60	57	95	750	5,064
Total	266	292	110	7,336	28,948



## Project: “Bao Dang Drive Safety with Care”

As the Stock Exchange of Thailand (SET) began to communicate and support the development of sustainable business projects for listed companies since 2013. The Company is aware of the development of stakeholders in all aspects because this is the key to sustainable business development which is the “employees.” Which is why “ Bao Dang Drive Safe with Care “ is created to reduce the accident to employees. In the business of the subsidiary that is a service distributor (DCM), the company cannot deny that we require different types of vehicles in transporting goods. Therefore, the company takes into account the safety of the employees including the third-party car users sharing the road.



Since the company is known as the subsidiaries Operate Distribution Business (DCM), it is no doubt that we need vehicles and roads to transport the goods. Including endless travels of employees. The company is aware of the safety of life and property of all employees, nearby communities and associates. The project “Bao Dang Drive Safe with Care” is created to reduce the accident for the community. The project has started on April 4th, 2016 by Khun. Nutchamai Thanomcharoen (Miss Nutchamai Thanombooncharoen ) Managing Director of Carabao Group Company as a Representative of the Board of Director. Khun. Nutchamai Thanomcharoen

also, launch and promote the project at both head office and distribution centers including activities to stimulate interest, such as the Slogan Contest which invited employees to share the mottos about safe driving. As the winning slogan of the year 2016 goes to “Family’s are behind, Drive Safe, Live Happily, Safety for those Around Us”.

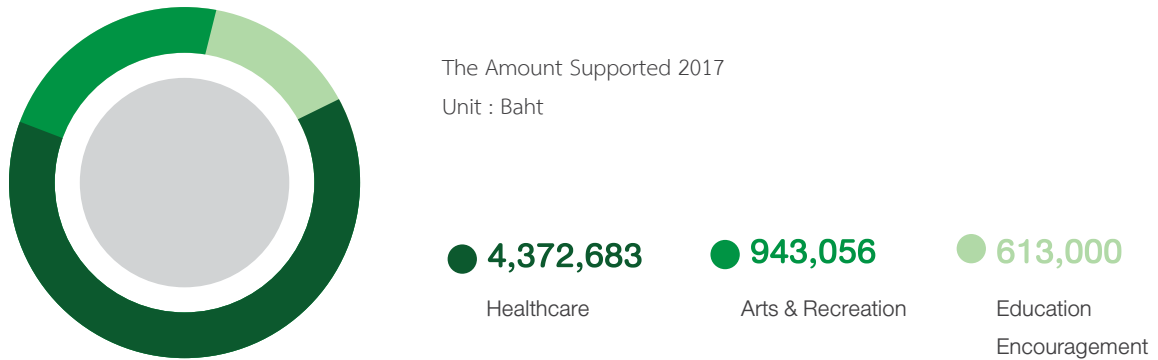
Project Procedures/Process:

1. To organize training courses for safe driving, to build a safe driving awareness for all employees. To train staff continuously for both existing employees and new employees to prevent accidents.
2. To test all employees on their driving skills to ensure that the company has employees who maintain a good driving skills which will least likely to cause accident.
3. To establish criteria and standards in vehicles maintenance in a working condition.
4. To provide a good system to monitor employee in use of vehicles including the NOSTRA system. The Carabao Group Company has invested more than 2 million baht in the system infrastructure to be able to keep data of stores located nationwide. Also, the system act as a vehicle speed sensor and detect the speed of the vehicles when the driver exceeds the speed limit, the alarm will be sent to the central area.

Furthermore, the company also add additional accident prevention devices such as parking sensor, rear view camera, camcorder, a training course for safe driving, and data collections of an over-speed and to follow up reports regularly.



In addition to the projects as mentioned earlier, the company provides financial support to schools, hospitals, foundations, and associations for the following major purposes:



The Company has always given their attention to social and community benefits since 2002, starting with a project named “My Tambon” which means my district. The project invited elementary students to write an essay. The goal is to promote and encourages Thai children to learn about nature conservation and their local environment.

In 2014, the company recognized the importance of youth by giving opportunities to young students to show the musical talent through ‘Carabao’ in your way and to take advantage of leisure time with the development of artistic skills. This project is called “BAO YOUNGBLOOD.”

## Project: “My Tambon”

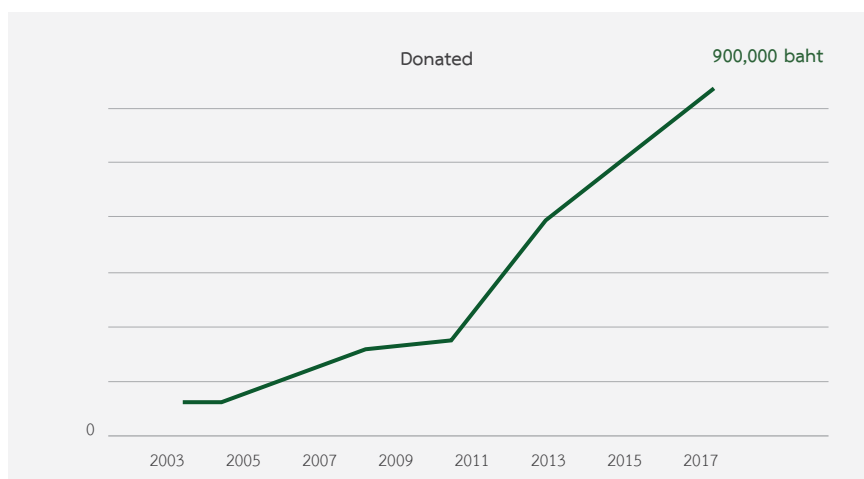
The “My Tambon” project started in 2004 to raise awareness, encourage and support Thai children to learn the nature and environment in their local environment by giving elementary school students the opportunity to write an essay to Lhung’ Add Carabao or as we known as Mr. Yuenyong Opakul, the main singer/songwriter and the leader of Carabao.



By the end of 2016, the topic has changed to “The good of My Tambon” by storytelling of the edible products of the district or to create value in their own district. This aim to promote the conservation of the local culture and use of Thai language through writing correctly. This also helps to create value for life and strengthen the harmony within the district. More importantly, this project will inspire Thai children to preserve nature and the environment of their own.

Furthermore, the panel of judges will select the most engaging essay monthly, and the students will receive a 5,000 Baht education scholarship with a certificate. In addition, the district where the students are living will receive a grant of 10,000 baht for the conservation of nature and environment. The essay will also distribute through the media, radio and television programs where the students must submit a 2 minutes article long for broadcasting on TV every week to show the accomplishment.

In 2017, the company donated 900,000 baht, divided into 300,000 baht for educational scholarship and 600,000 baht for local development supports.



Additional Project Info: <https://www.facebook.com/baodangkids/or> <http://www.carabao.co.th/baodangkids/>



## Project: Music of life

Carabao Foundation and Carabao Group creating the “Music Creates Life Values” project to create social activities continuously. In 2014, the company collaborated with television stations as known as Workpoint Entertainment in a TV program called “Bao Young Blood, Music Creates Life Values”

which was launched in the year 2017. This is the 4th season of the program for youth - student to showcase the musical talent through Carabao in your own way. This is in line with the objectives of the project, which will allow students to spend their free time developing their musical skills and using their time wisely.



The duration of the application for students across the country will be from 15 August - 25 September 2017 at [www.carabao.co.th](http://www.carabao.co.th). The selected band will have the opportunity to perform at the Audition stage in front of the judges from 5 Audition stages across the country including the Northern Area, Central Area, Northeast Area, Southern Area and Bangkok. To select the best 80 bands for broadcasting into Semi-Final round where only 16 bands will be chosen. The 16 bands left will have the opportunity to join the music workshop with 8 Carabao band members (including Mr. Add Carabao, Lek Carabao, Terry Carabao, Aod Carabao, Duke Carabao, Mhee Carabao, Koh Carabao, & Auon Carabao where these professional musicians will be sharing the experience and knowledge in the music industry for student musicians before the contest. Later, 4 bands will be selected from 16 bands for the Final round and the winning band will be selected and will receive an education scholarship for 1,000,000 baht and a plaque of honor from Carabao Foundation. Together with the opportunity to show their talent on charity concert called “Create Life with Carabao Band.” Accordingly, revenues receiving from all charity concerts will be donated to senior artists who are experiencing problems.





## Project: Carabao – Chelsea Coach The Coaches

Carabao PLC. signed a contract with the Football Association of England with the sponsorship of the “EFL Cup” under the name “Carabao Cup” and partner with Chelsea Football Club. The goal is to maximize efficiency in developing Thai football to world class, which is in line with the company’s policy and also covers sustainable social development area. The working team of Carabao is responsible for communicating and encouraging the employees to understand in the same direction

In 2017, the company joined a partnership with Chelsea Football Club. The project aims to develop skills in soccer, nutritional care, and health care of athletes. The club is a system to share knowledge and teach sports teachers in schools and institutions around the country to be a good conduct trainer with principles together with high quality.

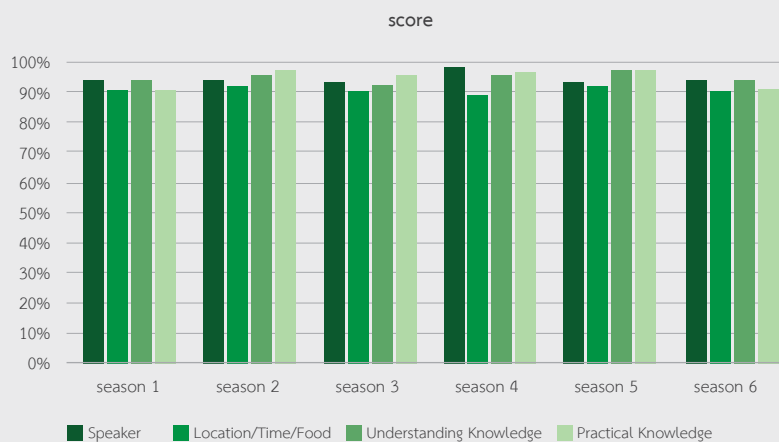
The project “Carabao - Chelsea Coach The Coaches” is a collaboration between Carabao and Chelsea Football Club to develop Thai football by leading coaches from Chelsea Football Club, England. With highly experience teaching coaches and developing youth in many continents around the world to transfer knowledge and skills through Youth Football Coaching and the philosophy of Chelsea Football Club for Thai coaches. For the first time in Thailand,



the coaches from Chelsea FC. Mr. David Paul Monk, Senior International Development Officer, the head coach of Chelsea Football Club for two-week training at the Rajcharoen Sports Resort. From November 22, 2017 until December 4, 2017. There were six training sessions and 360 participants from all over the country including both theoretical and practical courses that can be used to develop youth.

The theoretical and practical courses in philosophy of Chelsea Football Club are designed to understand the role and the good coaching guidelines of football. To understand the various training approaches, rhythms, methods and rationales for deployment including the learning path of each child, pre-match preparation, and proper body restoration. Content covers communication skills, organizational analysis, emotional skills, team management, and the importance of nutrients and training techniques.

After the training session, all four subjects will be assessed: evaluation of speakers, location, time, understanding knowledge, and practical knowledge. This assessment was based on interviews, questionnaires, and follow-ups from school visits. The estimated number of youth benefiting from the project is 106,381 people nationwide.



1. Speaker: 94.5
2. Location/Time/Food: 91
3. Understanding Knowledge: 94
4. Practical Knowledge: 95



Mr. David Paul Munk, Senior Officer in International Development, talks about engaging in this project saying that “We believe in Thailand’s potential in football. Development strategies cannot be stopped just by training the players. In the long term, we need to see the development of football coaches at schools, universities and amateur teams to give Thai trainers a powerful tool in developing their own team so that they can help improve one another. “



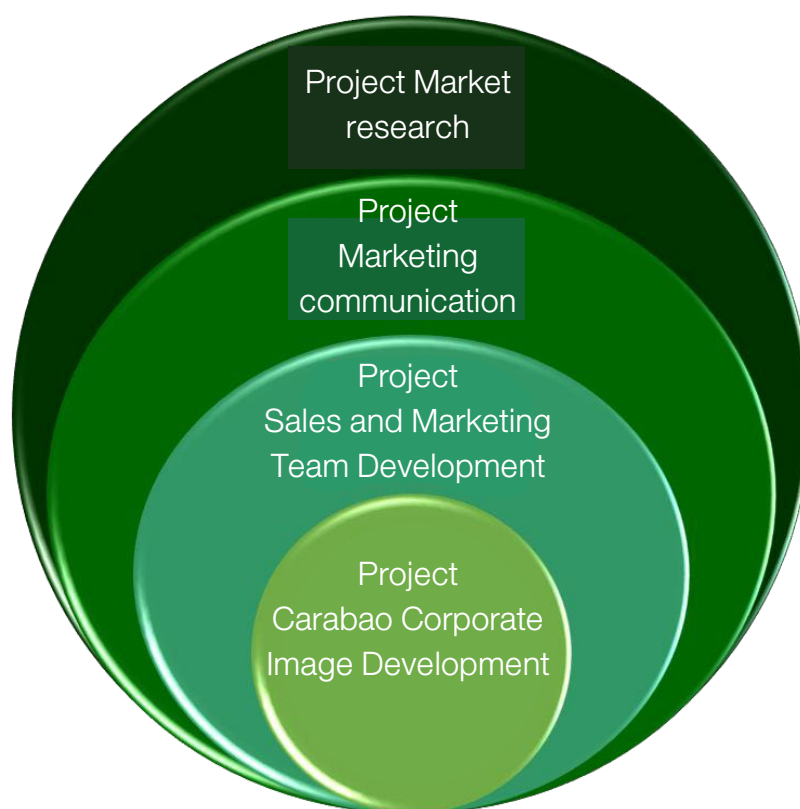
In 2018, the company supports youth football teams and activities by inviting teachers and coaches to join the project.



In 2018, the Company carries on Social and Environmental Responsibility through various activities both new and existing ones. For example, Green Industry Project (APG), conducting business by adhering to environmental-friendly concept, White Factory Project (APG) aiming to create management system for drug in workplace in order to immune employees from drugs, Taking environmental management project as a core of business operation will enhance sustainable success, minimizing environmental impacts and Carabao Factory will achieve ISO 14001:2015 Standard.

## Corporate image

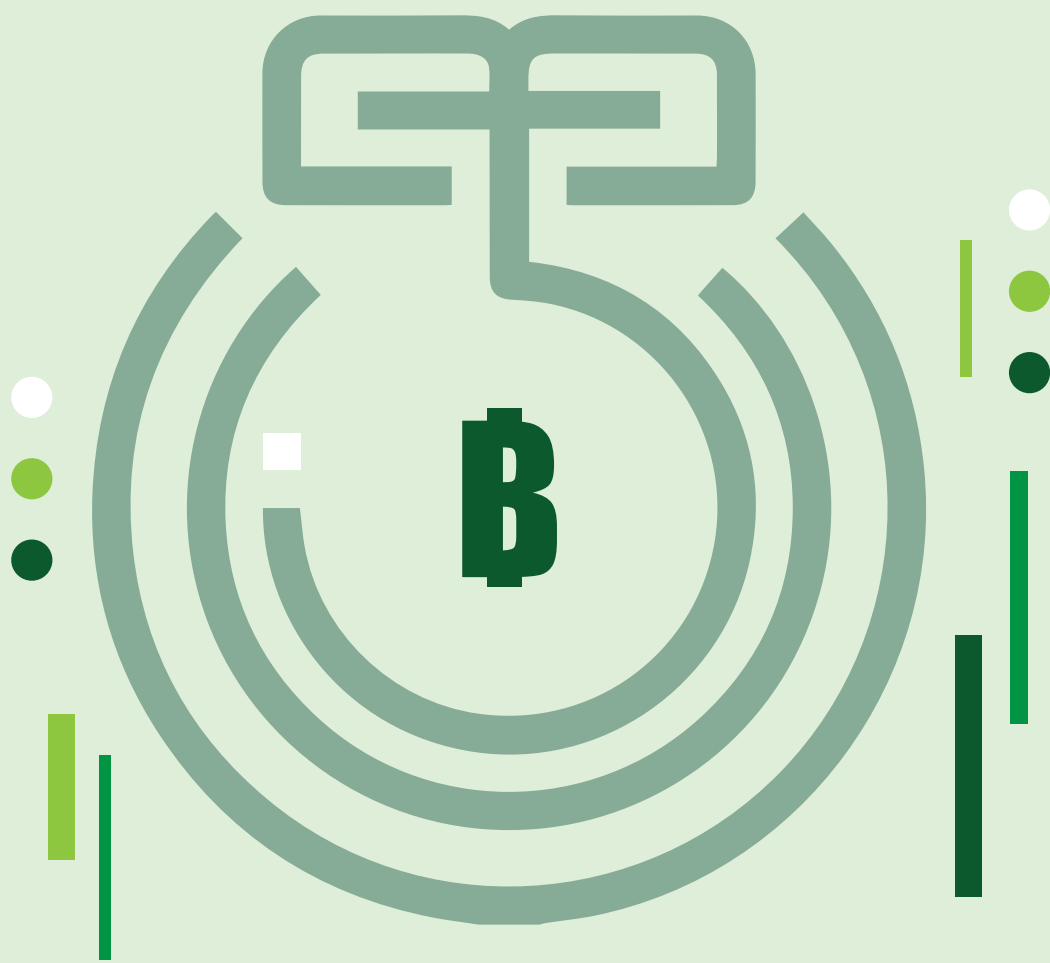
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# Report of the Audit Committee

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The Audit Committee of Carabao Group Public Company Limited as appointed by the Board of Directors consists of three independent directors, namely, Mrs. Saowanee Kamolbutr, Chairman of the Audit Committee, Mr. Kanit Patsaman and Mr. Sanchai Jullamon, Audit Committee members. The Audit Committee members are considered by the Company to be qualified, knowledgeable and experienced persons. Their qualifications fully comply with the requirements of the Company's Charter of Audit Committee.

In 2017, 7 meetings were held by the Audit Committee and all 3 members of the Committee attended the meetings without any absence.

The Audit Committee had performed its task upon roles and responsibilities entrusted by the Board of Directors with its expertise and independence to access all information as stated in the Stock Exchange of Thailand's requirements. The Audit Committee also provides advice in related matters through sound collaboration with the management, internal auditor and the Company's auditor.

The followings are principal performances carried out by the Audit Committee in 2017 :

## 1. Review the accuracy of the Company's financial reports, and the adequacy of information disclosure.

1.1 The Audit Committee reviewed the Company's Annual Financial Report and its Quarterly Reports before proposing them to the Board of Directors for approval. In so doing, the Committee ensured that facts and figures, and details contained in the financial reports, as well as significant information on transactions between the Company, its subsidiaries and other affiliates, or transactions with

tendency to cause conflict of interests were accurately prepared and reliably disclosed.

1.2 In this connection, the statutory auditors were invited to the meeting of the Audit Committee to discuss and clarify on some significant issues relating to the financial statements prepared by the Company's Management in compliance with Thai Accounting Standards and Thai Financial Reporting Standards including related interpretations and guidelines promulgated by the Federation of Accounting Professions. The Audit Committee could then verify whether sufficient significant information were disclosed as required by the aforementioned standards, interpretations, guidelines and principles.

1.3 Furthermore, a joint meeting was held between the Audit Committee and the statutory auditors in compliance with the Practice Guidance issued by the Stock Exchange of Thailand, allowing both parties to discuss any issue of interests to the two sides without participation of the Management.

## 2. Evaluation of the services of the statutory auditors

The Audit Committee carried out the evaluation of the quality of services of EY Office Limited, the statutory auditors, and the worthiness of their remuneration, taking into consideration the following factors - professionalism, efficiency, and independence. The Audit Committee was of the view that EY Office Limited, the statutory auditors, had given satisfactory services accordingly, providing the Company with useful advices and recommendations, which were helpful for the Company's Annual Financial Report and internal control improvements.

### 3. Monitor of the Company's operations

The Audit Committee played its part in monitoring the Company's operations through the internal audit performance to ensure that laws and regulations relating to the Good Corporate Governance and the Code of Best Practice of the Securities Exchange Commission and the Stock Exchange of Thailand are carried out appropriately and consistently. The Committee has continuously followed the guidelines for the strengthening of good corporate governance of the Company.

### 4. Approval of the scope of work and the annual audit plan of the Company's internal audit.

The Audit Committee approved the scope of work and the annual audit plan of the Company's internal audit for the year 2017. Additionally, the performances of the internal audit were regularly monitored, with the Company's risk management and internal controls being taken into consideration. Advices were consistently given to the Company's internal audit on various matters for the efficiency of their performances and the improvement of the internal audit systems.

### 5. Review the adequacy and suitability of the internal control systems

The Audit Committee reviewed the adequacy, appropriateness and efficiency of internal control system with aim to help the Company achieve its goals. The review was based on the internal audit reports, which were conducted in line with an approved plan and covered all major systems of the Company. The Audit Committee did not find any material defect.

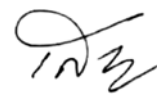
### 6. Roles of the Audit Committee

6.1 The Audit Committee performed its duties independently from the Board of Executive Directors

and the Management with strong emphasis on internal controls to ensure that good governance and adequate internal controls were appropriately applied. Significant issues based on the issues reported by the internal audit were regularly presented to the Board of Directors for policy guidelines on the improvements or corrections in some sectors.

6.2 To ensure that the Committee's roles are carried out efficiently and at the same time the Company's good corporate governance is being properly practiced, self-assessment on the Audit Committee's performances are undertaken by the Committee's individual member taking the guidelines issued by the Stock Exchange of Thailand as the basis. The assessment results are highly satisfactory.

In the view of the Audit Committee, the Company's operations are carried out efficiently in compliance. The Company's overall internal control systems are adequate. Discrepancies in the control systems or transactions that might cause conflict of interests and may significantly affect the Company's operations have not been noted. Besides, the Company constantly refined its operation for a better quality which is an important part to push the Company sustainably and stably grow.



Mrs. Saowanee Kamolbutr  
Chairman of the Audit Committee



# Report of the Nomination and Remuneration Committee

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The Board of Directors is considering appointing a Recruitment and Remuneration Determination Committee that consists of a certain number of members who have appropriate qualifications and that consists of a certain number of independent members who will determine policies with respect to the recruitment of persons who will become directors and/or top executives and who will screen persons who have appropriate qualifications before submitting their names to the Board of Directors or the shareholders' meetings. The Recruitment and Remuneration Determination Committee also has an important role in considering criteria for the determination of remunerations of directors and top executives in order to ensure that their remuneration is appropriate and reflects directors and executives' abilities to perform their duties in accordance with the relevant targets.

The Nomination and Remuneration Committee of the company consists of 5 directors.

1. Mr. Sathien Setthasit  
Chairman of the Nomination and Remuneration Committee
2. Mrs. Saowanee Kamolbutr  
Vice chairman of the Nomination and Remuneration Committee
3. Miss Nutchamai Thanombooncharoen  
Member of the Nomination and Remuneration Committee
4. Mr. Kanit Patsaman  
Member of the Nomination and Remuneration Committee
5. Mr. Sanchai Jullamon  
Member of the Nomination and Remuneration Committee

## Duties and Responsibilities

### Recruitment

1. To consider the structure, size and elements of the Company's Board of Directors in a manner that such structure, size and elements are appropriate for the organization, the business and the environment.
2. To determine processes and criteria for recruitment and the qualifications of persons that should be nominated to be directors and executives from the level of assistants to managing directors and upwards.
3. To consider selecting and screening persons who have appropriate qualifications to become directors and executives from the level of deputy managing directors and upwards and to submit this matter to the Company's Board of Directors and/or shareholders' meetings for consideration and approval.

### Remuneration Determination

1. To determine policies and to consider the criteria for determining remunerations, both monetary and non-monetary, of directors and executives from the level of assistants to managing directors and upwards in a manner that such remunerations are appropriate and fair, and to submit this matter to the Board of Directors' meetings and/or shareholders' meetings for consideration and approval.
2. To perform any other acts, as assigned by the Board of Directors, in connection with recruitment and the consideration of remunerations of directors and top executives.



**Mr. Sathien Setthasit**

Chairman of the Nomination and  
Remuneration Committee



# Report of the Risk Management Committee

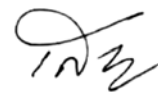
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The Risk Management Committee was established by the Board of Directors resolution with duties to promote the set-up of an enterprise-wide risk management system for the Company and to embed an organizational culture. This is to provide reasonable assurance among all stakeholders that the Company strategic operations are geared towards effective and efficient achievement of corporate goals and objectives. The Committee is comprised of 7 members who are the Board of Directors and top executives with relevant knowledge, competence and experience that are beneficial to the company risk management.

The Committee performs its duties as designated by the Board of Directors and within the purview of authority and responsibility defined in the Risk Management Committee Charter. In 2017, the Committee held 4 meetings with the following results:

1. Risk management policy
2. Annual risk management plan.
3. Assessment of risks, and the related preventive and corrective measures.
4. Recommendations on risk management and mitigation of risks.
5. Monitoring of risk management activities.
6. Reported regularly to the Board of Directors on the significant risks and their responses.
7. Reviewed the significant risks and develop efficient risk management system.

According to the issues and tasks mentioned above, the Risk Management Committee has considered that the corporate risk factors have been set-up covering the core businesses and the risk management method, as well as identified adequately, appropriately and efficiently. In addition, these methods comply with the good corporate governance and internal control principles, as well as laws, rules and regulations so as to ensure that the company continues with stable and sustainable growth.



**Mrs. Saowanee Kamolbutr**  
Chairman of the Risk Management Committee

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# Financial Position and Financial Performance

## 1. Financial Statement

### Summary of the auditor's report

The independent auditor's report for consolidated financial statement of year ended 2017 audited by Wichart Lokatekrawee, CPA, from EY Office Limited, expressed an unqualified audit opinion that the financial statements for the year ended 2017, financial position of the same period of consolidated Carabao Group Public Company Limited and its subsidiaries and for non-consolidated Carabao Group Public Company Limited, present fairly, in all material respects, and in accordance to the Thai Financial Reporting Standards.

## 2. The auditor's fee

### • Audit Fee

The company and subsidiaries paid audit fee THB 3,630,000 in 2017

### • Non-Audit Fee

Other fees are THB 290,000

## 3. Financial highlight

### Statement of financial position

For the year ended 31 December

Unit : thousand baht

	2017	2016	2015
<b>Assets</b>			
Current assets			
Cash and cash equivalents	146,767	745,060	1,377,484
Current investments	7,130	604,282	473,363
Trade and other receivables	959,861	561,576	425,028
Inventories	656,266	433,504	248,974
Other current assets	389,174	110,482	16,811
<b>Total current assets</b>	<b>2,159,198</b>	<b>2,454,905</b>	<b>2,541,661</b>
Non-current assets	-	-	-
Investment properties	103,163	103,848	107,793
Property, plant and equipment	9,608,940	6,626,891	4,667,010
Goodwill	535,467	536,065	-
Intangible assets	67,007	15,151	15,655
Deferred tax assets	31,361	33,696	25,423
Other non-current assets	14,783	7,935	3,918
<b>Total non-current assets</b>	<b>10,360,720</b>	<b>7,323,586</b>	<b>4,819,799</b>
<b>Total assets</b>	<b>12,519,919</b>	<b>9,778,491</b>	<b>7,361,460</b>

	2017	2016	2015
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Short-term loans from financial institutions	845,000	750,000	-
Trade and other payables	1,897,197	1,365,040	801,525
Current portion of long-term loans from financial institutions	300,000	-	-
Short-term loans from non-controlling interests of the subsidiary	57,128	-	-
Income tax payable	94,722	183,067	98,525
Other current liabilities	12,532	27,034	51,316
<b>Total current liabilities</b>	<b>3,206,580</b>	<b>2,325,140</b>	<b>951,366</b>
<b>Non-current liabilities</b>			
Long-term loans from financial institutions, net of current portion	2,190,400	250,000	-
Provision for long-term employee benefits	102,197	89,752	65,561
Deferred tax liabilities	152	-	-
Deposits received for rental	15,285	14,056	11,184
<b>Total non-current liabilities</b>	<b>2,308,034</b>	<b>353,808</b>	<b>76,745</b>
<b>Total liabilities</b>	<b>5,514,614</b>	<b>2,678,948</b>	<b>1,028,111</b>
<b>Shareholders' equity</b>			
Share capital	-	-	-
Registered	1,000,000	1,000,000	1,000,000
Issued and fully paid up	1,000,000	1,000,000	1,000,000
Share premium	3,962,980	3,962,980	3,962,980
Surplus on business combination under common control	323,216	323,216	323,216
Surplus on changes in percentage of shareholding in subsidiaries	108,959	108,959	108,959
Retained earnings	-	-	-
Appropriated - statutory reserve	100,000	100,000	94,000
Unappropriated	1,674,589	1,377,500	844,193
Other components of shareholders' equity	(55,960)	384	-
<b>Equity attributable to owners of the Company</b>	<b>7,113,784</b>	<b>6,873,039</b>	<b>6,333,348</b>
Non-controlling interest of the subsidiaries	(108,479)	226,503	-
<b>Total shareholders' equity</b>	<b>7,005,305</b>	<b>7,099</b>	<b>6,333,348</b>
<b>Total liabilities and shareholders' equity</b>	<b>12,519,919</b>	<b>9,778,491</b>	<b>7,361,460</b>

## Income Statement

	2017	2016	2015
<b>Profit or loss</b>			
<b>Revenues</b>			
Sales	12,904,242	9,943,351	7,753,017
Other income	163,531	146,748	121,301
<b>Total revenues</b>	<b>13,067,773</b>	<b>10,090,099</b>	<b>7,874,318</b>
<b>Expenses</b>			
Cost of sales	8,839,651	6,388,248	4,892,859
Selling expenses	2,378,535	1,462,115	1,120,068
Administrative expenses	740,670	510,791	359,888
Other expenses	-	42,177	35,181
<b>Total expenses</b>	<b>11,958,856</b>	<b>8,403,331</b>	<b>6,407,996</b>
<b>Profit before finance cost and income tax expenses</b>	<b>1,108,917</b>	<b>1,686,767</b>	<b>1,466,321</b>
Finance cost	(47,702)	(3,679)	(1,639)
<b>Profit before income tax expenses</b>	<b>1,061,215</b>	<b>1,683,089</b>	<b>1,464,682</b>
Income tax expenses	(260,557)	(278,213)	(209,148)
<b>Profit for the year</b>	<b>800,659</b>	<b>1,404,876</b>	<b>1,255,534</b>
<b>Profit attribution to</b>			
Equity holders of the Company	1,245,812	1,489,756	1,255,534
Non-controlling interest of the subsidiaries	(445,153)	(84,880)	-
<b>Profit for the year</b>	<b>800,659</b>	<b>1,404,876</b>	<b>1,255,534</b>
<b>Basic earnings per share</b>			
Profit attributable to equity holders of the Company	1.25	1.49	1.26
Weighted average number of ordinary shares (share)	1,000,000	1,000,000	1,000,000

## Statement of Cash Flows

	2017	2016	2015
Net cash flows from operating activities	285,991	1,554,150	1,619,757
Net cash flows used in investing activities	(2,430,820)	(2,255,489)	239,943
Net cash flows from (used in) financing activities	1,551,171	71,081	(1,010,300)
<b>Net decrease in cash and cash equivalents</b>	<b>(598,728)</b>	<b>(632,424)</b>	<b>849,400</b>

## Key Financial Ratios

		2017	2016	2015
Liquidity Ratio				
Current ratio	Time	0.7	1.1	2.7
Quick ratio	Time	0.3	0.8	2.4
Cash flow liquidity ratio	Time	0.1	0.9	1.7
Account receivables turnover ratio	Time	21.7	24.5	23.1
Collection period	Days	16.6	14.7	15.6
Inventory turnover ratio	Time	29.9	36.0	34.8
Average day sales	Days	12.0	10.0	10.3
Account payables turnover ratio	Time	10.0	9.6	9.3
Payment period	Days	36.0	37.4	38.9
Cash cycle	Days	(7.4)	(12.7)	(13.0)
Profitability Ratio				
Gross profits	%	31.5	35.8	36.9
Operating profits	%	7.3	15.9	17.8
Other profits	%	1.3	1.0	1.1
Cash to earning	%	30.3	98.2	117.4
Net profits	%	6.1	13.9	15.9
Efficiency Ratio				
Return on Equities	%	11.4	20.9	20.3
Return on Equities,		-	-	-
Equity holders of the Company	%	17.8	22.6	20.3
Return on assets	%	7.2	16.4	17.4
Return on fixed assets	%	11.7	26.7	30.5
Assets cycle	Time	1.2	1.2	1.1
Financial Policy Ratio				
Debts to equity ratio	Time	0.8	0.4	0.2
Interest Bearing Debt to Equity	Time	0.5	0.1	-
Interest coverage ratio	Time	14.0	467.4	1,100.2
Dividend payout ratio	%	68.2	67.1	70.9

#### 4. Consolidated financial performance of the Group for the year ending 31 December 2017 in comparison with the corresponding period last year ending 31 December 2016

##### 1.1 Revenue from sales

For the year ending 31 December 2017, total revenue from sales amounted to THB 12,904 million, up by THB 2,961 million or 29.8%, which represented the proportion of revenue from domestic sales and revenue from overseas sales at 61:39 respectively changed from the ratio of 66:34 in the same period last year.

Sales of energy drink product was amounted to THB 11,058 million up by THB 1,709 million or 18.3%.

The amount could be separated into domestic and export sales at the ratio of 55:45 respectively changed from the proportion of 64:36 for the corresponding period last year. Revenues from overseas sales which were totally generated from sales of energy drink under Carabao trademark showed an impressive growth both in terms of value and as a percentage of total revenue from sales on the back of our active marketing policy to drive export markets both in Asia and outside Asia in parallel to the Group's vision of World Class Product, World Class Brand

Sale Income Classified by Product Group (Million Baht)	For the fiscal period ending 31 Dec		Change	
	2016	2017	Amount	Percent
Branded products by our own manufacture <sup>1/</sup>	6,141	6,083	(58)	(0.9)
Branded products by 3 <sup>rd</sup> -party's manufacture <sup>2/</sup>	238	936	699	n/m
3 <sup>rd</sup> -party's products for distribution	197	803	606	n/m
<b>Domestic sales</b>	<b>6,576</b>	<b>7,822</b>	<b>1,247</b>	<b>19.0</b>
Overseas sales derived from overseas sales by CBD	3,340	4,821	1,481	44.3
Overseas sales derived from overseas sales by ICUK	16	202	187	n/m
<b>Overseas sales</b>	<b>3,356</b>	<b>5,024</b>	<b>1,667</b>	<b>49.7</b>
Others	12	58	47	n/m
<b>Total sales</b>	<b>9,943</b>	<b>12,904</b>	<b>2,961</b>	<b>29.8</b>

Remark: <sup>1/</sup> Energy Drinks and Sport Drinks

<sup>2/</sup> Drinking Water, 3-in-1 Coffee and RTD Coffee

Revenue from domestic sales were at THB 7,822 million, up by THB 1,247 million or 19.0% resulting from the growth of two individual product groups: (i) revenue from sales of branded products by 3<sup>rd</sup> party manufacture increased by THB 699 million thanks to successful launch of new products, by utilizing the strong brand perception of Carabao, especially the RTD Coffee which received the positive response from target consumers, and (ii) revenue from 3<sup>rd</sup> party products for

distribution rose by THB 606 million driven by the expansion of distribution centers (DCs) and cash-van fleet nationwide to 31 DCs and 336 vans ending 31 December 2017, up from 16 DCs and the weighted average number of vans at 265 vans in the corresponding period last year, as well as the wider range of 3<sup>rd</sup> party products for distribution covering both general consumer goods and alcohol beverages.



For overseas businesses, revenue from sales of branded products amounted to THB 5,024 million, rose by THB 1,667 million or 49.7% owing to (i) revenue from sales to existing export markets excluding the People's Republic of China market i.e. CLMV, Afghanistan, Yemen and others amounted to THB 3,802 million increased by THB 462 million or 13.8% thanks to the rising point of sales and effective marketing strategy implemented by local importers together with the notable brand image as an official football sponsorship for leading football club; especially of which sales from export to CLMV markets jumped by THB 747 million of 29.4%, and (ii) the rise in our revenue from sales of branded products to new export market i.e. the People's Republic of China, which will be a key contribution for growth of the Group's overseas business in the future, which amounted to THB 1,019 million representing 20.3% of total revenue from overseas sales for the period ending 31 December 2017. Revenue from sales to the People's Republic of China not only supports market diversity for the Group but also shows our ambition to extend our footprint globally as the People's Republic of China is one of the top 5 in worldwide energy drink market.

Apart from revenue from overseas sales to CLMV, Afghanistan, Yemen, the People's Republic of China, and others under the operation of CBD as mentioned above, the Group also has revenue from overseas sales under the ICUK's operation amounted to THB 202 million comprising of the UK sales and outside-UK sales in the proportion of 50:50 respectively. ICUK continues to gain positive momentum in term of sales. The volume sold in the United Kingdom improved quarterly, up from the average of 113k cans per month in the 4th quarter of 2016 to 950k cans per month in the 4th quarter of 2017, making an average monthly sales of 588k cans for the year ending 31 December 2017. ICUK also continued to bear fruit from increasing outside the UK sales. Such exports to those countries outside the UK is, in fact, vary month by month depending on the orders from importers. In other words, the average monthly sales outside UK is approximately at 1 million cans.

#### 1.2 Gross profits and gross profits margin

For the period ending 31 December 2017, our gross profits amounted to THB 4,065 million, up by THB 509 million or 14.3%, and represented gross profit margin of 31.5%, down from 35.8% posted during the corresponding period last year.

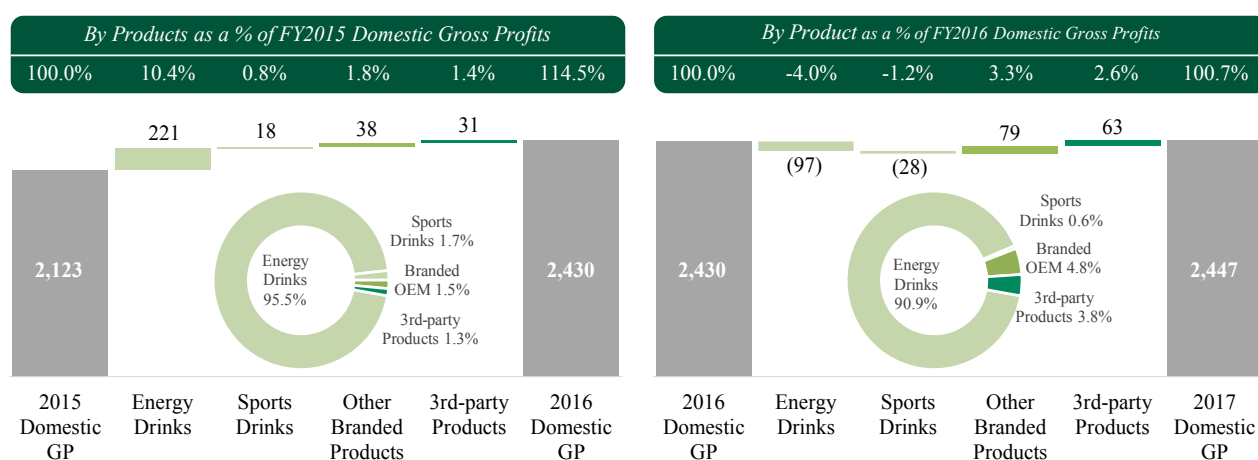
Gross Profit Classified by Product Group (Million Baht)	For the fiscal period ending 31 Dec		Change	
	2016	2017	Amount	Percent
Branded products by our own manufacture <sup>1/</sup>	2,361	2,236	(125)	(5.3)
Branded products by 3 <sup>rd</sup> -party's manufacture <sup>2/</sup>	38	117	79	n/m
3 <sup>rd</sup> -party's products for distribution	31	94	63	n/m
<b>Gross profits from domestic business</b>	<b>2,430</b>	<b>2,447</b>	<b>17</b>	<b>0.7</b>
Gross profits derived from overseas sales by CBD	1,121	1,585	464	41.4
Gross profits derived from overseas sales by ICUK	3	28	25	n/m
<b>Gross profits from overseas</b>	<b>1,124</b>	<b>1,613</b>	<b>489</b>	<b>43.5</b>
others	1	5	4	n/m
<b>Total gross profits</b>	<b>3,555</b>	<b>4,065</b>	<b>509</b>	<b>14.3</b>

Remark: <sup>1/</sup> Energy Drinks and Sport Drinks

<sup>2/</sup> Drinking Water, 3-in-1 Coffee and RTD Coff

As a matter of fact, gross profit margins for branded products by 3<sup>rd</sup> party manufacture and 3<sup>rd</sup> party products for distribution are lower and gross profit margins for each of 3<sup>rd</sup> party products for distribution are typically varied because the normal business terms and conditions of trading business are set at market price. Consequently, the growth in sales of this two categories will significantly affect product mix and cause the decrease in gross profit margin of overall revenue

from domestic sales i.e. for the period ending 31 December 2017 gross profit of revenue from domestic sales was amounted to THB 2,447 million decreased by THB 17 million or 0.7% and represented a gross profit margin of domestic sales at 31.3% reduced from the ratio of 37.0% in the corresponding period last year. The explanation for this could be elaborated into different product categories as follows:



Note: Pie charts represent annual gross profits from individual product groups as a % of total gross profits in respective financial reporting period

Overall, the above chart illustrated that the branded products by 3<sup>rd</sup> party manufacture and the 3<sup>rd</sup> party products for distribution generated incremental sales and gross profit. Additionally, the previous table showed that gross profits from these two categories amounting to THB 210 million for the period ending 31 December 2017, rose by THB 142 million,

compensated the below-than-expectation performance of sales in other product categories due to the strong competition setting. Therefore, both of the branded products by 3<sup>rd</sup> party manufacture and the 3<sup>rd</sup> party products for distribution are anticipated to be another stable streams of revenue to the Group's business.

Gross margin Product group breakdown (%)	For the fiscal period ending 31 Dec	
	2016	2017
Branded products by our own manufacture <sup>1/</sup>	38.5	36.8
Branded products by 3 <sup>rd</sup> -party's manufacture <sup>2/</sup>	15.8	12.5
3 <sup>rd</sup> -party's products for distribution	15.8	11.7
<b>Gross profits from domestic business</b>	<b>37.0</b>	<b>31.3</b>
Gross profits derived from overseas sales by CBD	33.6	32.9
Gross profits derived from overseas sales by ICUK	21.5	13.8
<b>Gross profits from overseas</b>	<b>33.5</b>	<b>32.1</b>
others	8.3	8.4
<b>Total gross profits</b>	<b>35.8</b>	<b>31.5</b>

Remark: <sup>1/</sup> Energy Drinks and Sport Drinks

<sup>2/</sup> Drinking Water, 3-in-1 Coffee and RTD Coffee

For the period ending 31 December 2017, average unit cost under the operation of CBD was affected by the rising prices of key raw material and packaging costs including sugar, taurine, caffeine, guarana and amber glass bottles as well as conversion costs ranging from energy cost, depreciation and amortization, and staff costs. Therefore, gross profit of branded products by own manufacture reduced from the corresponding period last year i.e. gross profit margin of both energy drink in bottle format and sport drinks sold in domestic market was at 36.8% decreased from the ratio of 38.5% in the corresponding period last year; while gross profit margin of energy drinks in formats of bottle, non-carbonated can, and carbonated can for overseas market was at 32.9% declined from the gross profit margin of 33.6% in the corresponding period last year. Such decline due to the continuously rising price of cullet which is the key raw material in the amber glass bottles production causing the packaging cost to increase considerably. However, the Group realizes of such risk and keeps close monitoring for the cullet price and controlling the usage amount in order to optimize the production cost.

Gross profit of revenue from overseas sales under ICUK's operation was amounted to THB 28 million representing gross profit margin of 13.8%. The ratio reflects the reality underlying the ICUK operation which was at the initial stage that required some trade discounts and a series of promotional activities to strategically stimulate the brand awareness and raise market share of the Carabao energy drink among the competitive setting landscape of energy drinks in the UK. Additionally, the fluctuation is a result of the channel mix between the UK sales and outside Asia sales.

Cost of goods sold for the period ending 31 December 2017 could be divided in to two key components as follows:

1. Variable cost which shall be varied in accordance with the volume sold consists of (1) raw materials and

packaging for productions, and (2) purchase costs of 3<sup>rd</sup> party products for distribution. The variable cost accounted for 88% of the total cost of goods sold.

1.1 Raw materials and packaging used in production of energy drink and sport drink include (1) concentrate, sugar, caffeine, taurine, vitamin, and others, and (2) glass bottles, bottle caps, aluminum cans, can lids, other packaging and product-related taxes. Meanwhile, key raw materials for production of amber glass bottle include cullet, soda ash, sand, and other raw materials. The two components combined make up to 70% of total cost of goods sold where sugar accounted for 15% of raw materials and packaging cost.

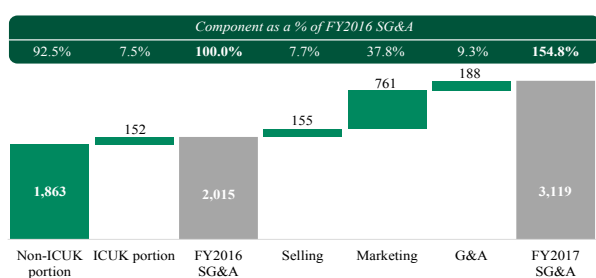
1.2 Purchasing cost of 3<sup>rd</sup> party products for distribution accounted for 18% of the total cost of goods sold.

2. Conversion cost component comprising of staff costs, energy costs, electricity costs, tap-water bills, depreciation and amortization, maintenance, and others constituted to 12% of the cost of goods sold. This included depreciation and amortization which was a part of production cost of the branded products by our own manufacture amounted to THB 207 million up by THB 30 million or 16.9% from the corresponding period last year due to an incremental depreciation realized from capacity expansion of canning and amber glass bottle facilities, which began to commercialize in July 2017 and December 2017, respectively.

The key issues that could have an effect on the future cost of goods sold include not only the changes from government policy in the cane and sugar industry by terminating the fixed sugar price scheme for domestic sugar consumption and introducing floating price as per world market movement, effectively on 15 January 2018, but also the Excise Tax scheme effectively on 16 September 2017. Under the new regulation, the Group is obligated to pay the related taxes at changing excise

tax rates based on suggesting retail prices in proportion to the sugar content per liter of which the later tax burden will be subject to increase every two years for three times until 2023.

3 Selling, general and administrative (SG&A) expenses  
For the year ending 31 December 2017, SG&A expenses amounted to THB 3,119 million, up by THB 1,104 million or 54.8%, and represented 24.2% of total revenue from sales, up from 20.3% during the corresponding period last year. Such significant increase majorly resulted from consolidations of ICUK's financial performance since the 4th quarter of 2016 which could be elaborated as shown in chart below



Selling expenses amounted to THB 2,379 million rose by THB 916 million or 62.7% representing 18.4% of total revenue, up from 14.7% during the corresponding period last year. These expenses comprised of (1) sponsorship fee for international football club (2) marketing and promotional expenses operated by CBD for domestic business and by ICUK for the UK operations, and (3) selling expenses of which included both fixed and variable expenses in relation to sales and business plan. Sponsorship fees for international football clubs including Chelsea Football Club Limited (CFC), English Football League (EFL), and Reading Football Club (RFC), of which are amortized in straight-line in relation to the payment terms and economic benefits the Group shall receive under the contract terms, were equaled to THB 562 million up by THB 413 million because of the full year recognition of the sponsorship fees. The Group started to book the sponsorship fee to CFC both paid by CBD

in May 2016 and by ICUK in October 2016 via income statement, whereas began to realize the EFL sponsorship fee in June 2017.

Our sponsorship to Chelsea Football Club Limited (CFC) and English Football League (EFL) is expected to serve as a key marketing platform in overseas businesses. The Group entered into a sponsorship partnership with Chelsea Football Club Limited for five-year seasons ending in 2021, of which shall incur total sponsorship fee of GBP 33 million divided into the first three-year term of Principal Partnership status with total fee of GBP 27 million for the period ending in 2019 and the next following two seasons with extra cost of GBP 6 million throughout the period when the status shall be automatically reduced to Global Partner, according to the deed of variation in respect of rights and fees to the sponsorship agreement with Chelsea Football Club Limited to extend the contract from the previous three-year sponsorship scheme ending in 2019. Furthermore, the Group engages in three-year contract for the English Football League sponsorship ending in 2020 with the total fee of GBP 18 million. EFL, which is one of the largest league in the UK with over 90 football clubs throughout the country taking part in the match, is currently renamed into "Carabao Cup" over the contract term.

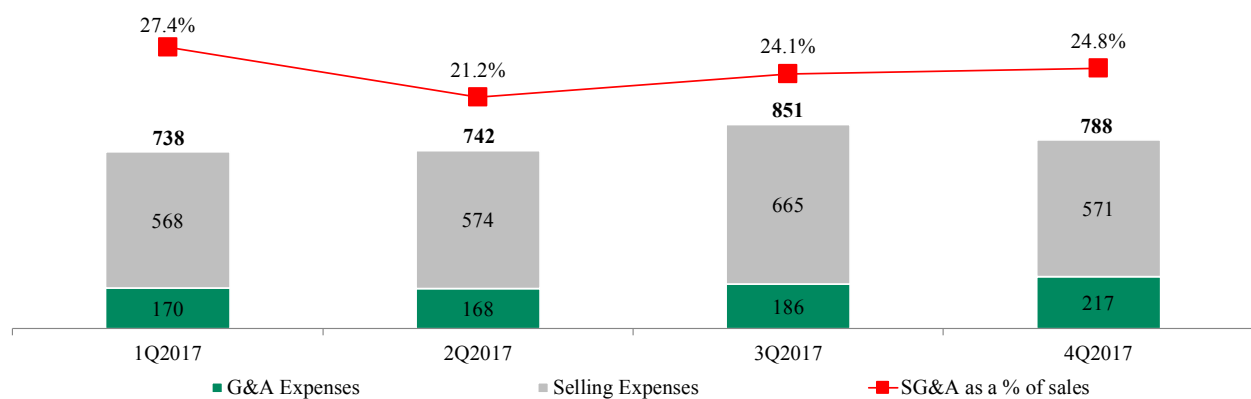
On one hand, marketing and promotional expenses paid by CBD amounted THB 679 million up by THB 129 million or 23.4% comprising of (1) nationwide on-ground operational marketing expenses of Bao Dang Ladies amounted to THB 243 million rose by THB 18 million or 8.2% (2) advertising expenses in all formats amounted to THB 133 million increased by THB 40 million or 42.9%, of which the amount included advertising expense and listing fees of new products i.e. instant coffee and RTD coffee in modern trades amounted to THB 68 million, and (3) the rest amounted to THB 303 million up by THB 70 million or 30.3% were resulting from the marketing activities to stimulus the domestic demand of the branded products under Carabao trademark in all channels.

Marketing and promotional expenses paid by ICUK, on the other hand, for the operation in UK amounted to THB 285 million divided into as follows: (1) field sales amounted to THB 93 million (2) listing fees in modern trades were at THB 64 million (3) sampling expenses were equivalent to THB 21 million, and (4) the rest expense amounted to THB 108 million for advertising expenses in cross formats and promotional activities to raise brand awareness, create product experience, and encourage demand at point of sales.

Selling expenses amounted to THB 852 million up by THB155 million or 22.3% in line with the growth of the Group's revenue from sales detailed as follows: (1) rental and expenses relating to distribution centers and cash van operations amounted to THB 458 million up by THB 132 million of 40.5%, of which the amount included the fixed staff cost and rental of THB 335 million rose by THB 98 million or 41.5% representing to 73% of the total cash-van related expenses along with the rising number of distribution centers and cash van fleet to support domestic sales, and (2) other selling expenses amounted

to THB 394 million increased by THB 23 million or 6.3%, of which the amount mainly arise from transportation and logistics expenses which are varied to the growth of their related sales.

Administrative expenses were equivalent to THB 741 million increased by THB 188 million or 33.9% comprising of key expenses as follows: (1) staff cost amounted to THB 436 million up by THB 108 million or 32.8% in correlation to the increase in full-time employment to support the growth of business and salary along with the Group's human resources policy, and (2) other administrative expenses ranging from office expenses, travelling expenses, service & fees and others amounted to THB 304 million up by THB 80 million or 35.6%, of which the amount incurred non-recurring expenses arising from the moving of production lines to the new factory complex located on Bangpakong district, Chacheongsao province, which were equivalent to THB 39 million, and consulting fees in related to the previous investment projects amounted to THB 15 million. Conclusively, the quarterly SG&A expenses as a percentage of total revenue from sales could be elaborated as detailed below:



After the financial statements consolidation of ICUK's operations in the 4th quarter of 2016, our SG&A expenses started to change considerably for the period ending 31 December 2017. On quarter-on-quarter basis, the average SG&A expenses amounted to THB 780 million representing 24.0% of the total revenue from sales

#### 4 Financial expenses

For the period ending 31 December 2017, financial expenses amounted to THB 48 million, up by THB 44 million from the corresponding period last year. Such a significant increase was due to the higher funding requirements from financial institutions for the liquidity and business expansions vertically. Interest-bearing debts

as of 31 December 2017 amounted to THB 3,392 million, up from THB 1,000 million for the corresponding period last year, or equivalent to the ratio to shareholders' equity of 0.5 time, up from 0.1 time, respectively.

#### 5 Corporate income tax expenses

For the period ending 31 December 2017, corporate income tax expenses amounted to THB 261 million, down by THB 18 million or 6.3%, or equivalent to the effective CIT rate of 24.6%, up from 16.5% during the corresponding period last year. This was due to the fact that we realized an increase amount of operating losses from our overseas subsidiaries.

#### 6 Net profits and net profits margin

For the period ending 31 December 2017, our net profits amounted to THB 801 million, down by THB 604 million or 43.0%, or equivalent to the ratio to total sales of 6.2%, down from 14.1% during the corresponding period last year. Such decline was mainly due not only to deterioration in gross profits margin and rising SG&A expenses as a result of consolidations for ICUK's operating performance and financial position, but also increased financial expenses during the year. Net profits attributed to the Group's shareholders amounted to THB 1,246 million, down by THB 244 million or 16.4% from the corresponding period last year.

### Consolidated financial position of the Group as of 31 December 2017 in comparison with that as of 31 December 2016

#### Assets

Total assets as of 31 December 2017 and 2016 were THB 12,520 million and THB 9,778 million, respectively, increasing by THB 2,741 million or 28.0%. The main contribution for this increase was due to the followings:

#### 1. Cash & cash equivalents and current investments

Cash & cash equivalents and current investments as of 31 December 2017 and 2016 were THB 154 million and THB 1,349 million, respectively, decreasing by THB 1,195 million or 88.6%. The main contribution for this

decreased was due to investing activities amounted THB 2,431 million including construction of bottle factory, can manufacturing factory and canning factory and installing machines, totaling THB 2,979 million. The dividends paid amounted THB 950 million. During the year, the Company received short and long term loan from financial institution totaling THB 2,335 million, sold investment amounted to THB 1,804 million and invested THB 1,207 million in mutual fund.

#### 2. Trade and other receivables

Trade and other receivables as of 31 December 2017 and 2016 were THB 960 million and THB 562 million, respectively, increasing by THB 398 million or 70.9%. The main contribution for this increase due to increase in trade receivables from international sales amounted THB 88 million and ICUK's credit term offered to its customers, the THB 233 million increase in domestic trade receivables resulting from increase in domestic sales especially from traditional trade customers since carabao coffee is gaining popularity, offering credit term to retail stores with low credit risk to stimulate sales growth and due to an increase in prepaid expense amounted THB 110 million resulting from payment to an English football club for sponsorship.

#### 3. Inventories

Inventories as of 31 December 2017 and 2016 were THB 656 million and THB 434 million, respectively, increasing by THB 223 million or 51.4%. The main contribution was due to the THB 109 million increase in finished goods to meet higher demand from customers, production of bottle from our bottle manufacturing factory that started in December 2017 and increased the distribution of 3<sup>rd</sup> parties' products. Furthermore, the increasing of main raw materials amounted THB 110 million that were purchased sufficiently to meet the production plan.

#### 4. Property, plant and equipment

Property, plant and equipment as of 31 December 2017 and 2016 were THB 9,609 million and THB 6,627 million, respectively, increasing by THB 2,982 million or 45.0%. The main contribution was the New factory's building

and machines to expand capacity of canning factory and bottle manufacturing factory which includes construction cost and machines for can manufacturing factory and bottling factory.

#### 5. Goodwill

During year 2016, CBVLUX invest and hold shares in Intercarabao Limited (“ICUK”). The initial investment was equivalent to GBP 7.3 million with 7.3 million shares at par value of GBP 1. As this result, the Company has acquisition of control, planning and policy in ICUK that the classification of investments in ICUK as an investment in a subsidiary from the acquisition date. And lastly, the Company has evaluated fair value of identifiable assets and liabilities as at the acquisition date. Difference between the fair value of net identifiable assets and acquisition costs is considered a goodwill as of 31 December 2017 was THB 535 million.

#### Liabilities

Liabilities as of 31 December 2017 and 2016 was THB 5,515 million and THB 2,679 million, respectively, increasing by THB 2,836 million or 105.8%. Consist of the current liabilities THB 3,207 million, increasing by THB 881 million, and non-current liabilities THB 2,308 million, increasing by THB 1,954 million. The main contribution for this increase was due to the following

##### 1. Short-term loan from financial institutions

During the end of 2017, the Company drawdown the short-term loan from financial institutions increasing by THB 95 million.

##### 2. Trade and other payables

Trade and other payables as of 31 December 2017 and 2016 were THB 1,897 million and THB 1,365 million, respectively, increasing by THB 532 million or 39.0%. The main contribution for this increase was due to follows:

- account payables increased by THB 241 million or 31.5% resulting from purchasing of raw materials to meet the rise in domestic and international demand.

- other payables up by THB 241 million or 111.1% as a result of payment for construction of factory and machines.
- excise tax payables rose by THB 128 million due to change in regulation from being taxed when the cap shipped to the factory to being taxed when products are sold and payable in 15 days of the next month.

##### 3. Short-term loan from non-controlling interest in subsidiary

Short-term loan from non-controlling interest in subsidiary increased by THB 57 million due to CVHLUX’s borrowing from ICSG to fund ICUK’s operation.

##### 4. Long-term loan from financial institutions

For the period ending 31 December 2017, the Company drawdown the long-term loan from financial institutions by THB 2,240 million to fund investments in bottle manufacturing, aluminum can manufacturing and canning factories.

#### Shareholders’ equity

Shareholders’ equity as of 31 December 2017 and 2016 was amounted to THB 7,005 million and THB 7,100 million, respectively, decreasing by THB 95 million or 1.3% due to decrease in net profit.

#### Financial ratio

##### 1. Current ratio

Current ratio for the financial year ended 31 December 2017 and 2016 was 0.7 time and 1.1 time, respectively, decreasing by 0.4 time. Most of increase was due to the short-term loan from financial institutions and trade and other payables as the Company invested the new projects to expand production capacity.

##### 2. Cash cycle

Cash cycle for the financial year ended 31 December 2017 and 2016 was -7.4 days and -12.7 days. This increase was due to slower collection period from 14.7 days in 2016 to 16.6 in 2017 as a result of credit term offered to low credit risk retail stores to boost sales, increase in inventory



day from 10.0 to 12.0 and decrease in days payable outstanding.

### 3. Return on equity (ROE)

Return on equity (ROE) for the year ended 31 December 2017 and 2016 was 11.4% and 20.9%, respectively, decreased by 9.6% due to realizing of ICUK's full year business result

### 4. Return on assets (ROA)

Return on assets (ROA) for the year ended 31 December 2017 and 2016 was 7.2% and 16.4%, respectively,

decreasing by 9.2% due to investment in canning and bottle manufacturing factories (construction completed in 2017) but not yet operated in full capacity, can manufacturing factory and bottling factory are under construction.

### 5. Debt to Equity ratio

Debt to Equity ratio for the year ended 31 December 2017 and 2016 was 0.8 time and 0.4 time, respectively, due to the increasing of loan from financial institutions.

### 5. Key drivers which could affect future operations and financial status

-None-



WORLD CLASS  
**PRODUCT**

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WORLD CLASS  
**BRAND**



# Independent Auditor's Report

## Independent Auditor's Report

To the Shareholders of Carabao Group Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of Carabao Group Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Carabao Group Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Carabao Group Public Company Limited and its subsidiaries and of Carabao Group Public Company Limited as at 31 December 2017, their 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 Group 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 matters and how audit procedures respond for each matter are described below.

### *Revenue recognition*

As discussed in Note 4.1 to the financial statements regarding the accounting policies on revenue recognition from sales of goods, sales of goods are significant on accounting line items as the amounts recorded are material and directly affect profit or loss of the Group. In addition, the sales transactions of the Group are made with a large number of customers such as overseas customers, traditional trade customers, modern trade customers and cash van customers, pertaining to matters such as sales promotions, discounts and special discounts to boost sales. As a result, the Group's recognition of revenue from sales and recording of sale promotions and discounts are complex. I therefore focused my audit on the revenue recognition of the Group.

I examined the Group's revenue recognition by assessing and testing the Group's IT system and internal controls with respect to the revenue cycle by making enquiries of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I applied a sampling method to select sales transactions occurring during the year and near the end of the accounting period to examine the supporting documents and reviewed credit notes that the Group issued after the period-end. I tested the data being used in calculation and recording accrued rebate from sales promotions and discounts at the end of reporting period whether it was consistent with the conditions of the relevant agreements or arrangements with the customers. I also performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

### *Impairment of goodwill*

As discussed in Note 12.6 to the financial statements, relating to goodwill arising from business combination. I have focused my audit on the consideration of the impairment of goodwill, because the assessment of impairment of goodwill is a significant accounting estimate requiring management to exercise a high degree of judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate. There are thus risks with respect to the amount of goodwill.

I assessed the identification of cash generating units and the financial models selected by management by gaining an understanding of management's decision-making process and assessing whether the decisions made were consistent with how assets are utilised. I also tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the average costs of the Group and of the industry, tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates. Moreover, I reviewed the disclosure made with respect to impairment assessment for goodwill.

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group 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 Group, 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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



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



Wichart Lokatekrawee

Certified Public Accountant (Thailand) No. 4451

EY Office Limited

Bangkok: 21 February 2018

# **Carabao Group Public Company Limited and its Subsidiaries**

Report and consolidated financial statements  
For the year ended 31 December 2017

## Carabao Group Public Company Limited and its subsidiaries

### Consolidated statement of financial position

As at 31 December 2017

(Unit: Baht)					
	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	146,767,481	745,060,243	15,329,903	428,753,984
Current investments	8	7,129,949	604,282,308	7,129,949	604,282,308
Trade and other receivables	6, 9	959,860,677	561,575,798	59,160,222	43,378,607
Short-term loans to related parties	6	-	-	3,769,385,643	3,268,000,000
Dividend receivable from related parties	6, 30	-	-	599,998,000	726,996,730
Inventories	10	656,266,459	433,504,355	-	-
Other current assets	11	389,173,787	110,482,301	67,180	2,877
<b>Total current assets</b>		<b>2,159,198,353</b>	<b>2,454,905,005</b>	<b>4,451,070,897</b>	<b>5,071,414,506</b>
<b>Non-current assets</b>					
Investment in subsidiaries	12	-	-	3,300,418,618	1,959,012,611
Investment properties	13	103,163,135	103,847,726	-	-
Property, plant and equipment	14	9,608,939,899	6,626,890,871	-	-
Goodwill	12	535,466,517	536,064,842	-	-
Intangible assets	15	67,006,871	15,151,465	3,640,000	-
Deferred tax assets	25	31,360,592	33,696,130	5,563,288	4,305,686
Other long-term receivable - related party	6	-	-	26,172,146	26,172,146
Other non-current assets		14,783,399	7,935,009	-	-
<b>Total non-current assets</b>		<b>10,360,720,413</b>	<b>7,323,586,043</b>	<b>3,335,794,052</b>	<b>1,989,490,443</b>
<b>Total assets</b>		<b>12,519,918,766</b>	<b>9,778,491,048</b>	<b>7,786,864,949</b>	<b>7,060,904,949</b>

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

Carabao Group Public Company Limited and its subsidiaries

Consolidated statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)					
		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	16	845,000,000	750,000,000	735,000,000	750,000,000
Trade and other payables	6, 17	1,897,197,205	1,365,039,568	53,134,520	75,849,120
Current portion of long-term loans from financial institutions	20	300,000,000	-	300,000,000	-
Short-term loans from non-controlling interests of the subsidiary	18	57,128,088	-	-	-
Income tax payable		94,722,177	183,067,160	8,487,746	1,456,170
Other current liabilities	19	<u>12,532,461</u>	<u>27,033,700</u>	<u>168,000</u>	<u>-</u>
<b>Total current liabilities</b>		<u>3,206,579,931</u>	<u>2,325,140,428</u>	<u>1,096,790,266</u>	<u>827,305,290</u>
<b>Non-current liabilities</b>					
Long-term loans from financial institutions, net of current portion	20	2,190,400,000	250,000,000	700,000,000	250,000,000
Provision for long-term employee benefits	21	102,197,343	89,751,688	54,025,612	47,700,578
Deferred tax liabilities	25	151,508	-	-	-
Deposits received for rental	6	<u>15,284,935</u>	<u>14,056,105</u>	<u>-</u>	<u>-</u>
<b>Total non-current liabilities</b>		<u>2,308,033,786</u>	<u>353,807,793</u>	<u>754,025,612</u>	<u>297,700,578</u>
<b>Total liabilities</b>		5,514,613,717	2,678,948,221	1,850,815,878	1,125,005,868

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

Carabao Group Public Company Limited and its subsidiaries

Consolidated statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)					
		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
<b>Liabilities and shareholders' equity (continued)</b>					
<b>Shareholders' equity</b>					
Share capital					
Registered					
1,000,000,000 ordinary shares of Baht 1 each		1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Issued and fully paid up					
1,000,000,000 ordinary shares of Baht 1 each		1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Share premium		3,962,980,492	3,962,980,492	3,962,980,492	3,962,980,492
Surplus on business combination under common control		323,215,788	323,215,788	-	-
Surplus on changes in percentage of shareholding					
in subsidiaries		108,959,056	108,959,056	108,959,056	108,959,056
Retained earnings					
Appropriated - statutory reserve	22	100,000,000	100,000,000	100,000,000	100,000,000
Unappropriated		1,674,589,236	1,377,500,411	764,109,523	763,959,533
Other components of shareholders' equity		(55,960,183)	383,586	-	-
Equity attributable to owners of the Company		7,113,784,389	6,873,039,333	5,936,049,071	5,935,899,081
Non-controlling interests of the subsidiary		(108,479,340)	226,503,494	-	-
<b>Total shareholders' equity</b>		<b>7,005,305,049</b>	<b>7,099,542,827</b>	<b>5,936,049,071</b>	<b>5,935,899,081</b>
<b>Total liabilities and shareholders' equity</b>		<b>12,519,918,766</b>	<b>9,778,491,048</b>	<b>7,786,864,949</b>	<b>7,060,904,949</b>

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

# Carabao Group Public Company Limited and its subsidiaries

## Consolidated income statement

For the year ended 31 December 2017

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
<b>Profit or loss</b>					
<b>Revenues</b>					
Sales		12,904,241,965	9,943,350,781	-	-
Dividend income from subsidiaries	6, 12	-	-	851,997,160	1,136,994,530
Other income	23.1	163,530,977	146,748,039	389,420,497	259,924,487
<b>Total revenues</b>		<b>13,067,772,942</b>	<b>10,090,098,820</b>	<b>1,241,417,657</b>	<b>1,396,919,017</b>
<b>Expenses</b>					
Cost of sales		8,839,651,329	6,388,247,905	-	-
Selling expenses		2,378,535,316	1,462,115,434	-	-
Administrative expenses		740,669,700	510,790,665	213,406,514	214,205,043
Other expenses	23.2	-	42,177,371	1,617,816	2,029,465
<b>Total expenses</b>		<b>11,958,856,345</b>	<b>8,403,331,375</b>	<b>215,024,330</b>	<b>216,234,508</b>
<b>Profit before finance cost and income tax expenses</b>		<b>1,108,916,597</b>	<b>1,686,767,445</b>	<b>1,026,393,327</b>	<b>1,180,684,509</b>
Finance cost		(47,701,522)	(3,678,598)	(50,625,821)	(771,798)
<b>Profit before income tax expenses</b>		<b>1,061,215,075</b>	<b>1,683,088,847</b>	<b>975,767,506</b>	<b>1,179,912,711</b>
Income tax expenses	25	(260,556,512)	(278,212,728)	(24,738,549)	(8,932,070)
<b>Profit for the year</b>		<b>800,658,563</b>	<b>1,404,876,119</b>	<b>951,028,957</b>	<b>1,170,980,641</b>
<b>Profit attribution to</b>					
Equity holders of the Company		1,245,811,776	1,489,755,815	951,028,957	1,170,980,641
Non-controlling interest of the subsidiaries		(445,153,213)	(84,879,696)	-	-
		<u>800,658,563</u>	<u>1,404,876,119</u>		
<b>Earnings per share</b>					
Basic earnings per share	27				
Profit attributable to equity holders of the Company		1.25	1.49	0.95	1.17
Weighted average number of ordinary shares (share)		1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000

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

## Carabao Group Public Company Limited and its subsidiaries

### Consolidated statement of comprehensive income

For the year ended 31 December 2017

(Unit: Baht)				
		Consolidated financial statements	Separate financial statements	
	Note	2017	2016	
<b>Profit for the year</b>		800,658,563	1,404,876,119	951,028,957 1,170,980,641
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on transaction of financial statements in foreign currencies		(55,477,390)	(13,869,979)	- -
Other comprehensive income to be reclassified to profit or loss in subsequent periods		(55,477,390)	(13,869,979)	- -
<i>Other comprehensive income not be reclassified to profit or loss in subsequent periods:</i>				
Actuarial gain (loss)	21	1,596,311	(13,060,376)	(1,098,709) (2,723,301)
Less: Income tax effect	25	(319,262)	2,612,075	219,742 544,660
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		1,277,049	(10,448,301)	(878,967) (2,178,641)
<b>Other comprehensive income for the year</b>		(54,200,341)	(24,318,280)	(878,967) (2,178,641)
<b>Total comprehensive income for the year</b>		746,458,222	1,380,557,839	950,149,990 1,168,802,000
<b>Total comprehensive income attribution to</b>				
Equity holders of the Company		1,190,745,056	1,479,691,100	950,149,990 1,168,802,000
Non-controlling interest of the subsidiaries		(444,286,834)	(99,133,261)	
<b>Total comprehensive income for the year</b>		746,458,222	1,380,557,839	

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



# Carabao Group Public Company Limited and its subsidiaries

## Statement of changes in shareholders' equity

For the year ended 31 December 2017

Consolidated financial statements												(Unit: Baht)
Equity attributable to owners of the Company												
Note	Issued and fully paid-up share capital	Share premium	Surplus on business combination under common control	Surplus on changes in percentage of shareholding in subsidiaries	Retained earnings	Unappropriated reserve	Other components of equity		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
							Exchange differences on translation of financial statements in foreign currencies					
<b>Balance as at 1 January 2016</b>	1,000,000,000	3,962,980,492	323,215,788	108,959,056	94,000,000	844,192,897	-	6,333,348,233	-	-	6,333,348,233	
Profit for the year	-	-	-	-	-	1,489,755,815	-	1,489,755,815	(84,879,696)	-	1,404,876,119	
Other comprehensive income for the year	-	-	-	-	-	(10,448,301)	383,586	(10,064,715)	(14,253,565)	-	(24,318,280)	
Total comprehensive income for the year	-	-	-	-	-	1,479,307,514	383,586	1,479,691,100	(99,133,261)	-	1,380,557,839	
Unappropriated retained earnings transferred to statutory reserve	-	-	-	-	6,000,000	(6,000,000)	-	-	-	-	-	
Dividend paid	-	-	-	-	-	(940,000,000)	-	(940,000,000)	-	-	(940,000,000)	
Increase in non-controlling interests of subsidiary from joint investment of subsidiary	-	-	-	-	-	-	-	-	325,636,755	-	325,636,755	
<b>Balance as at 31 December 2016</b>	1,000,000,000	3,962,980,492	323,215,788	108,959,056	100,000,000	1,377,500,411	383,586	6,873,039,333	226,503,494	-	7,099,542,827	
<b>Balance as at 1 January 2017</b>	1,000,000,000	3,962,980,492	323,215,788	108,959,056	100,000,000	1,377,500,411	383,586	6,873,039,333	226,503,494	-	7,099,542,827	
Profit for the year	-	-	-	-	-	1,245,811,776	-	1,245,811,776	(445,153,213)	-	800,658,563	
Other comprehensive income for the year	-	-	-	-	-	1,277,049	(56,343,769)	(55,066,720)	866,379	-	(54,200,341)	
Total comprehensive income for the year	-	-	-	-	-	1,247,088,825	(56,343,769)	1,190,745,056	(444,286,834)	-	746,458,222	
Dividend paid	-	-	-	-	-	(950,000,000)	-	(950,000,000)	-	-	(950,000,000)	
Increase in non-controlling interests of subsidiary from joint investment	-	-	-	-	-	-	-	-	109,304,000	-	109,304,000	
<b>Balance as at 31 December 2017</b>	1,000,000,000	3,962,980,492	323,215,788	108,959,056	100,000,000	1,674,589,236	(55,960,183)	7,113,784,389	(108,479,340)	-	7,005,305,049	

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

Carabao Group Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2017

		Separate financial statements					(Unit: Baht)
	Note	Issued and fully paid-up share capital	Share premium	Surplus on changes in percentage of shareholding in a subsidiary	Retained earnings		Total
					Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 1 January 2016</b>		1,000,000,000	3,962,980,492	108,959,056	94,000,000	541,157,533	5,707,097,081
Profit for the year		-	-	-	-	1,170,980,641	1,170,980,641
Other comprehensive income for the year		-	-	-	-	(2,178,641)	(2,178,641)
Total comprehensive income for the year		-	-	-	-	1,168,802,000	1,168,802,000
Appropriated - statutory reserve	22	-	-	-	6,000,000	(6,000,000)	-
Dividend paid	30	-	-	-	-	(940,000,000)	(940,000,000)
<b>Balance as at 31 December 2016</b>		<u>1,000,000,000</u>	<u>3,962,980,492</u>	<u>108,959,056</u>	<u>100,000,000</u>	<u>763,959,533</u>	<u>5,935,899,081</u>
<b>Balance as at 1 January 2017</b>		1,000,000,000	3,962,980,492	108,959,056	100,000,000	763,959,533	5,935,899,081
Profit for the year		-	-	-	-	951,028,957	951,028,957
Other comprehensive income for the year		-	-	-	-	(878,967)	(878,967)
Total comprehensive income for the year		-	-	-	-	950,149,990	950,149,990
Dividend paid	30	-	-	-	-	(950,000,000)	(950,000,000)
<b>Balance as at 31 December 2017</b>		<u>1,000,000,000</u>	<u>3,962,980,492</u>	<u>108,959,056</u>	<u>100,000,000</u>	<u>764,109,523</u>	<u>5,936,049,071</u>

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

## Carabao Group Public Company Limited and its subsidiaries

### Consolidated statement of cash flows

For the year ended 31 December 2017

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Cash flows from operating activities</b>				
Profit before tax	1,061,215,075	1,683,088,847	975,767,506	1,179,912,711
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Dividend income from subsidiaries	-	-	(851,997,160)	(1,136,994,530)
Depreciation and amortisation	263,209,833	226,286,301	-	-
Allowance for doubtful accounts	1,384,682	-	-	-
Gain on sales of short-term investment in trading securities	(2,810,616)	(582,061)	(2,810,616)	(582,061)
Gain on changes in value of short-term investments in trading securities	(37,025)	(3,703,269)	(37,025)	(3,703,269)
Reduction cost of inventory to net realisable value	2,984,669	2,720,286	-	-
Gain on sales of equipment	(2,412,439)	(15,759,035)	-	-
Provision for long-term employee benefits	15,524,966	12,261,967	5,226,325	5,104,446
Realised and unrealised loss (gain) on exchange and forward exchange contract	(46,578,002)	15,129,036	3,972,156	341,697
Interest income	(3,436,132)	(27,562,317)	(143,387,226)	(75,593,877)
Interest expenses	41,353,943	392,877	50,459,692	654,110
<b>Profit (loss) from operating activities before changes in operating assets and liabilities</b>	1,330,398,954	1,892,272,632	37,193,652	(30,860,773)
Operating assets (increase) decrease				
Trade and other receivables	(400,732,722)	(125,573,732)	(3,677,379)	1,688,478
Inventories	(225,746,773)	(150,610,793)	-	-
Other current assets	(278,182,760)	(75,807,338)	(64,303)	(2,838)
Other non-current assets	(6,848,390)	(4,016,609)	-	-
Operating liabilities increase (decrease)				
Trade and other payables	263,661,488	222,434,271	(24,007,450)	29,842,130
Other current liabilities	(14,510,600)	(41,008,826)	168,000	(16,157,461)
Other non-current liabilities	1,228,830	2,872,127	-	-
Cash paid for long-term employee benefits	(1,483,000)	(1,132,000)	-	-
<b>Cash flows from (used in) operating activities</b>	667,785,027	1,719,429,732	9,612,520	(15,490,464)
Cash received from interest income	3,586,155	34,141,221	131,297,907	46,803,241
Cash paid for interest expenses	(38,179,775)	(88,798)	(49,659,840)	(88,798)
Cash paid for corporate income tax	(347,200,430)	(199,331,975)	(18,744,833)	(10,270,934)
<b>Net cash flows from operating activities</b>	285,990,977	1,554,150,180	72,505,754	20,953,045

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

## Carabao Group Public Company Limited and its subsidiaries

### Consolidated statement of cash flows (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Cash flows from investing activities</b>				
Increase in current investments	(1,207,000,000)	(585,000,000)	(1,207,000,000)	(585,000,000)
Cash received from sale of current investments	1,807,000,000	458,366,496	1,807,000,000	458,366,496
Increase in short-term loans to related parties	-	-	(4,424,339,413)	(3,561,000,000)
Cash received from repayment of short-term loans to related parties	-	-	3,918,625,000	2,918,000,000
Cash paid for investment in subsidiaries	-	-	(1,341,406,007)	(989,410,490)
Dividend income from subsidiaries	-	-	978,995,890	832,994,840
Proceeds from sales of equipment	3,854,530	17,499,716	-	-
Increase in investment properties	(104,000)	(27,965)	-	-
Cash paid for acquisition of plant and equipment	(2,978,598,855)	(2,142,387,872)	-	-
Cash paid for acquisition of intangible assets	(55,971,837)	(3,939,226)	(2,805,400)	-
Proceeds from deposits for rental	-	-	-	-
<b>Net cash flows used in investing activities</b>	<b>(2,430,820,162)</b>	<b>(2,255,488,851)</b>	<b>(270,929,930)</b>	<b>(926,049,154)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term loans from financial institutions	95,000,000	750,000,000	(15,000,000)	750,000,000
Increase in short-term loans from non-controlling interests of the subsidiary	56,467,374	-	-	-
Increase in long-term loans from financial institutions	2,240,400,000	250,000,000	750,000,000	250,000,000
Increase in non-controlling interests of subsidiaries from joint investment	109,304,000	10,997,715	-	-
Dividend paid	(949,999,905)	(939,916,680)	(949,999,905)	(939,916,680)
<b>Net cash flows from (used in) financing activities</b>	<b>1,551,171,469</b>	<b>71,081,035</b>	<b>(214,999,905)</b>	<b>60,083,320</b>
Decrease in translation adjustments	(5,070,055)	(2,166,061)	-	-
<b>Net decrease in cash and cash equivalents</b>	<b>(598,727,771)</b>	<b>(632,423,697)</b>	<b>(413,424,081)</b>	<b>(845,012,789)</b>
Cash and cash equivalents at beginning of year	745,060,243	1,377,483,940	428,753,984	1,273,766,773
Effect of change in foreign exchange rate on cash at banks	435,009	-	-	-
<b>Cash and cash equivalents at end of year</b>	<b>146,767,481</b>	<b>745,060,243</b>	<b>15,329,903</b>	<b>428,753,984</b>
<b>Supplemental disclosures of cash flows information</b>				
Non-cash related transactions				
Increase in non-controlling interest of subsidiary from joint investment of subsidiary	-	325,636,755	-	-
Increase in payable for purchasing of plant and equipment	261,771,127	35,130,996	-	-
Increase in payable for purchasing of intangible assets	1,044,200	-	834,600	-
Increase in retention payable	337,500	-	-	-
Dividend payable	-	83,320	-	83,320
Transfer property, plant and equipment to investment properties - net	3,247,774	-	-	-

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

## Carabao Group Public Company Limited and its subsidiaries

### Notes to consolidated financial statements

For the year ended 31 December 2017

#### 1. General information

Carabao Group Public Company Limited ("the Company") is incorporated as a limited company on 28 August 2013 and domiciled in Thailand, and registered the change of its status to a public limited company under The Public Limited companies Act on 8 July 2014. The Company is principally engaged in the investment in subsidiaries. The registered office of the Company is at 393 Silom Building 393, 7 - 10 Floor, Silom Road, Silom, Bangrak, Bangkok.

#### 2. Basis of preparation

- 2.1 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.

#### 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Carabao Group Public Company Limited ("the Company") and the following subsidiaries ("the subsidiaries") as follows:

Company's name	Nature of business	Country	Percentage of shareholding	
			2017	2016
<u>Held by the Company</u>				
Carabao Tawandang Co., Ltd.	Manufacture and distribution of beverage	Thailand	100	100
Asia Pacific Glass Co., Ltd.	Manufacture and distribution of bottles and glass products	Thailand	100	100
Tawandang DCM Co., Ltd.	Distribution of management	Thailand	100	100
Asia Can Manufacturing Co., Ltd. (formerly known as "Asia Pacific Can Co., Ltd.")	Manufacture distribution of aluminum can	Thailand	74	-
Carabao Holdings (Hong Kong) Limited	Investment	Hong Kong	100	100
Carabao Trading (Hong Kong) Limited	Trading business in overseas	Hong Kong	100	100

Company's name	Nature of business	Country	Percentage of shareholding	
			2017	2016
<u>Held by the subsidiaries</u>				
Carabao Venture Holdings (Luxembourg) S.à r.l.	Investment	Luxembourg	51	51
Intercarabao Limited	Trading business in overseas	England	51	51
Carabao Venture Holdings (Hong Kong) Limited	Investment	Hong Kong	90	-

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing at the end of reporting period, and revenues and expenses are translated using monthly average exchange rate. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- h) For the books of account, upon acquisition of additional shares of subsidiaries (repurchase shares from minority interest), the excess of cost of the investment at the acquisition date over the fair value of the net asset has been presented as shareholders' equity in the consolidated statement of financial position under "Surplus on changes in percentage of shareholding in a subsidiary".

2.3 The separate financial statements, which present investments in subsidiaries under the cost method.

### **3. New financial reporting standards**

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of the revised financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements. However, one standard involves changes to key principles, which are summarised below.

##### **TAS 27 (revised 2016) Separate Financial Statements**

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Company and its subsidiaries' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

#### **(b) Financial reporting standards that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of 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 management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.



#### **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.

###### *Management income*

Management income are recognised proportionately over the term of the agreements.

###### *Rental and service income*

Rental and service income are recognised proportionately over the term of the rental and service agreements.

###### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

###### *Dividends*

Dividends are recognised when the right to receive the dividends is established.

###### *Other income*

Other income is recognised on an accrual basis.

##### **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**

Finished goods and work in process are valued at the lower of cost (under the first-in, first-out method) and net realisable value, and includes all production costs and attributable factory overheads.

Raw materials, chemicals, spare parts and factory supplies are valued at the lower of cost (under first-in, first-out method) and net realisable value and are charged to production costs whenever consumed.

#### **4.5 Investments**

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

In the event the Company and its subsidiaries reclassify investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date.

The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending as the type of investment that is reclassified.

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

#### **4.6 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 30 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

#### **4.7 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:

Land improvement	5 - 20 years
Buildings and building improvement	5 - 50 years
Machinery and equipment	5 - 20 years
Furniture, fixtures and office equipment	3 - 5 years
Motor vehicles	5 years

Deprecation is included in determining income.

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

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.

#### **4.8 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of are interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **4.9 Intangible assets**

Intangible assets are stated at cost less any accumulated amortisation and any 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.

Summary of the intangible assets with finite useful lives is as follows

	<u>Useful lives</u>
Trademarks	10 years
Patents	10 years
Computer software	3 - 5 years

Intangible assets with indefinite useful lives, which is knowhow for manufacturing, are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful lives of the intangible assets is reviewed annually.

No amortisation is provided on intangible assets under development.

#### **4.10 Business combinations and goodwill**

Business combinations are accounted for using the acquisition method with the cost of the acquisition being the fair value at the acquisition date of consideration transferred, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest, if any, in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related cost are accounted for as expenses in the periods in which the costs are incurred and the services are received.

Goodwill is initially recorded at cost, which equal to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is subsequently carried at cost less any accumulated impairment losses with impairment being tested annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

#### **4.11 Related party transactions**

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

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

#### **4.12 Long-term leases**

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### **4.13 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that 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 reporting period.

Gains and losses on exchange are included in determining income.

#### **4.14 Impairment of assets**

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of an asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

#### **4.15 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***

###### ***Defined contribution plans***

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

###### ***Defined benefit plans***

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat 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 post-employment benefits are recognised immediately in other comprehensive income.

#### **4.16 Provisions**

Provisions are recognised when the Company and its subsidiaries have a 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.

#### **4.17 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 and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while it recognises 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 and its subsidiaries review and reduce 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 and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

## **4.18 Derivatives**

### **Forward exchange contracts**

At each reporting date, the subsidiary recognises the changes in fair value of forward exchange rate for the undue foreign exchange forward contracts as revenue or expense in the income statement.

## **4.19 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## **5. Significant accounting judgements and estimates**

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

### **Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

### **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.

### **Decreasing in net realisable value of inventories**

Determining the decrease in the net realisable value of inventories requires management to exercise judgement in term of estimating losses on outstanding inventories, based on the selling price expected in the ordinary course of business less the estimated additional costs to be incurred in preparing the inventory for sale; and provision for obsolete, slow-moving and deteriorated inventories, and taking into account the approximate useful life of each type of inventory.

**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 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.

**Goodwill**

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

**Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

**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 and its subsidiaries 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.

(Unit: Million Baht)

	Consolidated		Separate		
	financial statements		financial statements		
	2017	2016	2017	2016	Transfer pricing Policy
<b><u>Transactions with subsidiaries</u></b>					
(Eliminated from the consolidated financial statements)					
Dividend income	-	-	852	1,137	At the declared rate
Management income	-	-	242	180	Contract price
Interest income	-	-	142	49	Contract price
Rental and services expenses	-	-	3	3	Contract price
Other income	-	-	1	-	Market price
<b><u>Transactions with related parties</u></b>					
Purchase of goods	527	115	-	-	Market price
Sales of goods	79	74	-	-	Market price
Promotion expenses	15	15	-	-	Contract price/ Mutually agree price
Other expenses	4	4	-	-	Mutually agree price
Service income	7	5	-	-	Contract price
Rental income	5	4	-	-	Contract price
Other income	2	2	-	-	Market price

As at 31 December 2017 and 2016, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b><u>Trade and other receivables - related parties (Note 9)</u></b>				
Subsidiaries	-	-	58,005	43,011
Related companies (related by shareholders and directors)	17,213	13,748	-	-
Total trade and other receivables - related parties	<u>17,213</u>	<u>13,748</u>	<u>58,005</u>	<u>43,011</u>
<b><u>Dividend receivable - related parties (Note 30)</u></b>				
Subsidiaries	-	-	599,998	726,997
Total dividend receivable - related parties	<u>-</u>	<u>-</u>	<u>599,998</u>	<u>726,997</u>
<b><u>Other long-term receivable - related party</u></b>				
Subsidiary	-	-	26,172	26,172
Total other long-term receivable - related party	<u>-</u>	<u>-</u>	<u>26,172</u>	<u>26,172</u>
<b><u>Other non-current assets - related party</u></b>				
Related company (related by shareholders and directors)	-	34	-	-
Total other non-current assets - related party	<u>-</u>	<u>34</u>	<u>-</u>	<u>-</u>
<b><u>Trade and other payables - related parties (Note 17)</u></b>				
Subsidiaries	-	-	-	10,990
Related companies (related by shareholders, directors and individuals)	17,400	14,450	-	-
Total trade and other payables - related parties	<u>17,400</u>	<u>14,450</u>	<u>-</u>	<u>10,990</u>
<b><u>Deposits received for rental - related parties</u></b>				
Related companies (related by shareholders and directors)	2,757	1,528	-	-
Total deposits received for rental - related parties	<u>2,757</u>	<u>1,528</u>	<u>-</u>	<u>-</u>

As at 31 December 2017 and 2016, the balance of short-term loans between the Company and those related parties and the movement are as follows:

### **Short-term loans to related parties**

(Unit: Thousand Baht)

Loans to related parties	Related by	Separate financial statements				Balance as at 31 December 2017
		Balance as at 31 December 2016	Increase during the period	Decrease during the period	Gain on exchange	
Carabao Tawandaeng Co., Ltd.	Subsidiary	3,218,000	3,773,000	(3,556,000)	-	3,435,000
Asia Pacific Glass Co., Ltd.	Subsidiary	50,000	276,000	(147,000)	-	179,000
Intercarabao Limited	Subsidiary	-	327,570	(215,625)	(3,145)	108,800
Carabao Trading (Hong Kong) Limited	Subsidiary	-	47,769	-	(1,183)	46,586
		<u>3,268,000</u>	<u>4,424,339</u>	<u>(3,918,625)</u>	<u>(4,328)</u>	<u>3,769,386</u>

As at 31 December 2017, short-term loans to related parties are in from of promissory notes which charged interest rate at 3.5 - 5.0 percent per annum (2016: 2.1 - 3.5 percent per annum).

### **Directors and management's benefits**

During the years ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term employee benefits	143	136	143	136
Post-employment benefits	4	5	4	5
Total	<u>147</u>	<u>141</u>	<u>147</u>	<u>141</u>

### **Guarantee obligation**

As at 31 December 2017, the Company has guarantee obligations on credit facilities of the two subsidiaries, as described in Note 31.5.1 to the financial statements and guarantee obligations on loan of a subsidiary, as described in Note 31.5.2 to the financial statements.

## 7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash	200	200	10	10
Bank deposits	146,567	744,860	15,320	428,744
Total cash and cash equivalents	<u>146,767</u>	<u>745,060</u>	<u>15,330</u>	<u>428,754</u>

As at 31 December 2017, bank deposits in saving accounts and fixed deposits carried interests between 0.01 and 0.38 percent per annum (31 December 2016: 0.01 and 0.40 percent per annum).

## 8. Current investments

8.1 As at 31 December 2017 and 2016, current investments consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated/separate financial statements	
	<u>2017</u>	<u>2016</u>
Short-term investments in trading securities (Note 8.2)	7,130	604,282
Total current investment	<u>7,130</u>	<u>604,282</u>

8.2 As at 31 December 2017, short-term investments in trading securities are summarised below.

	(Unit: Thousand Baht)	
	Consolidated/separate financial statements	
	<u>Cost</u>	<u>Fair value</u>
Open-ended fund in debt instruments of a financial institution	7,093	7,130
Add: Gain on change in value	37	
Total short-term investments in trading securities	<u>7,130</u>	

Movement of short-term investments in trading securities for the year ended 31 December 2017 and 2016 as summarised below.

	(Unit: Thousand Baht)	
	Consolidated/separate financial statements	
	<u>2017</u>	<u>2016</u>
<b>Net book value at beginning of year</b>	604,282	214,812
Cash paid for short-term investments in trading securities during the year- at cost	1,207,000	585,000
Sales during the year		
Proceeds from sales	(1,807,000)	(199,815)
Gain on sales	2,811	582
Total	(1,804,189)	(199,233)
Gain on change in value	37	3,703
<b>Net book value at end of year</b>	<u>7,130</u>	<u>604,282</u>

## 9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	12,475	13,595	-	-
Total trade receivables - related parties	<u>12,475</u>	<u>13,595</u>	<u>-</u>	<u>-</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	615,512	411,187	-	-
Past due				
Not over 3 months	99,845	10,216	-	-
3 - 6 months	28,958	65	-	-
Over 12 months	-	310	-	-
Total trade receivables - unrelated parties	<u>744,315</u>	<u>421,778</u>	<u>-</u>	<u>-</u>
Less: Allowance for doubtful debts	<u>(1,394)</u>	<u>(310)</u>	<u>-</u>	<u>-</u>
Total trade receivables - unrelated parties - net	<u>742,921</u>	<u>421,468</u>	<u>-</u>	<u>-</u>
Total trade receivables - net	<u>755,396</u>	<u>435,063</u>	<u>-</u>	<u>-</u>



	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Other receivables</u>				
Other receivables - related parties	4,526	10	2,776	25
Other receivables - unrelated parties	7,398	9,450	-	-
Accrued income - related parties	212	143	55,229	42,986
Accrued income - unrelated parties	128	2,808	1	140
Prepaid expenses	178,449	68,256	1,154	228
Prepayment for purchase of goods	-	31,835	-	-
Advances	1,308	11,938	-	-
Excise tax receivables	12,079	-	-	-
Others	365	2,073	-	-
Total other receivables	204,465	126,513	59,160	43,379
Total trade and other receivables	959,861	561,576	59,160	43,379

## 10. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Finished goods	350,976	242,352	(1,290)	(1,098)	349,686	241,254
Work in process	3,675	1,556	-	-	3,675	1,556
Raw materials	218,034	107,737	-	-	218,034	107,737
Packing materials	50,918	54,401	(8)	(8)	50,910	54,393
Spare parts and factory supplies	33,961	28,564	-	-	33,961	28,564
Total	657,564	434,610	(1,298)	(1,106)	656,266	433,504

During the current year, the subsidiary reduced cost of inventories by Baht 3.0 million (2016: Baht 2.7 million), to reflect the net realisable value. In addition, the subsidiary reversed the write-down of cost of inventories by Baht 2.8 million (2016: Baht 2.1 million). This was included in cost of sales.

## 11. Other current assets

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
VAT receivables	354,322	92,513	-	-
Undue input VAT	22,323	5,413	67	3
Supplies for market promotion	9,141	10,050	-	-
Others	3,388	2,506	-	-
Total other current assets	389,174	110,482	67	3

## 12. Investments in subsidiaries

12.1 Investments in subsidiaries presented in the separate financial statements are as follows:

Company's name	Nature of business	Paid-up capital		Percentage of shareholding		Cost method		Dividend received during the year	
		2017	2016	2017	2016	2017	2016	2017	2016
		(Thousand Baht)	(Thousand Baht)	(Percent)	(Percent)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
<u>Local subsidiaries</u>									
Carabao Tawandang Co., Ltd.	Manufacture and distribution of beverage	300,000	300,000	100	100	408,958	408,958	851,997	884,997
Asia Pacific Glass Co., Ltd.	Manufacture and distribution of glass bottles and products	1,299,998	1,099,995	100	100	1,299,998	1,099,993	-	162,000
Tawandang DCM Co., Ltd.	Distribution management	100,000	100,000	100	100	99,998	99,998	-	89,998
Asia Can Manufacturing Co., Ltd. (formerly known as "Asia Pacific Can Co., Ltd.")	Manufacture and distribution of aluminum can	420,400	-	74	-	311,096	-	-	-
<u>Overseas subsidiaries</u>									
Carabao Holdings (Hong Kong) Limited	Investment	USD 34 million	USD 10 million	100	100	1,178,611	348,306	-	-
Carabao Trading (Hong Kong) Limited	Trading business in overseas	USD 50,000	USD 50,000	100	100	1,758	1,758	-	-
Total						3,300,419	1,959,013	851,997	1,136,995

## 12.2 Details of investments in subsidiaries that have material non-controlling interests

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Loss allocated to non-controlling interests during the year	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(Percent)	(Percent)				
Carabao Venture Holdings (Luxembourg) S.à r.l. and its subsidiary (Subsidiary of Carabao Holdings (Hong Kong) Limited)	49	49	(216.8)	226.5	(444.1)	(84.9)
Asia Can Manufacturing Co., Ltd. (Subsidiary)	26	-	108.3	-	(1.1)	-

## 12.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

### Summarised information about financial position

(Unit: Million Baht)

	Carabao Venture Holdings (Luxembourg) S.à r.l. and its subsidiary		Asia Can Manufacturing Co., Ltd.	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current assets	257.3	77.6	85.8	-
Non-current assets	553.0	540.1	808.0	-
Current liabilities	1,247.6	142.3	66.6	-

### Summarised information about profit and loss

(Unit: Million Baht)

	Carabao Venture Holdings (Luxembourg) S.à r.l. and its subsidiary		Asia Can Manufacturing Co., Ltd.	
	For the years ended 31 December		For the years ended 31 December	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Loss	(906.4)	(173.2)	(4.0)	-

#### 12.4 Investments in subsidiary companies which the Company previously held

- 12.4.1 The Company established Carabao Holdings (Hong Kong) Limited (CHHK), incorporated in Hong Kong. The subsidiary is principally engaged in investment in overseas companies, with a registered share capital of USD 10 million, comprising 10 million ordinary shares. The Company holds 100 percent interest in this company. The subsidiary has registered its establishment on 5 September 2016.

Subsequently on 23 January 2017, the meeting of the Board of Directors of CHHK passed a resolution to increase its registered share capital from USD 10 million to USD 20 million, comprising 20 million ordinary shares. The Company had already made the payment for share subscription. The subsidiary registered such share capital increase on 1 February 2017.

Subsequently on 19 May 2017, the meeting of the Board of Directors of CHHK passed a resolution to increase its registered share capital from USD 20 million to USD 26 million, comprising 26 million ordinary shares. The Company had already made the payment for share subscription. The subsidiary registered such share capital increase on 19 May 2017.

Subsequently on 18 August 2017, the meeting of the Board of Directors of CHHK passed a resolution to increase its registered share capital from USD 26 million to USD 34 million, comprising 34 million ordinary shares. The Company had already made the payment for share subscription. The subsidiary registered such share capital increase on 18 August 2017.

- 12.4.2 The Company established Carabao Trading (Hong Kong) Limited, incorporated in Hong Kong. The subsidiary is principally engaged in distribution in overseas, with a registered share capital of USD 50,000, comprising 50,000 ordinary shares. The Company holds 100 percent interest in this company. The subsidiary has registered its establishment on 8 November 2016. As at 31 December 2016, the Company had not yet made a payment for such share subscription. However, in the current year, the Company already paid for shares.

- 12.4.3 CHHK entered into a joint-venture agreement with Intercarabao Private Limited (ICSG), which is incorporated in Singapore and has no relationship with the Company and its subsidiaries, to establish Carabao Venture Holdings (Luxembourg) S.à r.l. (CVHLUX), the Company's new subsidiary company in Luxembourg with shareholding interest of 51 percent and 49 percent, respectively. The subsidiary is principally engaged in investment in overseas companies with a registered share capital of EUR 16.9 million, comprising 16.9 million shares with EUR 1 par value each. CHHK paid for share subscription of approximately EUR 8.6 million by cash and ICSG paid for share subscription of approximately EUR 8.3 million by transferring its investment in share capital of Intercarabao Limited (ICUK), which is incorporated in England and 100 percent interest in which was formerly held by ICSG. On 30 September 2016, CVHLUX completed the registration of its establishment.

As a result, the Company has control over CVHLUX via its indirect holding of 51 percent interest through CHHK.

On 5 October 2016, CVHLUX purchased the additional ordinary shares of ICUK by the amount of GBP 7.3 million, comprising 7.3 million shares with GBP 1 par value each. CVHLUX had made full payment for subscription of the additional shares. In addition, ICUK registered the appointment of new board of directors whose members are mainly in the board of directors of CVHLUX. Thus, the Company has control over the business plans and policies of ICUK through its Boards of Directors and it has classified the investment in ICUK as the investment in subsidiary company since the date it obtained the control.

The Company assessed the fair value of identifiable assets acquired and liabilities assumed at the acquisition date. The assessment was completed in the fourth quarter of 2016 and within the period of twelve months from the acquisition date allowed by Thai Financial Reporting Standard No. 3 (revised 2015) "Business Combinations".

Fair values of the identifiable assets acquired and liabilities assumed from Intercarabao Limited as at the acquisition date were summarised below.

	(Unit: Thousand Baht)
Cash and cash equivalents	336,200
Trade and other receivables	17,371
Inventories	36,640
Other current assets	17,864
Equipment	1,982
Trade and other payables	(305,009)
Other current liabilities	(1,969)
Fair value of net assets	103,079
Cost of acquisition of joint investment in subsidiary	(642,428)
Goodwill as at the acquisition date	539,349
Translation adjustment	(3,284)
Goodwill as at 31 December 2016	536,065

Movement in the goodwill account during the year ended 31 December 2017 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 31 December 2016	536,065
Add: Translation adjustment	(598)
Net book value as at 31 December 2017	535,467

12.4.4 On 28 June 2017, Asia Pacific Glass Co., Ltd. (a subsidiary) called up the remaining uncalled portion of its registered capital, amounting to Baht 200 million, and the Company has made full payment of the shares. As a result, investment in this subsidiary has increased from Baht 1,100 million to Baht 1,300 million.

12.4.5 On 14 November 2017, the meeting of the Company's Board of Directors passed a resolution to approve Carabao Venture Holdings (Luxembourg) S.à r.l. (CVHLUX) (a subsidiary) in increasing its registered share capital in the amount not exceeding GBP 40.3 million or EUR 45.4 million in order to support the operation of Intercarabao Limited (ICUK) (another subsidiary) through the process as follows:

- 1) Issue and offer new ordinary shares to existing shareholders in proportion to their holdings in the amount not exceeding GBP 19.5 million or EUR 22.0 million. However, Intercarabao Private Limited (ICSG), another shareholder of CVHLUX, has notified of its intention not to purchase new ordinary shares of CVHLUX in proportion to its holding in full.
- 2) Convert debt from loans from Carabao Holdings (Hong Kong) Limited (CHHK) and Intercarabao Private Limited (ICSG) into equity in the amount not exceeding GBP 20.8 million or EUR 23.4 million.

Such subsidiary registered the share capital increase on 8 January 2018, as described in Note 35.3.

12.4.6 On 14 November 2017, the meeting of the Company's Board of Directors passed a resolution to approve Carabao Holdings (Hong Kong) Limited (CHHK) in increasing its registered share capital in the amount not exceeding GBP 19.5 million or USD 26.5 million in order to pay for the new ordinary shares of CVHLUX as mentioned in Note 12.4.5.

Such subsidiary registered the share capital increase on 5 January 2018, as described in Note 35.2.

## 12.5 Investments in new subsidiary companies

12.5.1 On 22 February 2017, the meeting of the Company's Board of Directors passed a resolution to approve CHHK in joining ICSG to establish a new subsidiary in Hong Kong, namely Carabao Venture Holdings (Hong Kong) Limited (CVHHK) with shareholding interest of 90 percent and 10 percent, respectively. The subsidiary is principally engaged in investment in overseas companies with a registered capital equivalent to the amount of not exceeding USD 19.7 million, comprising 19.7 million shares. On 2 March 2017, CVHHK completed the registration of its establishment. As a result, the Company has control over CVHHK via its indirect holding of 90 percent interest through CHHK.

12.5.2 On 22 February 2017, the meeting of the Company's Board of Directors passed a resolution to approve CVHHK in entering into the joint venture agreements with a group of Chinese business partners ("DAI Group") and establishing joint venture companies under various jurisdictions ("JV Group") for the objectives of conducting business operations in marketing, sales and distributions of energy drinks under Carabao trademark in Hong Kong, Macau, Taiwan and the People's Republic of China with the project value equivalent to the amount of not exceeding USD 40 million in the initial phase ("Greater China Investment Project"). In respect of shareholding structure in the JV Group, CVHHK will invest and hold both directly and indirectly 45 percent - 49 percent shares while the DAI Group and a group of Chinese professional management in food and beverage industry will invest and hold both directly and indirectly 46 percent - 51 percent and no greater than 5 percent shares, respectively.

Subsequently, on 25 April 2017, the meeting of the Company's Board of Directors passed a resolution to withdrawal from the joint venture agreements, which in turn shall serve as the basis for the Company and its subsidiaries to involve the transactions as set out below.

- 1) CHHK shall no longer pursue the process of capital increase deemed relevant to the project;
- 2) CVHHK withdraws from the act of entering into the joint venture agreements with the DAI Group. In doing so, CVHHK shall call off the process of capital increase and subsequently become a dormant company.

In addition, the meeting of the Company's Board of Directors passed a resolution to approve as follows:

- 1) To approve Carabao Tawandang Co., Ltd. (a subsidiary) in entering into an agreement with New Investor Group (incorporated by the Company's major shareholder group and a group of Chinese business partners) to grant right to be an exclusive distributor of energy drinks in Hong Kong, Macau, Taiwan and the People's Republic of China as well as licensee of trademarks deemed related thereto for an advantage of such business operations.
- 2) To approve the Company in entering into an agreement with the New Investor Group such that the Company gain its eligibility to buy all shares that the New Investor Group will invest and hold both directly and indirectly shares in the HOLDING SPV (Right to Purchase Agreement) at a fair value to be determined by the independent appraiser as well as in accordance with other terms and conditions in respect of share acquisition under the said agreement.

However, the Company and such subsidiary have not yet entered into such agreements.

Subsequently, on 6 October 2017, CVHHK has already submitted for deregistration and is in process of legal of Hong Kong.

12.5.3 On 29 March 2017, the meeting of the Company's Board of Directors passed a resolution to establish Asia Pacific Can Co., Ltd. (a new subsidiary), in corporate in Thailand. The subsidiary is principally engaged in the manufacture of aluminum cans used as packaging materials with a registered share capital of Baht 1 million, comprising 10,000 ordinary shares of Baht 100 each. The project is under the joint venture agreement between the Company and overseas unrelated group of company, with shareholding interest of 74 percent and 26 percent, respectively. The subsidiary has registered its establishment on 15 June 2017.

On 3 July 2017, the Extraordinary General Meeting of shareholders of Asia Pacific Can Co., Ltd. (a subsidiary) passed a resolution to increase its registered share capital from Baht 1 million (10,000 ordinary shares of Baht 100 each) to Baht 700 million (7,000,000 ordinary shares of Baht 100 each) through the issuance of additional 6,990,000 ordinary shares of Baht 100 each, called up Baht 60 each. The Company had already made the payment for share subscription on 5 July 2017. As a result, the issued and paid-up share capital of the subsidiary is Baht 420 million (10,000 ordinary shares of Baht 100 each, fully paid up and 6,990,000 ordinary shares of Baht 100 each, paid up Baht 60 each). The subsidiary registered such share capital increase with the Ministry of Commerce on 7 July 2017.

On 20 November 2017, the Extraordinary General Meeting of shareholders of Asia Pacific Can Co., Ltd. approved to change the Company's name from "Asia Pacific Can Co., Ltd." to "Asia Can Manufacturing Co., Ltd.". The subsidiary registered with the Ministry of Commerce for the change of its name on 1 December 2017.

12.5.4 On 11 August 2017, the meeting of the Company's Board of Directors passed a resolution to approve an establishment of a subsidiary in Thailand for engaging in the logistic business with a registered capital not exceeding Baht 100 million. However, as at 31 December 2017, the Company have not yet established such subsidiary.

## 12.6 Goodwill

The company has determined recoverable amounts of its cash generating units (CGUs) based on value in use calculation using cash flow projections from financial budgets approved by the management covering a five-year period.

Key assumptions used in value in use calculations under conservative basis summarise as follows:

(Unit: Percent per annum)

Terminal growth rate	3.0
Discount rate	17.5

The management has considered the growth rate from policy, business plan, expected overall market growth rate, and discount rate which are the rates before income tax which relate to the specific risk in that operating segment.

The management has considered and believed that no impairment was required for goodwill.



### 13. Investment properties

The net book value of investment properties as at 31 December 2017 and 2016 is presented below.

	(Unit: Thousand Baht)
	Consolidated financial statements
	Office building for rent
As at 31 December 2017:	
Cost	122,876
Less: Accumulated depreciation	(19,713)
Net book value	103,163
As at 31 December 2016:	
Cost	118,985
Less: Accumulated depreciation	(15,137)
Net book value	103,848

A reconciliation of the net book value of investment properties for the years 2017 and 2016 is presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2017	2016
Net book value at beginning of year	103,848	107,793
Acquisition during the year - at cost	104	28
Transfers from property, plant and equipment	3,248	-
Depreciation for the year	(4,037)	(3,973)
Net book value at end of year	103,163	103,848

The fair value of the office building of the subsidiary as at 31 December 2017 was determined at approximately Baht 186.2 million (2016: Baht 181.7 million) using the income approach. The assumption used in the valuation was based on the subsidiary's data.

#### 14. Property, plant and equipment

	Consolidated financial statements						(Unit: Thousand Baht)
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
<b>Cost:</b>							
As at 1 January 2016	2,650,095	826,216	1,745,793	62,445	195,820	3,113	5,483,482
Increase from joint investment of subsidiary	-	-	-	418	1,684	-	2,102
Additions	212,687	3,066	27,654	25,862	24,675	1,883,314	2,177,258
Capitalised interest	-	-	-	-	-	261	261
Disposals	-	-	(12,187)	(1,936)	(38,114)	-	(52,237)
Transfers	-	7,548	7,871	432	-	(15,851)	-
Translation adjustment	-	-	-	(2)	(10)	-	(12)
As at 31 December 2016	2,862,782	836,830	1,769,131	87,219	184,055	1,870,837	7,610,854
Additions	13,013	27,031	44,736	33,883	25,361	3,068,830	3,212,854
Capitalised interest	-	-	-	-	-	27,854	27,854
Disposals	-	-	(3,046)	(1,921)	(8,677)	-	(13,644)
Transfers	3,895	1,102,551	1,755,616	8,138	4,533	(2,874,733)	-
Transfers to investment property	-	(3,787)	-	-	-	-	(3,787)
Translation adjustment	-	-	-	59	(2)	-	57
As at 31 December 2017	2,879,690	1,962,625	3,566,437	127,378	205,270	2,092,788	10,834,188

(Unit: Thousand Baht)

	Consolidated financial statements					
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation
						Total
<b>Accumulated depreciation:</b>						
As at 31 December 2016	3,881	159,715	493,012	26,445	133,419	-
Increase from joint investment of subsidiary	-	-	-	85	35	120
Depreciation for the year	2,658	45,808	130,513	14,193	24,696	-
Accumulated depreciation of disposed assets	-	-	(11,156)	(1,212)	(38,128)	-
Translation adjustment	-	-	-	(1)	-	(1)
As at 31 December 2016	6,539	205,523	612,369	39,510	120,022	-
Depreciation for the year	2,765	58,155	146,830	19,489	26,776	-
Accumulated depreciation of disposed assets	-	-	(2,828)	(1,314)	(8,060)	-
Transfers to investment property	-	(539)	-	-	-	(539)
Translation adjustment	-	-	-	9	2	11
As at 31 December 2017	9,304	263,139	756,371	57,694	138,740	-
<b>Net book value:</b>						
As at 31 December 2016	2,856,243	631,307	1,156,762	47,709	64,033	1,870,837
As at 31 December 2017	2,870,386	1,699,486	2,810,066	69,684	66,530	2,092,788
<b>Depreciation for the year</b>						
2016 (Baht 177.5 million included in manufacturing cost, and the balance in selling and administrative expenses)						217,868
2017 (Baht 206.7 million included in manufacturing cost, and the balance in selling and administrative expenses)						254,015

As at 31 December 2017, certain plant and equipment items of a subsidiary have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 427.4 million (2016: Baht 365.0 million).

During the year 2017, three subsidiaries (2016: a subsidiary) capitalised interest amounting to Baht 27.9 million (2016: Baht 0.3 million) to the costs of assets. These borrowing costs arose on loans obtained for specific purpose for the construction of plant and acquisition of machinery.

## 15. Intangible assets

(Unit: Thousand Baht)						
Consolidated financial statements						
	Trademark	Patents	Computer software	Knowhow for manufacturing	Intangible assets under development	Total
31 December 2017:						
Cost	10,000	10,000	24,291	49,986	3,640	97,917
Less: Accumulated amortisation	(7,000)	(10,000)	(13,910)	-	-	(30,910)
Net book value	3,000	-	10,381	49,986	3,640	67,007
31 December 2016:						
Cost	10,000	10,000	20,901	-	-	40,901
Less: Accumulated amortisation	(6,000)	(10,000)	(9,750)	-	-	(25,750)
Net book value	4,000	-	11,151	-	-	15,151
(Unit: Thousand Baht)						
Separate financial statements						
Intangible assets under development						
31 December 2017:						
Cost					3,640	
Less: Accumulated amortisation					-	
Net book value					3,640	

A reconciliation of the net book value of intangible assets for the years 2017 and 2016 is presented below.

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net book value at beginning of year	15,151	15,655	-	-
Acquisition during the year	57,016	3,939	3,640	-
Amortisation for the year	(5,158)	(4,445)	-	-
Translation adjustment	(2)	2	-	-
Net book value at end of year	<u>67,007</u>	<u>15,151</u>	<u>3,640</u>	<u>-</u>

#### 16. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term loans from financial institutions	<u>845,000</u>	<u>750,000</u>	<u>735,000</u>	<u>750,000</u>
Total short-terms loans from financial institutions	<u>845,000</u>	<u>750,000</u>	<u>735,000</u>	<u>750,000</u>

The short-term loans from financial institutions carry interest at a reference fix loan rate of commercial banks. The loans are unsecured loans and no any certain conditions of restrictions stipulated in the agreements.

#### 17. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trade payables - related parties	16,762	12,545	-	-
Trade payables - unrelated parties	987,902	751,335	-	-
Other payables - related parties	638	1,905	-	10,990
Other payables - unrelated parties	457,896	215,362	20,381	21,052
Accrued expenses - unrelated parties	261,445	295,835	32,754	43,807
Accrued excise tax	127,627	-	-	-
Advance received	44,927	88,058	-	-
Total trade and other payables	<u>1,897,197</u>	<u>1,365,040</u>	<u>53,135</u>	<u>75,849</u>

#### 18. Short-term loan from non-controlling interests of the subsidiary

This short-term loan was from Intercarabao Private Limited (ICSG) which was non-controlling interests of the subsidiary in overseas. As at 31 December 2017, this loan has outstanding balance of Baht 57.1 million, carries interest at fix rate and is due at call.

#### 19. Other current liabilities

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Liabilities under forward exchange contracts	-	15,470	-	-
Undue output VAT	478	362	168	-
Others	12,054	11,202	-	-
Total other current liabilities	<u>12,532</u>	<u>27,034</u>	<u>168</u>	<u>-</u>

#### 20. Long-term loans from financial institutions

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Long-term loans	2,490,400	250,000	1,000,000	250,000
Less: Portion due within one year	<u>(300,000)</u>	<u>-</u>	<u>(300,000)</u>	<u>-</u>
Long-term loans - net of current portion	<u>2,190,400</u>	<u>250,000</u>	<u>700,000</u>	<u>250,000</u>

On 26 December 2016, the Company had entered into long-term loan agreement with a financial institution with a given credit facilities of Baht 1,000 million, fully drawn down on which interest is charged at the Minimum Loan Rate (MLR) reference rate minus a margin. The loan is repayable in 10 periods by three-month installments, with the first of these due in June 2018. This long-term loan is unsecured and no any certain conditions or restrictions stipulated in the agreements.

On 2 June 2017, a subsidiary had entered into long-term loan agreement with a financial institution with a given credit facilities of Baht 1,500 million, drawn down of Baht 1,078 million on which interest is charged at the Minimum Loan Rate (MLR) reference rate minus a margin. The loan is repayable in 12 periods by three-month installments, with the first of these due in June 2019. This long-term loan is secured by the Company (as mentioned in note 31.5.2). The long-term loan agreement contains conditions that require the subsidiary to comply with certain conditions and restrictions stipulated in the agreement, i.e. to maintain the consolidated financial statements' debt to equity ratio at the rate prescribed in the agreement.

On 12 July 2017, a subsidiary had entered into long-term loan agreement with a financial institution with a given credit facilities of Baht 1,455 million, drawn down of Baht 412 million on which interest is charged at the fixed rate for the first 2 years and the Minimum Loan Rate (MLR) reference rate minus a margin for the following years. The loan is repayable in one-month installments over a period of 5 years, with the first of these due in August 2019. This long-term loan is unsecured. The long-term loan agreement contains conditions that require the subsidiary to comply with certain conditions and restrictions stipulated in the agreement, i.e. to maintain the subsidiary's debt to equity ratio at the rate prescribed in the agreement.

## 21. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employee after they retire, was as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Provision for long-term employee</b>				
<b>benefits at beginning of year</b>	89,752	65,561	47,701	39,873
Included in profit or loss:				
Current service cost	13,284	10,265	4,295	4,119
Interest cost	2,241	1,997	931	985
Included in other comprehensive income:				
Actuarial loss (gain)				
Demographic assumptions changes	2,872	6,739	484	1,184
Financial assumptions changes	(6,330)	766	(1,824)	(806)
Experience adjustments	1,861	5,556	2,439	2,346
Benefits paid during the year	(1,483)	(1,132)	-	-
<b>Provision for long-term employee</b>				
<b>benefits at end of year</b>	<u>102,197</u>	<u>89,752</u>	<u>54,026</u>	<u>47,701</u>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cost of sales	5,287	3,779	-	-
Selling and administrative expenses	<u>10,238</u>	<u>8,483</u>	<u>5,226</u>	<u>5,104</u>
Total expenses recognised in profit or loss	<u>15,525</u>	<u>12,262</u>	<u>5,226</u>	<u>5,104</u>

The Company and its subsidiaries expect to pay Baht 52 million of long-term employee benefits during the next year (Separate financial statements: Baht 36 million) (2016: Baht 1 million, separate financial statements: Nil).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 5 - 24 years (Separate financial statements: 5 years) (2016: 5 - 25 years, separate financial statements: 5 years).

Key actuarial assumptions at the valuation date were as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	1.9 - 3.3	1.8 - 2.7	1.9	1.8
Future salary increase rate	5.8 - 9.3	5.3 - 9.8	8.3	9.8
Staff turnover rate (depending on age)	0 - 75	0 - 55	8	0 - 44

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

	(Unit: Million Baht)			
	As at 31 December 2017			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(2.9)	3.4	(0.6)	0.6
Salary increase rate	3.2	(2.8)	0.6	(0.6)
Staff turnover rate	(3.1)	3.3	(0.5)	0.5

	(Unit: Million Baht)			
	31 December 2016			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(2.9)	3.1	(0.6)	0.7
Salary increase rate	2.9	(2.7)	0.6	(0.6)
Staff turnover rate	(3.0)	3.2	(0.6)	0.6



## 22. 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. In 2016, the Company set aside a statutory reserve totaling Baht 6 million. At present, the statutory reserve has fully been set aside.

## 23. Other income/other expenses

### 23.1 Other income

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Management income	-	-	242,400	180,000
Rental and service income	65,805	58,679	-	-
Gain on exchange	39,131	-	-	-
Scrap sales income	14,787	13,465	-	-
Income from sales and trade-off premium goods	9,700	4,647	-	-
Interest income	3,436	27,562	143,387	75,594
Gain from sales of equipment	2,412	15,759	-	-
Others	28,260	26,636	3,633	4,330
Total other income	<u>163,531</u>	<u>146,748</u>	<u>389,420</u>	<u>259,924</u>

### 23.2 Other expenses

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Loss on exchange	-	21,576	1,618	2,029
Loss on changes in fair value of foreign exchange contracts	-	20,601	-	-
Total other expenses	<u>-</u>	<u>42,177</u>	<u>1,618</u>	<u>2,029</u>

## 24. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Raw materials and packing materials used	7,863,580	5,629,636	-	-
Salaries, wages and other employee benefits	1,250,816	1,025,353	184,252	190,607
Sales promotion expenses	1,102,023	462,988	-	-
Travelling expenses	297,740	230,484	189	2,661
Depreciation and amortisation	263,210	226,286	-	-
Freight expenses	271,934	214,622	-	-
Utility service expenses	155,127	124,200	6	40
Advertising expenses	181,818	100,001	-	-
Consumables used	270,580	187,333	-	-
Repair and maintenance expenses	108,290	78,687	-	-
Loss on exchange	-	21,576	1,618	2,029
Loss on changes in fair value of foreign exchange contracts	-	20,601	-	-
Changes in inventories of finished goods	(108,624)	(128,274)	-	-

## 25. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Current income tax:</b>				
Current corporate income tax charge	258,390	283,874	25,777	9,953
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	2,167	(5,661)	(1,038)	(1,021)
<b>Income tax expense reported in the income statement</b>	<u>260,557</u>	<u>278,213</u>	<u>24,739</u>	<u>8,932</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Current income tax:</b>				
Deferred tax relating to actuarial gain				
(loss)	319	(2,612)	(220)	(545)

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accounting profit before tax	<u>1,061,215</u>	<u>1,683,089</u>	<u>975,768</u>	<u>1,179,913</u>
Applicable tax rate	16.5%, 19%, 20%, 29.2%	16.5%, 20%, 29.2%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	219,261	335,438	195,154	235,983
Effects of:				
Promotional privileges (Note 26)	(75,269)	(92,292)	-	-
Income not subject to tax	(13,652)	-	(170,399)	(227,399)
Non-deductible expenses	4,599	3,060	20	360
Additional expense deductions allowed	(48,097)	(3,842)	(36)	(12)
Unrecognised tax loss as deferred tax assets	173,715	35,849	-	-
Total	<u>41,296</u>	<u>(57,225)</u>	<u>(170,415)</u>	<u>(227,051)</u>
Income tax expenses reported in the income statement	<u>260,557</u>	<u>278,213</u>	<u>24,739</u>	<u>8,932</u>

As at 31 December 2017, the subsidiaries have unused tax losses of 2017 and 2016 totaling Baht 173.7 million and Baht 35.8 million, respectively on which deferred tax assets have not been recognised as the subsidiaries consider that it is not certain whether they are able make profit in a short period that is sufficient to allow the utilisation of the temporary difference and tax losses.

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Deferred tax assets</b>				
Provision for trade discounts and promotions	13,209	17,395	-	-
Provision for long-term employee benefits	15,205	12,716	5,570	4,306
Tax losses	1,315	-	-	-
Accrued expenses	1,000	-	-	-
Different rate of depreciation	379	498	-	-
Allowance for diminution in value of inventories	260	221	-	-
Forward contract payable	-	3,094	-	-
Allowance for doubtful accounts	-	62	-	-
Total	<u>31,368</u>	<u>33,986</u>	<u>5,570</u>	<u>4,306</u>
<b>Deferred tax liabilities</b>				
Different rate of depreciation	152	-	-	-
Gain on change in value of short-term investment in trading securities	7	-	7	-
Accrued rebate income	-	290	-	-
Total	<u>159</u>	<u>290</u>	<u>7</u>	<u>-</u>
<b>Total deferred tax assets and liabilities - net</b>	<u>31,209</u>	<u>33,696</u>	<u>5,563</u>	<u>4,306</u>

As at 31 December 2017 and 2016, the above deferred tax assets and liabilities are presented in the statements of financial position as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax assets	31,361	33,696	5,563	4,306
Deferred tax liabilities	(152)	-	-	-
Total deferred tax assets and liabilities - net	<u>31,209</u>	<u>33,696</u>	<u>5,563</u>	<u>4,306</u>

## 26. Promotional privileges

Asia Pacific Glass Co., Ltd., a subsidiary, has received promotional privileges under the Investment Promotion Act B.E. 2520 as approved by the Board of Investment. Subject to the imposed conditions, the significant privileges are as follows:

Descriptions	Privileged details	
1. Certificate No.	2326(4)/2556	59-1062-0-00-1-0
2. Certificate date	24 September 2013	18 August 2016
3. Promotional privileges for	Manufacture of glass bottle	Manufacture of glass bottle
4. The significant privileges are:		
4.1 Exemption from corporate income tax on income from the promoted operation.	6 years (expire on 7 August 2020)	3 years (expire on 19 December 2020) (Tax exempted according with investment)
4.2 Exemption from income tax on dividends paid from the promoted operation on which the corporate income tax is exempted throughout the corporate income tax exemption period.	6 years (expire on 7 August 2020)	3 years (expire on 19 December 2020)
4.3 Exemption from import duty on machinery as approved by the board.	Granted	-
4.4 Fifty percent reduction of import duty on machinery as approved by the board.	-	Granted

The subsidiary operating revenues for the years ended 31 December 2017 and 2016 divided between to promoted and non-promoted operations, are summarised below.

	Promoted operations		Non-promoted operations		Total	
	2017	2016	2017	2016	2017	2016
Domestic sales	1,149,520	1,129,532	299,613	305,845	1,449,133	1,435,377

(Unit: Thousand Baht)

## 27. Earnings per share

Basic earnings per share is calculated by dividing earnings 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.

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Profit for the years attributable to equity holders the Company (Thousand Baht)	1,245,812	1,489,756	951,209	1,170,981
Weighted average number of ordinary shares (Thousand shares)	1,000,000	1,000,000	1,000,000	1,000,000
Earnings per share (Baht/share)	1.25	1.49	0.95	1.17

(Unit: Thousand Baht)

## 28. 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 chief operating decision maker has been identified as executive chairman.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services. The operations are carried on in domestic and overseas, involve three principal segments as follows:

- (1) Manufacture and distribution of beverage
- (2) Manufacture and distribution of bottles and glass products
- (3) Distribution management

No operating segment have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The Company and its subsidiaries are organised into business units based on their products. During the current year, the Company and its subsidiaries have not changed the organisation of their reportable segments.

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2017 and 2016.

(Unit: Million Baht)

Consolidated financial statements								
For the year ended 31 December 2017								
	Manufacture and distribution		Distribution management		Others	Total reportable segments	Adjustments and eliminations	Consolidated
	Beverage	Glass bottle	Domestic	Overseas				
Revenue from external customers	4,848	-	7,854	202	-	12,904	-	12,904
Inter-segment revenue	5,650	1,449	-	82	-	7,181	(7,181)	-
Total revenue	10,498	1,449	7,854	284	-	20,085	(7,181)	12,904
<b>Segment gross profit</b>	2,842	428	723	23	-	4,016	49	4,065
Other income	178	4	42	-	1,334	1,558	(1,394)	164
Depreciation and amortization	153	87	21	2	1	264	(1)	263
Interest expenses	127	-	-	27	29	183	(142)	41
Income tax expenses	219	5	13	-	24	261	-	261
<b>Segment total assets</b>	7,554	3,055	1,005	363	11,992	23,969	(11,449)	12,520
Additions (deletions) to non-current assets other than deferred tax assets	1,640	629	(6)	13	1,915	4,191	(1,151)	3,040

(Unit: Million Baht)

Consolidated financial statements								
For the year ended 31 December 2016								
	Manufacture and distribution		Distribution management	Others	Total reportable segments	Adjustments and eliminations	Consolidated	
	Beverage	Glass bottle						
Revenue from external customers	3,350	-	6,577	16	9,943	-	9,943	
Inter-segment revenue	5,590	1,435	-	-	7,025	(7,025)	-	
Total revenue	8,940	1,435	6,577	16	16,968	(7,025)	9,943	
<b>Segment gross profit</b>	2,415	505	614	3	3,537	18	3,555	
Other income	122	2	15	1,395	1,534	(1,387)	147	
Depreciation and amortization	130	82	15	-	227	(1)	226	
Interest expenses	42	6	-	1	49	(49)	-	
Income tax expenses	248	5	17	8	278	-	278	
<b>Segment total assets</b>	5,601	2,290	914	7,692	16,497	(6,719)	9,778	
Additions (deletions) to non-current assets other than deferred tax assets	1,325	595	34	1,540	3,494	(998)	2,496	

## Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Million Baht)	
	Consolidated financial statements	
	2017	2016
Revenue from external customers		
Domestic		
Thailand	7,854	6,582
Overseas		
Cambodia	2,489	2,074
China	1,019	23
Myanmar	422	278
Vietnam	356	173
Afghanistan	257	481
Others	507	332
Total	12,904	9,943

In 2017, the Company and its subsidiaries have revenue from domestic sales at 61 percent (2016: 66 percent) and revenue from overseas sales at 39 percent (2016: 34 percent).

As manufacture and distribution beverage and glass bottle and distribution management is the main business segments and the segment information that has been considered based on a quantitative basis is over 90 percent of the total population both operational and geographical areas. As a result, all of the assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

## Major customers

In 2017, the Company and its subsidiaries had no major customer with revenue of 10 percent or more than of its consolidated revenue (2016: Nil).



## 29. Provident fund

The Company and its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries contribute to the fund monthly at the rate of 2 - 5 percent of basic salary. The fund, which is managed by K Master Pooled fund and Kasikorn Assets Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2017 by the Company and its subsidiaries amounting to approximately Baht 14.9 million (2016: Baht 11.5 million) were recognised as expenses, the Company only: Baht 3.9 million (2016: Baht 3.4 million).

## 30. Dividends

Dividend	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Paid on
<b><u>The Company</u></b>				
<b><u>For the year 2017</u></b>				
Dividend from 2016 income	Annual General Meeting of the Shareholders on 25 April 2017	600	0.6	May 2017
Interim dividend	Board of directors' meeting of the Company on 11 August 2017	350	0.4	September 2017
<b>Total dividends for 2017</b>		<b>950</b>		
<b><u>For the year 2016</u></b>				
Dividend from 2015 income	Annual General Meeting of the Shareholders on 26 April 2016	540	0.5	May 2016
Interim dividend	Board of directors' meeting of the Company on 11 August 2016	400	0.4	September 2016
<b>Total dividends for 2016</b>		<b>940</b>		

Dividend	Approved by	Total dividends	Dividend per share	Paid on
<b><u>Subsidiaries</u></b>				
<b><u>For the year 2017</u></b>				
Interim dividend	Board of directors' meeting of Carabao Tawandang Co., Ltd. on 12 May 2017	252	84.0	September 2017
Interim dividend	Board of directors' meeting of Carabao Tawandang Co., Ltd. on 14 November 2017	600 <sup>(1)</sup>	200.0	May 2017
<b>Total dividend for 2017</b>		<b>852</b>		
<b><u>For the year 2016</u></b>				
Interim dividends	Board of directors' meeting of Carabao Tawandang Co., Ltd. on 16 May 2016	360	120.0	September 2016
Interim dividends	Board of directors' meeting of Tawandang DCM Co., Ltd. on 16 May 2016	50	50.0	September 2016
Interim dividends	Board of directors' meeting of Carabao Tawandang Co., Ltd. on 14 November 2016	525 <sup>(1)</sup>	175.0	May 2017
Interim dividends	Board of directors' meeting of Tawandang DCM Co., Ltd. on 14 November 2016	40 <sup>(1)</sup>	40.0	May 2017
Interim dividends	Board of directors' meeting of Asia Pacific Glass Co., Ltd. on 14 November 2016	162 <sup>(1)</sup>	36.0	May 2017
<b>Total dividends for 2016</b>		<b>1,137</b>		

<sup>(1)</sup>As at 31 December 2017 and 2016, the Company had dividend payable of Baht 600 million and Baht 727 million, respectively, which the subsidiaries will be paid to their shareholders within 31 May 2018 and 2017, respectively.

### 31. Commitments and contingent liabilities

#### 31.1 Capital commitments

As at 31 December 2017 and 2016, the subsidiaries had capital commitments, relating to the construction of factory buildings, acquisition of machinery and development of intangible assets as follows:

	(Unit: Million)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Baht	216.2	164.3	1.6	-
US dollar	28.1	6.4	-	-
Euro	8.1	10.1	-	-
Yen	-	16.1	-	-
Pound sterling	-	0.6	-	-

#### 31.2 Operating lease and service commitments

The Company and its subsidiaries has entered into several lease agreements in respect of the lease of motor vehicles and equipment and service agreements. The terms of the agreements are generally between 1 and 5 years.

As at 31 December 2017 and 2016, Company and its subsidiaries had future minimum lease payments required under these non-cancellable operating leases and service contracts were as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Payable:				
In up to 1 year	128.0	108.8	4.4	0.9
In over 1 year and up to 5 years	178.8	228.5	6.8	-

#### 31.3 Significant agreements with related parties

31.3.1 On 17 July 2012, Carabao Tawandang Co., Ltd., (a subsidiary) and Tawandang DCM Co., Ltd., (another subsidiary), entered into an agency agreement whereby the Tawandang DCM agreed to be a sole distributor of Carabao Tawandang Beverage. The agreement is effective for a period of ten years, to be expired on 14 October 2022 and renewable every five years. Under the conditions of this agreement, Carabao Tawandang Co., Ltd. is obliged to support Tawandang DCM Co., Ltd., with regard to its advertising and promotional expenses incurred according to the terms and conditions of the agreement.

31.3.2 Carabao Tawandang Co., Ltd. (a subsidiary) and Asia Pacific Glass Co., Ltd., (another subsidiary), entered into a sale and purchase agreement for 150 ml amber glass bottle and 250 ml clear glass bottle in accordance with quantity and design as depicted in the agreement. This agreement is effective since the date on the agreement unless cancelled by either party.

31.3.3 On 20 November 2013, Carabao Tawandang Co., Ltd., (a subsidiary) entered into a public relation and brand image agreement with a related company. Under the condition of this agreement, the subsidiary has obliged to pay a fee of Baht 10 million per annum. The agreement is effective for a period of three years between 1 January 2014 and 31 December 2016.

On 1 July 2014, the subsidiary entered into a supplemental agreement to modify the period of the agreement from 3 years to 5 years, whereby the rate of public relation and brand image fee remains unchanged. In addition, the subsidiary agrees to automatically extend the agreement for another 5 years after the expiration on 31 December 2018 and also agrees to pay for the fee of Baht 12 million per year. This agreement is effective on 1 July 2014 onwards.

31.3.4 On 6 January 2014, the Company entered into a technical assistance and management agreement with three subsidiaries. The agreement is effective for a period of 5 years between 1 January 2014 and 31 December 2018. Under the condition of this agreement, the Company receives a monthly service fee of Baht 10 million.

On 17 February 2016, the Company and its subsidiaries entered into an amendment to the agreement, changing the service fee from Baht 10 million per month to Baht 15 million per month. The agreement is effective on 1 January 2016 to 31 December 2018.

On 23 January 2017, the Company and its subsidiaries entered into an amendment to the agreement, changing the service fee from Baht 15 million per month to Baht 20 million per month. The agreement is effective on 1 January 2017 and 31 December 2018.

On 25 January 2018, the Company entered into a technical assistance and management agreement with another subsidiary. The agreement is effective since 1 November 2017 unless cancelled by either party. Under the condition of this agreement, the Company receives a monthly service fee of Baht 1.2 million.

31.3.5 Carabao Tawandang Co., Ltd. (a subsidiary) entered into a rental and service agreement with the Company, two subsidiaries, and two related companies. The agreement is effective for a period of 3 years. Under conditions of this agreement, Carabao Tawandang Co., Ltd. receives a monthly rental and service income of Baht 1.6 million.

- 31.3.6 On 1 February 2016, Carabao Tawandang Co., Ltd. (a subsidiary) and Tawandang DCM Co., Ltd. (another subsidiary), entered into a trademark license agreement for using trademark of Carabao Tawandang Co., Ltd. for certain product. The agreement is effective for a period of 2 years between 1 February 2016 and 31 January 2018. Under the conditions of this agreement, Tawandang DCM Co., Ltd. is obliged to pay trademark license fees as specified in the agreement and Carabao Tawandang Co., Ltd. is obliged to support the marketing expenses incurred according to such trademark.
- 31.3.7 Tawandang DCM Co., Ltd. (a subsidiary) entered into an agency agreement with two related companies whereby the Tawandang DCM Co., Ltd. agreed to be a sole distributor of such three related companies' products. The agreement is effective for a period of one year, and renewable every year. Under the conditions of this agreement, such two related companies are obliged to support Tawandang DCM Co., Ltd., with regard to its advertising and promotional expenses incurred according to the terms and conditions of the agreement.
- 31.3.8 On 20 October 2016, Carabao Tawandang Co., Ltd. (a subsidiary) and Carabao Venture Holdings (Luxembourg) S.à r.l. (another subsidiary), entered into an agency agreement whereby the Carabao Venture Holdings (Luxembourg) S.à r.l. agreed to be a sole distributor of Carabao Tawandang's products in the countries as specified in the agreement. The agreement is effective for a period of 9 years, to be expired on 19 October 2025.
- 31.3.9 On 1 July 2017, Asia Can Manufacturing Co., Ltd. (a subsidiary) entered into license agreement for using the knowhow for manufacturing with an unrelated company in overseas. This agreement is effective since the date on the agreement unless cancelled by either party. Under the condition of this agreement, such subsidiary has already paid for such license fee of Baht 50 million. In addition, such subsidiary is obliged to pay a royalty fee in quarterly basis at a rate specified in the agreement.
- 31.3.10 On 1 September 2017, Asia Pacific Glass Co., Ltd. (a subsidiary) entered into a land lease agreement with Asia Pacific Can Co., Ltd. (another subsidiary). The agreement is effective for a period of 30 years, to be expired on 31 August 2047 and renewable. Under the conditions of this agreement, Asia Pacific Glass Co., Ltd. received rental in advance of Baht 50 million.

### 31.4 Sponsorship agreement

31.4.1 On 16 July 2015 and 1 April 2016, Carabao Tawandang Co., Ltd. (a subsidiary) entered into a sponsorship agreements with two local football clubs concerning the marketing right regarding benefits and public relations as stipulated in the agreements. The agreements are effective from the date on the agreement until 31 December 2019 and 31 December 2020. Under conditions of this agreements, the subsidiary is obliged to pay total fee of Baht 6 million per annum.

31.4.2 On 18 November 2015, Carabao Tawandang Co., Ltd. (a subsidiary) and an unrelated company in overseas entered into a sponsorship agreement with a football club registered in England concerning the marketing right to promote the brands and trademarks of the subsidiary in a football match. The agreement is effective for a period of 3 years between 1 May 2016 and 30 June 2019.

On 10 January 2017, the unrelated company has entered into an agreement to transfer its rights and obligations under the sponsorship agreement to Intercarabao Limited (another subsidiary) and Carabao Venture Holdings (Luxembourg) S.à r.l. (another subsidiary). The agreement is effective on 21 October 2016 onwards.

On 27 April 2017, such 3 subsidiaries entered into an amendment to the agreement with respect to the marketing right and sponsorship fee. The subsidiaries obtained a special condition to extend the period of the agreement from 3 years to 5 years, expiring on 30 June 2021, with additional fee totaling Pound 3 million. However, the marketing right in year 4 - 5 will be decreased from Principal Partner to be Global Sponsorship.

As at 31 December 2017, Carabao Tawandang Co., Ltd. and 2 overseas subsidiaries are obliged to pay a fee of Pound 5 million and Pound 12 million, respectively, to the football club under conditions of this agreement (2016: only Carabao Tawandang Co., Ltd. of Pound 8 million).

31.4.3 On 1 June 2016, Intercarabao Limited (a subsidiary) entered into a sponsorship agreement with a football club registered in England concerning the marketing right to promote the brands and trademarks of the subsidiary in a football match. The agreement is effective for a period of 3 years between 1 June 2016 and 31 May 2019. The subsidiary is obliged to pay a fee to the football club under the terms and conditions specified in this agreement.

31.4.4 On 1 November 2016, Carabao Venture Holdings (Luxembourg) S.à r.l. (a subsidiary) entered into a sponsorship agreement with The Football League Limited which is incorporated in England. Under the condition of this agreement, the subsidiary is entitled to formally use the name and trademark of Carabao Tawandang Co., Ltd. (another subsidiary) to be the title of the football match and to promote the brand and trademark over a period of 3 seasons (from 2017/2018 Season to 2019/2020 Season). The subsidiary is obliged to pay a fee to such company under the terms and conditions specified in this agreement. The agreement is effective for a period of 3 years between 1 June 2017 and 31 May 2020.

### **31.5 Guarantees**

31.5.1 As at 31 December 2017, the Company has guaranteed for credit facilities, in form of letter of credit and forward contract, of Carabao Tawandang Co., Ltd. (a subsidiary) and Asia Pacific Glass Co., Ltd. (another subsidiary) amounting to Baht 1,100 million (2016: Baht 1,100 million).

31.5.2 As at 31 December 2017, the Company has guaranteed loan of Carabao Tawandang Co., Ltd. (a subsidiary) with a given credit facility of Baht 1,500 million (2016: Nil).

31.5.3 As at 31 December 2017, there were outstanding bank guarantees of approximately Baht 43.2 million (2016: Baht 25.2 million) issued by banks on behalf of the Company and its subsidiaries to guarantee the use of electricity and natural gas, and the submission of excise tax (the Company only: Nil (31 December 2016: Baht 2.4 million to guarantee the use of electricity)).

### 32. Fair value hierarchy

As at 31 December 2017 and 2016, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

		Consolidated financial statements							
		Level 1		Level 2		Level 3		Total	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Asset measured at fair value</b>									
Held for trade investments									
Debt instruments		-	-	7.1	604.3	-	-	7.1	604.3
<b>Asset for which fair value are disclosed</b>									
Investment properties		-	-	-	-	186.2	181.7	186.2	181.7
<b>Financial liability measured at fair value</b>									
Derivatives									
Forward exchange contracts		-	-	-	15.5	-	-	-	15.5

(Unit: Million Baht)

		Separate financial statements							
		Level 1		Level 2		Level 3		Total	
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Asset measured at fair value</b>									
Held for trade investments									
Debt instruments		-	-	7.1	604.3	-	-	7.1	604.3

### 33. Financial instruments

#### 33.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade accounts receivable and other receivables, short-term loans to related parties, investment, trade accounts payable and other payables, short-term and long-term loans from financial institutions. The financial risks associated with these financial instruments and how they are managed is described below.



### Credit risk

The Company and its subsidiaries's is exposed to credit risk primarily with respect to trade accounts receivable, other receivables and short-term loans to related parties. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivables and other receivables and short-term loans to related parties as stated in the statement of financial position.

### Interest rate risk

The Company and its subsidiaries's exposure to interest rate risk relates primarily to its cash at banks, current investments, short-term loans to related parties and short-term and long-term loans from financial institutions. However, most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements					
As at 31 December 2017					
	Fixed interest rates Within 1 year	Floating interest rate	Interest bearing	Total	Effective interest rate (% per annum)
<b>Financial assets</b>					
Cash and cash equivalent	-	117	30	147	0.01 - 0.38
Current investments	-	-	7	7	-
Trade and other receivables	-	-	960	960	-
	-	117	997	1,114	
<b>Financial liabilities</b>					
Short-term loans from financial institutions	845	-	-	845	1.7 - 2.3
Trade and other payables	-	-	1,897	1,897	-
Short-term loans from non-controlling interests of the subsidiary	57	-	-	57	5.0
Long-terms loan from financial institutions	-	2,490	-	2,490	MLR minus a margin
	902	2,490	1,897	5,289	

(Unit: Million Baht)

Consolidated financial statements				
As at 31 December 2016				
	Fixed interest rates Within 1 year	Floating interest rate	Interest bearing	Effective interest rate (% per annum)
<b>Financial assets</b>				
Cash and cash equivalent	522	222	1	745 0.01 - 1.40
Current investments	-	-	604	604 -
Trade and other receivables	-	-	562	562 -
	<u>522</u>	<u>222</u>	<u>1,167</u>	<u>1,911</u>
<b>Financial liabilities</b>				
Short-term loans from financial institutions	750	-	-	750 2.7 - 2.8
Trade and other payables	-	-	1,365	1,365 -
Long-term loan from financial institution	-	250	-	250 MLR minus a margin
	<u>750</u>	<u>250</u>	<u>1,365</u>	<u>2,365</u>

(Unit: Million Baht)

Separate financial statements				
As at 31 December 2017				
	Fixed interest rates Within 1 year	Floating interest rate	Interest bearing	Effective interest rate (% per annum)
<b>Financial assets</b>				
Cash and cash equivalent	-	13	2	15 0.1 - 0.4
Current investments	-	-	7	7 -
Trade and other receivables	-	-	59	59 -
Short-term loans to related parties	3,769	-	-	3,769 3.5 - 5.0
Dividend receivable from related parties	-	-	600	600 -
	<u>3,769</u>	<u>13</u>	<u>668</u>	<u>4,450</u>
<b>Financial liabilities</b>				
Short-term loans from financial institutions	735	-	-	735 1.7 - 2.3
Trade and other payables	-	-	53	53 -
Long-term loan from financial institution	-	1,000	-	1,000 MLR minus a margin
	<u>735</u>	<u>1,000</u>	<u>53</u>	<u>1,788</u>

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2016					
	Fixed interest rates	Floating interest rate	Interest bearing	Total	Effective interest rate
	Within 1 year				(% per annum)
<b>Financial assets</b>					
Cash and cash equivalent	420	8	1	429	0.4 - 1.4
Current investments	-	-	604	604	-
Trade and other receivables	-	-	43	43	-
Short-term loans to related parties	3,268	-	-	3,268	2.1 - 3.5
Dividend receivable from related parties	-	-	727	727	-
	<u>3,688</u>	<u>8</u>	<u>1,375</u>	<u>5,071</u>	
<b>Financial liabilities</b>					
Short-term loans from financial institutions	750	-	-	750	2.7 - 2.8
Trade and other payables	-	-	76	76	-
Long-term loan from financial institution	-	250	-	250	MLR minus a margin
	<u>750</u>	<u>250</u>	<u>76</u>	<u>1,076</u>	

**Foreign currency risk**

The subsidiaries' exposure to foreign currency risk arises mainly from trading transactions and services that are denominated in foreign currencies. A subsidiary seeks to reduce the risk by entering into forward exchange contracts when they consider appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2017 and 2016 are summarised below.

As at 31 December 2017						
Foreign currencies	Consolidated financial statement		Separate financial statements		Average exchange rate	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Bought	Sold
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.2	1.2	-	-	32.5146	32.8472
Euro	3.6	3.8	1.2	-	38.6607	39.3938
Pound sterling	0.2	1.4	2.5	-	43.5198	44.4531
Yen	-	4.7	-	-	0.2860	0.2936
Hong Kong dollar	-	0.4	-	-	4.1421	4.2184

As at 31 December 2016						
Foreign currencies	Consolidated financial statement		Separate financial statements		Average exchange rate	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Bought	Sold
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.1	0.2	-	0.3	35.6588	36.0025
Euro	0.3	0.1	-	-	37.3791	38.1362

As at 31 December 2016, foreign exchange contracts outstanding are summarised below.

Consolidated financial statements					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
Pound sterling	2	-	51.8010	-	23 January 2017

### 33.2 Fair values of financial instruments

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, trade and other receivables, short-term loans to related parties, dividend receivable, trade and other payables and short-term loans from financial institution and non-controlling interest of the subsidiary, their carrying amounts in the statement of financial position approximate their fair value.
- Current investments in securities held for trading-debt securities are stated at market fair value.
- For long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.

During the current year, there were no transfers within the fair value hierarchy.

The net estimated fair value of the derivatives as at 31 December 2016 is as follows:

(Unit: Million Baht)	
Fair value	
Loss	
<b>Derivatives</b>	
Forward exchange contracts	15

### **34. Capital management**

The primary objective of the Company and its subsidiaries' 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 2017, the Group's debt-to-equity ratio were 0.79:1 (2016: 0.38:1) and the Company's was 0.31:1 (2016: 0.19:1).

### **35. Events after the reporting period**

35.1 On 25 December 2017, the meeting of the Board of Directors of Asia Can Manufacturing Co., Ltd. (a subsidiary) passed a resolution to additional call up for the ordinary shares which were not fully paid up of 6,990,000 shares as follows:

- The second call up of Baht 120.0 million or equivalent to Baht 17.17 shares, due of payment on 12 January 2018.
- The third call up (final) of Baht 159.6 million or equivalent to Baht 22.83 shares, due of payment on 10 April 2018.

Such subsidiary has already received the second call up on 12 January 2018.

35.2 On 5 January 2018, the meeting of the Board of Directors of Carabao Holdings (Hong Kong) Limited (CHHK) (a subsidiary) pass a resolution to increase its registered share capital from USD 34.0 million to USD 60.5 million (increase USD 26.5 million or EUR 22.0 million). The Company had already made the payment for share subscription. Such subsidiary registered the share capital increase on 5 January 2018.

35.3 On 8 January 2018, the meeting of the Board of Directors of Carabao Venture Holdings (Luxembourg) S.à r.l. (CVHLUX) (a subsidiary) pass a resolution to increase its registered share capital from EUR 16.9 million to EUR 62.3 million (increase EUR 45.4 million or GBP 40.3 million) in order to support the operation of Intercarabao Limited (ICUK) (another subsidiary) through the process as follows:

- 1) Issue and offer new ordinary shares to existing shareholders in proportion to their holdings in the amount not exceeding EUR 22.0 million or GBP 19.5 million. However, Intercarabao Private Limited (ICSG), another shareholder of CVHLUX, has notified of its intention not to purchase new ordinary shares of CVHLUX in proportion to its holding in full. On 8 January 2018, CHHK purchase the additional ordinary shares of CVHLUX of EUR 22.0 million or GBP 19.5 million and had already made the payment for such share subscription in full amount.

- 2) Convert debt from loans from Carabao Holdings (Hong Kong) Limited (CHHK) and Intercarabao Private Limited (ICSG) into equity in the amount of EUR 23.4 million or GBP 20.8 million.

Such subsidiary registered the share capital increase on 8 January 2018.

A result of such increase in share capital, CHHK's holding proportion in CVHLUX increased from 51 percent to 84.3 percent, whereby the effect to the consolidated statements of financial position as at 31 December 2017 are summarised below.

	(Unit: Thousand Baht)
	<u>Increase (decrease)</u>
Surplus on changes in percentage of shareholding in subsidiaries	(368,686)
Non-controlling interests of the subsidiary	368,686

- 35.4 On 12 January 2018, the meeting of the Board of Directors of Intercarabao Limited (ICUK) (a subsidiary) pass a resolution to increase its registered share capital from GBP 14.5 million to GBP 34.0 million (increase GBP 19.5 million or EUR 22.0 million). Such subsidiary registered the share capital increase on 12 January 2018.

On 12 January 2018, CVHLUX purchase the additional ordinary shares of ICUK of GBP 19.5 million or EUR 22.0 million and had already made the payment for such share subscription of GBP 12.5 million on 12 January 2018. For the remaining of GBP 7.0 million, CVHLUX will make the payment within 31 December 2018.

- 35.5 On 21 February 2018, the meeting of the Company's Board of Directors pass a resolution to approve as follows

1. Approve the issuance and sales of debentures in principal amount not exceeding Baht 5,000 million or in other currency in equivalent value. However, such issuance and sales of debentures is subject to the approval of the Annual General Meeting of the Company's shareholders to be held in April 2018.
2. Approve the withdrawal of establishment of a subsidiary in Thailand for engaging in the logistic business, as mentioned in Note 12.5.4 to financial statements because the Company's Board of Directors considered that it is not suitable with the group's business at present.

### 36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2018.



CARABAO GROUP PUBLIC COMPANY LIMITED

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