



THAI WAH
PUBLIC COMPANY LIMITED

SUSTAINABLE GROWTH

2017 ANNUAL REPORT

Vision

To be a regional leader in starch and starch-related food products.

Mission

We will produce premium quality products to satisfy our customers, and work with Pride, Integrity and Consistency.

We are a regional leader in starch and starch-related food products, a **pioneer** in Thailand for **tapioca starch, vermicelli** and **noodles** with a **commitment** to innovation and operational **excellence**.



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Year 2017

1. Outstanding Employment Support for Person with Disability Award from Department of Empowerment of persons with disabilities, Ministry of Social Development and Human Security
2. CSR-DIW Continuous Award, Standard of Corporate Social Responsibility, Department of Industrial Works from Ministry of Industry
3. Certificate of Good Labour Practices (GLP) from Department of Labour Protection and Welfare from Ministry of Labour
4. Certificate of Thailand Voluntary Emission Reduction : T-VER from Thailand Greenhouse Gas Management Organization (Public Organization)
5. Certificate of Green Industry Third Level (Green System) from Ministry of Industry
6. Healthy, Safe and Happy Work Place Award (Gold) Country Level from Ministry of Public Health
7. The Asia Corporate Excellence & Sustainability Award (ACES), showcasing Asia's finest responsible corporate leaders from MORS Group

Message from the Chief Executive Officer



2017 was a pivotal year for Thai Wah Public Company Limited as we significantly expanded our operations beyond Thailand and capitalized on growth momentum to scale our market leadership. Today, our Thai Wah brands are now present in over 25 countries across the world, serving thousands of consumers today with high-quality and consistent food products.

Despite the challenges of raw material supply in Thailand for Tapioca roots in the fourth quarter of 2017, the Company witnessed positive volume growth across the portfolio of our food and starch products, deepening our presence and strategy in both ASEAN, China and Western export markets.

In 2017 we successfully launched 4 new product SKU (Stock keeping Unit) under our Rose, Double Dragon and Double Kilin brands and continue to focus on innovation and product development as central to our growth strategy to be a regional leader.

Total sales of the Company across all products in the year under review increased from Baht 6,163 million or 2 percent over the previous year to Baht 6,265 million. Our Thailand export volume for native starch grew 10 percent, although overall Thailand Industry export data for starch declined slightly. Our overall gross margins declined by 3 percent primarily due to the shortage of raw material towards the end of 2017 as farmers had switched crops in 2017 due to the low tapioca root price in the previous year.

For our Starch Business, the Company managed to record 1 percent growth mainly due to volume growth in our Thai business and the acquisition of Tapioca Development Corporation Limited (TDC), a modified starch company which exports internationally. The major challenge for the starch business was the shortage of raw material supply towards the end of the year, as plantation crop dropped around more than 10 percent compared to the previous year. We have taken active measures to deal with this short term challenge – such as setting up of our Thai Wah Farmers Network, Mobile Root Sourcing Strategy, and Tracking of our Farmer Accounts proactively to build a sustainable supply base.

For our Food Business, revenue in the food business grew 4 percent compared with last year due to our improvement in sales and marketing and continuing to build Double Dragon, Double Kilin and Phoenix brands as national market leaders. Additionally our domestic rice noodle business grew 17 percent and we remain focused on this product category to scale our market leadership. In the second half of 2017, our Double Dragon brand was also launched in Vietnam with a clear strategic goal to be national market leader.

We remain focused on our “TW 2020 plan” and the Company remains as committed as ever to our three-pillar strategy of pursuing Regionalization, Innovation and Operational Excellence. Over the past year in 2017 - we have successfully kicked off the pre-opening activities and operations for Thai Wah Vietnam, Thai Wah Cambodia and Thai Wah Bio-Power. This enabled us to set a strong foundation to extend our presence to bring new products and services to the market. In addition, the first full year of operations for Thai Wah International Trade (Shanghai) Company Limited has enabled us to serve our customers faster and better, as we solidify our position to be the number one tapioca brand in China.

We are proud to share that in October 2017, Thai Wah Public Company was recognized at the Asia Corporate Excellence Awards for its commitment towards sustainability and leadership, and also in Thailand recognized with the CSR-DIW Continuous Award by the Department of Industrial Works. Stakeholder excellence – working closely with all our stakeholders, suppliers, farmers and customers, is part of our ethos to be a sustainable company in food, agriculture and environmental management. Also, the Company has declared to join the Collective Action Coalition against Corruption (CAC) in 2017

With over 10 operations now across Asia Pacific Region, innovation and product development is part of our long term strategy to deliver higher value added products to our customers while expanding our production and manufacturing base regionally. The opening of our Group Innovation Center in Bangkok in early 2017, is a mark for us to improve our portfolio through innovation and R&D and continued focus on quality and safety.

Although net profit decreased in 2017 compared to previous year, we remain a strong net cash position and similar operating cash flow levels compared to 2016. Core to our operating ethos is to take a disciplined view towards all new investments by measuring Returns on Invested capital: in line with generating strong equity returns for shareholders in the long run. As part of our long term commitment to shareholders to increase absolute dividend each year, we remain relentless focused on improving operating cash flow as one of our one key metrics. This filters down to the way that we manage sales, margins, supply chain management and working capital.

All-in-all, the Company’s net profit for the period from 1 January to 31 December 2017 based on its consolidated financial statements amounted to Baht 493 million (Baht 0.56/share). On this note, the Board of Directors has resolved to recommend a dividend payment of THB 0.32 per share in respect of the full financial year ended December 31, 2017 which is subject to shareholders’ approval at the Company’s Annual General Meeting on April 27, 2018.

We would like to take this opportunity to express our deep appreciation to our fellow Directors for their invaluable counsel and guidance which has greatly contributed to the success of the Company in 2017. We would also thank all our associates for their diligence and dedication, and our shareholders, customers and business partners for their continuing support.

We continue our Thai Wah Journey with the binding values that we were founded on 70 years ago – Of Pride, Integrity and Consistency. Striving forward, Together!



Mr. Ho Ren Hua
Chief Executive Officer

Financial Highlights

(Unit : Million Baht)

Information from Consolidated Financial Statement	2017	2016	For the period from 1 October 2015 to 31 December 2015
Total current assets	3,148	2,797	2,515
Total non-current assets	3,968	3,606	3,313
Total Assets	7,116	6,403	5,828
Total current liabilities	808	750	570
Total non-current liabilities	402	308	338
Total Liabilities	1,210	1,058	908
Total Shareholders' equity	5,906	5,345	4,920
Sales	6,265	6,163	1,394
Dividend income	1	2	-
Gain on debt restructuring	-	-	-
Share of gain from investments in associated companies	3	16	6
Total revenues	6,475	6,321	1,421
Reversal of an impairment loss for investment property	-	-	-
Cost of sales	4,881	4,600	1,107
Total expenses	5,820	5,400	1,295
Operating profit	513	875	163
EBITDA	855	1,071	157
Earnings before finance cost and income tax expense	655	921	126
Finance cost	8	8	1
Income tax expense	106	167	25
Net profit for the year	541	746	100
Net profit attributable to non-controlling interest	48	77	19
Net profit attributable to equity holders of the Company	493	669	81
Other information			
Earnings Per Share (Baht)	0.56	0.76	0.09
Dividend Per Share (Baht)	*0.32	0.30	0.27
Book Value Per Share (Baht)	6.71	6.07	5.59

Note : *At the time of printing this report, a Baht 0.32 per share dividend had been proposed by the Board of Directors but had not been approved by the Annual General Meeting.



Financial Ratios

	2017	2016	For the period from 1 October 2015 to 31 December 2015
Profitability ratios			
Gross profit margin (%)	22	25	21
Operating profit margin (%)	8	14	12
Other profit ratio (%)	0.06	1.18	0.42
Cash to operating profit ratio (%)	128	77	98
Return on revenue ratio (%)	8	12	7
Return on equity ratio (%)	10	15	*2
Efficiency ratios			
Return on total assets ratio (%)	8	12	*2
Return on fixed assets ratio (%)	31	46	*7
Assets turnover ratio (times)	0.96	1.03	*0.24
Liquidity ratios			
Liquidity ratio (times)	4	4	4
Quick liquidity ratio (times)	3	3	3
Cash flow liquidity ratio (times)	0.84	1.02	*0.36
Average collection period (day)	39	33	*33
Average sale period (day)	28	27	*31
Average payment period (day)	20	16	*15
Cash cycle (day)	46	43	49
Financial policy ratios			
Debts to equity ratio (times)	0.20	0.20	0.18
Interest coverage ratio (times)	97	97	157
Debt Service coverage ratio (cash basis) (times)	0.28	0.32	2.38
Dividend payout ratio (%)	54	39	**295

Note : * Not calculated from the average amount.

** Calculated from the net profit for the period from 1 October 2015 to 31 December 2015

Management Discussion and Analysis

Business Overview

The year 2017 was a challenging period for the Company. The export price of tapioca products continued to significantly drop towards the end of 2016 as a result of the surplus in corn supply in China, the largest consumer of tapioca products in the Region, where corn was used as a substitute product in some industries. In addition, the costs of raw materials were in the upward trend throughout the year and, as a result, the Company was affected by the short-term selling prices. Accordingly, the selling prices of cassava roots and tapioca starch are expected to be adjusted in the same direction in the long term. The main reason contributing to the rising price of cassava roots was due to the decrease of supplies as local cassava farmers shifted to alternative crops that offer higher returns such as sugar cane as a consequence of the fall in cassava root price towards the end of 2016. The supply of cassava roots was further affected by floods and spread of the cassava mosaic virus in Vietnam and Cambodia, the major exporting countries second from Thailand.

While the tapioca starch industry had been facing challenging factors in the previous year where the export price dropped by more than 10 percent, the Company was able to maintain its sales volume growth. The 2017 sales volume of tapioca starch continued to grow against the declining industrial trend due to the ever-increasing demand, particularly, the demands in the China and Taiwan markets.

In addition, the Company entered into a share acquisition of 166,668 shares of Tapioca Development Corporation Limited or TDC, a manufacturer and distributor of modified tapioca starch, or equivalent to 33.33 percent of the total shares in the fourth quarter of 2017. As a result, TDC, formerly an associated company, became an indirect subsidiary of the Company.

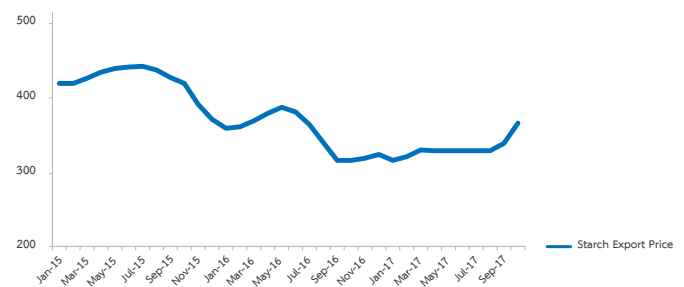
Notwithstanding the foregoing, in 2017 the tapioca starch business saw a decline in the gross profit margin, mainly due to the decrease in export price of tapioca starch and the

depreciation of the US dollar against the Thai Baht and the increased price of cassava roots. The sales revenue generated from the tapioca starch business continues to form the largest portion of the Company's total sales revenue which is followed by the sales revenues from the food business. As a result, the Company recorded its net profit as THB 493 million, a drop by 26 percent from the previous year.

The key factors that affected the operating results of the Company in 2017 are:

- 1) Sharp decline in the starch export price, with the lowest recorded price of USD 315 per ton at the beginning of 2017;

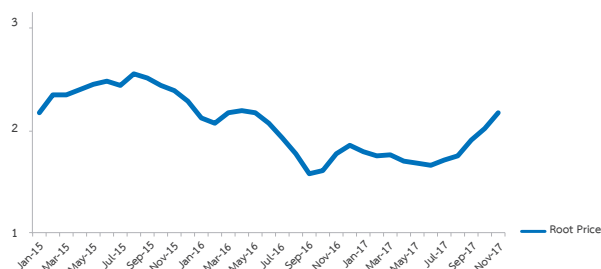
Figure 1: Starch Export Prices over the Last Three Years



In 2017, there were significant fluctuations in the average starch export price, ranging from the lowest recorded price of USD 315 – USD 338 per ton during the first nine months of 2017, and subsequently USD 365 – USD 425 per ton during the fourth quarter of 2017. As a result, the country's export of tapioca starch products was pressured by the low price factor, with the decrease in export volume by 5 percent, from 3.3 million tons in 2016 or in export value of 12 percent, from THB 40 billion in 2016. However, the Company was able to maintain continuous growth in starch sales volume. Contrary to the declining trend in the industry overall, the volume of starch exports of the Company increased by 10 percent due to the continuously increasing demand, particularly in the China and Taiwan markets, despite decreased profits from the starch business as a consequence of the adverse impact from the sales price.

2) Significant increase in cassava root raw material price

Figure 2: Price of Cassava Roots over the Last Three Years



At the end of 2017, there was a significant increase in the cassava root price in Thailand. The costs of raw materials had a tendency to increase throughout the year, rising from the lowest recorded price of THB 1.56 per kilogram at the end of 2016 to THB 2.21 per kilogram in December 2017. The industry-wide increase in the price of the cassava roots was primarily due to the excess demand in the market.

Farmers in Vietnam and Cambodia faced the spread of the cassava mosaic virus, with Thailand being the only country remain unaffected. Furthermore, many farmers shifted to plant for alternative crops that offer higher returns, such as sugar cane. The lowest recorded price of the cassava roots during the last ten years, in conjunction with flooding and heavy rainfall in certain areas, causing the reduction in the total domestic starch output for the years 2017/2018. Based on a survey of the cassava plantations (growing areas) from all four Thai tapioca trade associations, it was found that the total area designated for growing cassava for 2017/2018 dropped by more than 10 percent compared to the total area for the previous year despite higher demand. Therefore, the cassava root price increased to the highest price of THB 2.21 per kilogram at the end of year.

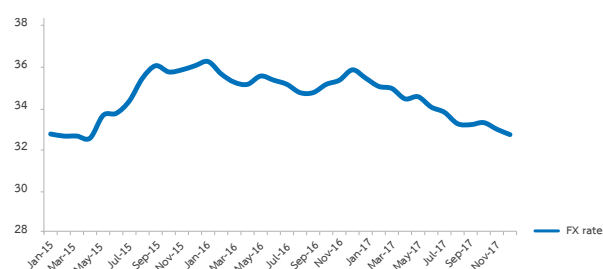
3) Acquisition of Tapioca Development Corporation Limited (TDC)

In October 2017, the Company's subsidiary acquired 33.33 percent of the total shares in Tapioca Development Corporation Limited. (TDC) from Tate & Lyle PLC.

Following such acquisition, the Company held a total of 66.67 percent of the shares in TDC. This acquisition turn TDC, formerly an associated company, became an indirect subsidiary of the Company.

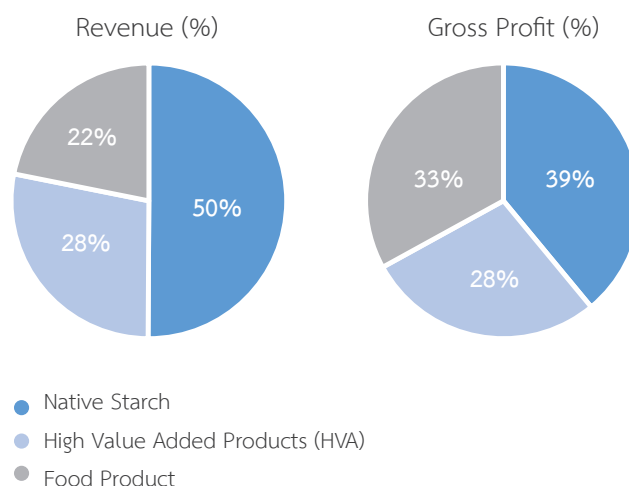
4) Fluctuation in Foreign Currency Exchange Rate

Figure 3: Exchange Rate for USD to THB over the Last Three Years



The foreign currency exchange rate for conversion from Thai Baht to US Dollar at the end of 2017 was THB 32.57 to USD. This rate appreciated 9 percent compared with the rate for the year 2016 of THB 35.80 to USD, which is ranked as the third-highest appreciation among other currencies in Asia. As more than 58 percent of the Company's total sales was in foreign currency, thus fluctuations in foreign currency exchange rates had an impact on the Company. However, the Company has a policy to efficiently mitigate the risk impact from fluctuations in the foreign currency exchange rate.

Operating Results for the Year 2017



In 2017 the Company did its best amidst a challenging environment. The year 2017 is another year where the Company set a new sales record despite having faced numerous challenges such as the rising cassava root raw material price, decreasing tapioca starch export price, and fluctuation in the foreign exchange currency rate. The total sales was THB 6,265 million, which increased by THB 102 million or 2 percent from the total sales last year, comprising the revenue from the starch business of THB 3,129 million or 50 percent; revenue from the high value-added products business of THB 1,719 million or 28 percent; and revenue from the food business of THB 1,379 million

or 22 percent. The Company recorded a net profit of THB 493 million, 81 percent of which was attributable to the combined profit from the tapioca starch business and the high value-added products business; and 19 percent of which was attributable to the food business. The gross profit margin was 22 percent, which is less than the gross profit margin of 25 percent recorded in 2016. The net profit margin was 8 percent, which is less than the net profit margin of 14 percent recorded in 2016, excluding amortization from the fair value recognition arising out of the amalgamation. The operating results are shown according to each business as follows:

	2015		2016		2017	
	THB Million	%	THB Million	%	THB Million	%
Thailand						
Tapioca Starch	2,479	45	2,898	47	2,504	40
High Value-Added (HVA) Products	732	13	655	10	833	13
Food	1,295	23	1,325	22	1,379	22
Other	7	0	3	0	13	0
Total revenue from Thailand	4,513	82	4,881	79	4,729	75
International						
Tapioca Starch	348	6	344	6	625	10
High Value-Added (HVA) Products	654	12	921	15	886	14
Other	10	0	17	0	25	0
Total revenue from International	1,012	18	1,282	21	1,536	25
Total Net Sales	5,525	100	6,163	100	6,265	100

Revenue from Tapioca Starch Business

The tapioca starch business recorded total sales of THB 3,129 million, a decrease of 3 percent from THB 3,242 million in the previous year, while the high value-added (HVA) products business recorded sales of THB 1,719 million, an increase of 9 percent from THB 1,576 million in the previous year. The increase in sales was mainly because the average export price of tapioca starch in 2017 was USD 345 per ton, a significant decrease from the previous year to the lowest point of USD 315 per ton in early 2017. As a result, the country's export of tapioca starch products was pressured by the low price

factor, with the decrease in export volume by 4 percent, from 3.3 million tons in 2016 or in export value of 12 percent, from THB 40 billion in 2016.

Despite the declining trend in the export industry overall, the demand of the Company's tapioca starch products continues to grow, particularly from China and Taiwan, which are the main importing countries: the demand from China increased from 1.56 million tons in 2016 to 1.59 million tons in 2017 or 2 percent, while the demand from Taiwan increased from 0.29 million tons in 2016 to 0.31 million tons in 2017 or 7 percent.

The industry wide increase in the price of cassava roots was primarily due to excess demand and shortage of supply. The tapioca starch price has experienced fluctuation since 2015: the local selling price was THB 10.40-10.65 per kilogram and the export price was USD 315-338 per ton for the first nine months of the year 2017. As a result, the exporters of tapioca starch were unable to adjust their prices within a short period in such a highly competitive conditions. However, the cassava root supply is expected to decrease in the new harvesting period, while the demand of tapioca starch from China has increased from last December, the local price of tapioca starch has accordingly increased from the end of the year at THB 11.28 - 13.10 per kilogram, and USD 365 - 425 per ton for the export price. The Company is expected to maintain the growth in the sales volume of tapioca starch with a slight increase from the previous year due to the continuous demand of tapioca starch and the strengthening strategy of the acquisition of Tapioca Development Corp., Ltd. or TDC, a manufacturer and distributor of modified tapioca starch.

Revenue from Food Business

Despite the economic slowdown in recent years, the Company was able to maintain its food business revenues at a satisfactory level. The Company recorded total sales of the food business of THB 1,379, an increase of 4 percent from THB 1,325 million recorded in the previous year. Domestic sales for the food business, contributing to 92 percent of the total sales of the food business, while export sales accounted for the remaining 8 percent of the total food business revenue. The Company remains one of the leaders in the Thai market, particularly for the dry vermicelli and fresh vermicelli market. Domestic sales of rice noodle products grew by as much as 17 percent as a result of the good distribution through van sales channels. At present, the Company has a total of nine branches nationwide. Overall, domestic sales of vermicelli products remained relatively the same as those recorded in the previous year due to the economic slowdown in Thailand, which led to lower purchasing power.

Nevertheless, the Company adopted a strategy for promoting sustainable growth by means of increasing profitability. This will be achieved by developing new products and food innovations that meet the changing demands and lifestyle of consumers in the future. The Company seeks to offer new product innovation and penetrate in the new markets, and aims to constantly expand its customer base, both domestically and internationally.

Analysis of Operating Results

For the purpose of understanding the overview of the group's business, despite the amalgamation on 1 October 2015, the management had prepared the unaudited consolidated statement of comprehensive income for the year 2015 to present the group's performance for the year and to ensure that the analysis of the operating results of the group reflects the true operating results. Noted that, the profit or loss in the consolidated statement of comprehensive income prepared by the management may be different from that presented in the audited consolidated statement of comprehensive income. The major difference was effected by the adjustment on the consolidated statement of comprehensive income due to the amalgamation (non-cash item), which were separated from the regular items, and classification of customer loyalty program expense and other income. However, the net profit attributable to the equity holders of the Company was accurately reflected as reviewed by the auditor in compliance with generally-accepted accounting principles.

Consolidated Income Statements

Unit: Million THB

	2015*		2016		2017	
	THB Million	%	THB Million	%	THB Million	%
Sales	5,525	100	6,163	100	6,265	100
Cost of sales	4,339	79	4,593	75	4,875	78
Gross profit	1,186	21	1,570	25	1,390	22
Selling and admin expenses	651	12	773	13	916	15
Other profit	66	1	49	1	31	1
Operating profit	601	11	846	14	505	8
Other income not derived from the ordinary business	30	1	87	1	172	3
Share of profits from associates	26	0	16	0	3	0
Earnings before tax expense and finance cost	657	12	949	15	680	11
Finance cost	(3)	0	(8)	0	(8)	0
Income Tax expense	(143)	(3)	(173)	(3)	(112)	(2)
Net profit	511	9	768	12	560	9
Net profit of controlling interests of subsidiaries	(43)	(1)	(77)	(1)	(48)	(1)
Adjusted from non-cash items	(65)	(1)	(22)	0	(19)	0
Net profit after adjust items**	403	7	669	11	493	8
Adjusted from the amalgamation from 1 Jan 2014 – 30 Sep 2015	32	0	-	-	-	-
Net profit attributable to shareholders	435	8	669	11	493	8

Note : * The Income Statements of 2015 was consolidated by the management of the Company.

** Net profit of the pro forma financial statement shown in Form 56-1 in the 2015 Annual Report

Sales

The Company recorded the highest sales in its history of THB 6,265 million in the year 2017, an increase of THB 102 million, or 1 percent, from THB 6,163 million in the previous year. The tapioca starch business accounted for the largest sales contribution at 50 percent, a decrease from 53 percent in 2016. The high value-added products business sales contribution maintained its high growth, with an increase to 28 percent from 26 percent in 2016 while the food business sales contribution remained stable at 22 percent since 2016.

In the year 2017, the sales from subsidiary companies outside Thailand accounted for 25 percent of the total sales, an improvement on the 21 percent for the year 2016, mainly due to growth in the glucose business in Vietnam and the trading of tapioca starch business in Shanghai, China, which was opened in the mid of the third quarter of 2016.

Gross Profit

Despite the declining trend in the export industry overall, the demand of the company products faced strong and consistent growth. The 2017 gross profit margin of the group was 22 percent, a decrease from 25 percent in the year 2016. The decrease was driven by pressure from various factors; the fluctuation and decrease in the export price of tapioca starch; the depreciation of the US Dollar against the Thai

Baht; and the upward trend of the price of cassava roots throughout the year despite an increase in sales volume of tapioca starch and glucose products. Notwithstanding the foregoing, the Company was able to more utilise the production capacity at every factory, and, accordingly, the production volume in Thailand was increased by 2 percent, resulting in more efficient management and reduction of production costs due to greater utility of fixed costs.

In the year 2017, the gross profit margin of the tapioca starch business in Thailand decreased to 19 percent from 24 percent in 2016 while the gross profit of the food business in 2017 increased to 33 percent from 32 percent in 2016, mainly due to efficient management of production costs.

Sales and Administrative Expenses

In 2017, the sales and administrative expenses increased by 18 percent to THB 916 million, driven mainly by the increase in selling expenses, particularly transportation costs, continued investment in the cash van sales channel, a distribution channel with potential to drive the sales volume in the food business in the future, and marketing and administrative expenses. In addition, administrative expenses increased in line with promotion activities to strengthen the brand leadership of the Company, as well as an increase in personnel expenses and the pre-operating expenses for the two new overseas companies.

The company has a total of nine branches and continues to focus on improving national distribution network as our key advantage.

Profit before Income Tax and Finance Cost

The profit before income tax and finance cost margin in 2017 was 11 percent, a decrease by 15 percent compared to 2016, mainly due to three key factors; a decrease in gross profit of THB 180 million or 11 percent; and a currency exchange loss of THB 10 million in 2017, while having currency exchange gain of THB 12 million in 2016, offset with the gains from the amalgamation and recognition of profit and loss of THB 118 million as a result of TDC share acquisition that re-classed this

company from associated company to subsidiary. As a result, the Company's profit before income tax and finance cost was THB 680 million, a decrease by 28 percent from the year 2016.

Net Profit Attributable to Shareholders

The net profit of the Company and its subsidiaries in 2017 was THB 493 million, a decrease of THB 176 million, or 26 percent, compared to that of 2016. The decrease was mainly due to the pressured by the low export's price of tapioca starch products while the costs of raw materials had a tendency to increase throughout the year that caused declining in the gross profit margin, despite an increase in sales volume of tapioca starch. As a result, the Company's net profit in 2017 was 8 percent, a decrease by 11 percent in 2016.

Financial Position

Assets

The total assets as at 31 December 2017 amounted to THB 7,116 million, an increase of THB 713 million or 11 percent, from the year 2016. The main reasons for the increase were:

- **Cash and cash equivalents increased by** THB 512 million, or 163 percent, from the previous year as a result of the Company's received net cash from acquisition and proceed of available for sales securities and other long-term investments of THB 453 million. The net cash increased from acquired subsidiary of THB 55 million. The Company's re-investment these cash in an open-ended fund and bank deposits. The Company continues to reserve sufficient for working capital, especially for the high production season and expansion of production capacity.
- **Trade accounts receivable and other accounts receivable were recorded as** THB 740 million, with an increase of trade accounts receivable of THB 123 million while a decrease of other accounts receivable of THB 38 million from the previous year. The increase in trade accounts receivable and other accounts receivable were in line with the growth in sales volume. The average debt collection period was 39 days which included an allowance for doubtful debts in compliance with the financial reporting standards.

- **Net inventory increased by** THB 136 million, or 19 percent, compared to the previous year, in line with the growth in sales volume with the average sale period of 28 days. With respect to the inventory management, an allowance for impairment of inventory was recorded when the net realizable value was less than its costs.
- **Property, plant and equipment and land held for investment total** THB 2,722 million. This was accounted for by an increase in property, plant and equipment of THB 554 million from the previous year due to the capacity expansion of the starch business and the food business. Meanwhile, an increase in land held for investment of THB 13 million from the previous year.

Sources of Funds

Items	2015*	2016	2017
Debt to equity ratio	0.18	0.20	0.20
Interest-bearing debts to equity ratio	0.02	0.03	0.03

Note : The financial statements for the year 2015* was for the period from 1 October 2015 to 31 December 2015.

The total liabilities as at 31 December 2017 amounted to THB 1,210 million, an increase of THB 152 million, or 14 percent, from the previous year. The debt to equity ratio was 0.20, unchanged from the previous year, and the commitment coverage ratio was 0.28 representing a strong financial performance. Moreover, the interest-bearing debt to equity ratio was 0.03. The increase in total liabilities arose mainly due to the reasons below:

- **The trade accounts payable and other payables increased by** THB 75 million or 16 percent from the previous year, driven mainly by an increase in the growth in sales volume. The average payment term in 2017 was 20 days. The short period of payment term was due to the fact that cassava roots were bought on a cash basis.

- **The provision for long-term employee benefits:** the provision for compensation on employees' retirement increased by THB 48 million and other provision for compensation on employees increased by THB 17 million.

Shareholders' Equity

Equity attributable to shareholders of the Company as at 31 December 2017 amounted to THB 5,906 million, an increase of THB 561 million, or 10 percent, from the previous year. The increase resulted from the important changes as follows:

- **The total comprehensive income increased due to an increase of net profit of** THB 493 million with a deduction of the interim dividend payment of THB 185 million during the year 2017 and Increase in non-controlling interests from business acquisition of THB 290 million.

Liquidity

Cash Flow

(Unit : Million THB)

Items	2015*	2016	2017
Cash flow from operating activities	159	671	655
Cash flow from investing activities	(74)	(1,297)	84
Cash Flow from financing activities	100	(269)	(185)
Translation adjustments	(2)	(8)	(42)
Net increase in cash (Decrease)	183	(903)	512

Note : The financial statements for the year 2015* was for the period from 1 October 2015 to 31 December 2015.

Cash and cash equivalents as at 31 December 2017 amounted to THB 827 million, an increase from THB 512 million from cash and cash equivalents as at 31 December 2016. The main reasons for the decrease are as follows:

- **Net cash flows from operating activities increased by** THB 655 million due to an increase in the profit before tax

from operating activities before changes to operating assets and liabilities of THB 718 million and the improve working capital management resulted from changes in major items of operating assets and liabilities: a decrease in trade account receivable and other receivables of THB 47 million, a decrease in inventories totaling THB 60 million, a decrease in trade account payable and other payables of THB 19 million. The income tax expenses and long-term employee benefits were decrease by THB 31 million.

- **Net cash flows from investing activities increased by** THB 84 million, comprising net cash from acquisition and proceed of current and long-term investments of THB 453 million, net cash from acquired subsidiary of THB 55 million, and investment in property, plant and equipment for factory expansion of THB 435 million.
- **Net cash flow from financing activities was** THB 185 million, mainly due to dividend payments from retained earnings as at 31 December 2016.

Key Liquidity Ratio

The current assets as at 31 December 2017 were THB 3,148 million, while the current liabilities were THB 808 million. The liquidity ratio was 4, unchanged from the previous year, indicating that the Company's financial position is strong with short-term investments in cash, current investment, and debt instruments for maintaining its liquidity.

Commitments, Contingencies and Off-Balance Sheet Arrangements

For the commitments and contingent liabilities, please refer to the Note. 32 to the Consolidated Financial Statements 2017.

Factors that May Affect the Starch Business

According to the survey on tapioca plantation of the four associations: the Thai Tapioca Trade Association, the Thai Tapioca Products Factory Association, the North Eastern Tapioca Trade Association, and the Thai Tapioca Starch Association, it was estimated that approximately 28.56 million tons of cassava root supplies would be produced into the market in the 2017-

2018 crop, a decrease of 10 percent from the 2016-2017 crop. Notwithstanding the foregoing, it is likely that the 2018 crop will face a shortage of fresh cassava roots to be supplied to factories as the cassava root price had been continuously decreasing forcing the farmers to shift to alternative plants which offer higher returns such as sugar cane and maize. The cassava plantation may be further exposed to climate change impacts such as drought or floods, shortages of cassava stems, and inappropriate use of cassava varieties which having low yield of starch content. In addition, climate change and spread of plant pests and diseases, particularly witch brooms, mealybugs, and red spider mites, as well as root and stem rot diseases and mosaic virus in Cambodia are factors that must be monitored and assessed the risks on a continual basis.

The tapioca starch export market sees a positive outlook with an increase in price, compared to the year 2017 due to the global economic recovery included China's economy. The demand for tapioca starch and the corn price in China continues to increase while the cassava supply is expected to decrease, particularly due to the spread of cassava diseases in Cambodia and Vietnam which will reduce the cassava supply by at least 20-30 percent. The expected supply decrease will definitely affect the prices of cassava, tapioca starch, and tapioca products. The Company has cooperated with the farmer network and local root agents nearby the plantations to ensure the continuous supply of raw material to the factories. In addition, the Company plan to purchase cassava directly from farmers by setting up trading facilities which are strategically located nearby cassava plantations. The trading stations will not only facilitate farmers in remote areas to sell their products, to the Company that will help farmers save time and transportation costs. While the appreciation of the Thai Baht, the business operation of the Company continues to be exposed to the fluctuation in foreign exchange rates since revenue derived from export in US dollars forms a major part of its revenue. In view of this, the Company had entered into agreements for hedging foreign exchange rate risks as it deems appropriate.

With a view to strengthening its business to achieve sustainable growth in the long term and maintain its leading role in the business, the Company is committed to sourcing raw materials, particularly, cassava roots, at reasonable prices and in sufficient volume for the production in a sustainable manner. In spite of the trade associations' forecast that the supply of cassava roots would fall by 10 percent from the previous year of approximately 30 million tons and the costs of raw materials are expected to fluctuate and continue to be affected by various factors, including changes in regional and global supply and demand, weather conditions, the regulatory control of the Ministry of Commerce, customs tariffs, etc., the Company is confident that it will be able to maintain its export growth rate in view of its effective management of raw materials to ensure sufficient supply for its production capability.

Future Prospects and Action Plan of the Food Business in 2018

In 2018, the Company expects continuous growth by implementing the following three strategies: (1) expansion of the existing businesses; (2) development of innovative products and penetration of new markets; and (3) amalgamation of the acquired businesses, all of which will drive the sales volume to achieve the target goal. In addition, the profitability ratios are expected to increase in 2018 in furtherance the sale growth and the adoption of effective cost control measures.

In furtherance of the above, the Company plans to review and adjust the marketing and sales strategies of vermicelli in the country and expand its business in the Region, starting with Vietnam a country with a high growth potential. In mid-2015, the Company launched the "Double Dragon" vermicelli brand through distributors in Vietnam which was well received by Vietnamese consumers with continuous sales growth. Considering the population of Vietnam of approximately 94 million with a high gross domestic product rate (GDP) at 6-7 percent, the market size of vermicelli of approximately 25-30 percent of the Thai market, and a few players in the premium segment, the Company decided to invest in setting up a plant

for the production of fresh vermicelli in Ho Chi Minh City, Vietnam, of which the first phase operation is expected to commence by the second quarter of 2018.

The Company plans to achieve its goal to maintain its business growth based on the following two approaches: (1) the expansion of the current business by right strategies of sale and marketing, and strategic operation management to efficiently produce the products, expanding sales distribution channels, and using technologies in sales management; and (2) the acquisition of potential businesses where the Company will prudently select a business for acquisition in the best interests of the shareholders which comply with company investment strategy that the target company must create synergy in enhancing the existing businesses.

In 2018, the Company sets its goal to become the leading player in CLMV countries: Cambodia, Laos, Myanmar, and Vietnam, where the economic outlook sees a steady in upward trend, while still abundant resources in this region, which will be the sources of raw materials to support the Company's growth. Our main focus is to increase the profitability ratio through continuously driving sales volume, recovery of the export price of tapioca starch, as well as to increase production capacity and utilization for enhancing efficiency, reducing fixed overhead costs, and increase efficiency in selling & administrative expenses.

For the attainment of its goals in continuous development and improvement of the operation, an investment budget of approximately THB 1,000 million, of which the Company has sufficient cash flow, is allocated for annual maintenance, investment for power plants in the factories in Kalasin and Nakhon Ratchasima, and the tapioca starch factory project phase 2 in Cambodia, that will support in long-term company sustainability growth. With prudent management in the changing business environment, the Company will continue to generate business profit and pay dividend payments to the shareholders on a regular basis.

Board of Directors

As at December 31, 2017



Mr. Ho KwonPing Chairman of the Board

Age 65 Years

Appointed

October 1, 2015

April 26, 2016 (re-elected)

Percentage of Shareholding in the Company

6.50% (57,194,534 shares)

(also including no. of shares held by spouse)

Family Relation between Management

Mr. Ho KwonCjan's elder brother and Mr. Ho Ren Hua's father

Highest Educational Background / Director Certificate Program

- Honorary Doctorate of Business Administration in Hospitality Management, Johnson & Wales University, USA
- Honorary Doctorate of Business Administration, Hong Kong Polytechnic University
- Bachelor of Arts (Economics), University of Singapore (Currently known as National University of Singapore)

Working Experiences for the Past 5 Years

In Listed Companies

Present

- Chairman of the Board, Thai Wah Public Company Limited
- Chairman and Chief Executive Officer, Layuna Resort & Hotels PCL.
- Executive Chairman and Director, Banyan Tree Holdings Limited
- Non-Executive Director, Audit Committee Member, Nomination Committee Member and Remuneration Committee Member, Diago PLC

Jan 2000 - Sep 2015

- Chief Executive Officer, Thai Wah Food Products Public Company Limited

Aug 1997 - Sep 2015

- Chairman, Thai Wah Food Products Public Company Limited

Jul 1984 - Jul 1997

- Director, Thai Wah Food Products Public Company Limited

In Non - Listed Companies

Present

- Chairman / Director, Certain related companies of Banyan Tree Holdings Limited
- Chairman / Director, Singapore Management University
- Chairman / Director, Tropical Resorts Limited
- Chairman / Director, Tropical Resorts Management Co Ltd.
- Chairman / Director, Li-Ho Holdings (Private) Limited and certain related companies
- Director, RHYC Pte. Ltd.
- Director, Chang Fung Company Limited
- Director, Bibace Investments Ltd. and certain related companies
- Director, Recourse Investments Ltd. and certain related companies
- Director, Freesia Investments Ltd.
- Director, Sin-Hai Offshore Company Limited
- Director, ICD (HK) Limited
- Director, KAP Holdings Ltd. and certain related companies
- Director, Maypole Ltd. and certain related companies
- Director, Mae Samat Land Limited
- Director, Platinum Enterprise Limited and certain related companies
- Director, Bibace Management Company Limited

2000 - 2016

- Director, Asia Tapioca Products Company Limited

2006 - 2012

- Director, Tay Ninh Tapioca Joint Stock Company

1988 - 2011

- Director, Certain related companies of Laguna Resorts & Hotels Public Company Limited



Mr. Surapon Supratya

Director

Age 65 Years

Appointed

October 1, 2015

April 26, 2016 (re-elected)

Percentage of Shareholding in the Company

None

Family Relation between Management

No relation

Highest Educational Background / Director, Certificate Program

- Master of Accounting, Thammasat University
- Certified Public Accountant of Thailand
- Directors Accreditation Program (DAP 77/2009), Thai Institute of Directors Association

Working Experiences for the Past 5 Years

In Listed Companies

Present

- Non-Executive Director, Thai Wah Public Company Limited
- Non-Executive Director, Laguna Resorts & Hotels Public Company Limited

Feb 2013 - May 2016

- Deputy Chairman of the Board, Laguna Resorts & Hotels Public Company Limited

Feb 1996 - Sep 2015

- Director, Thai Wah Food Products Public Company Limited 2007 - 2012

- Deputy Chairman of the Company, Laguna Resorts & Hotels Public Company Limited

1996 - 2012

- Director, Laguna Resorts & Hotels Public Company Limited

In Non - Listed Companies

2000 - 2016

- Director, Asia Tapioca Products Company Limited

2003 - 2016

- Director, Vietnam Tapioca Company Limited

1996 - 2016

- Director, Tay Ninh Tapioca Joint Stock Company

2008 - 2012

- Director, Tapioca Development Corporation Limited

1996 - 2012

- Director, Certain related companies of Laguna Resorts & Hotels Public Company Limited



Mr. Ariel P Vera

Director

Age 65 Years

Appointed

October 1, 2015

April 26, 2016 (re-elected)

Percentage of Shareholding in the Company

0.22% (1,973,183 shares)

Family Relation between Management

No relation

Highest Educational Background / Director, Certificate Program

- Master of Business Administration, National University of Singapore
- Bachelor of Science in Business Administration, University of the East, Philippines
- Certified Public Accountant of Philippines

Working Experiences for the Past 5 Years

In Listed Companies

Present

- Non-Executive Director, Thai Wah Public Company Limited
- Non-Executive Director, Laguna Resorts & Hotels Public Company Limited
- Non-Independent and Non-Executive Director, Banyan Tree Holdings Limited

Aug 2013 - Sep 2015

- Director, Thai Wah Starch Public Company Limited

Feb 2013 - Sep 2015

- Director, Thai Wah Food Products Public Company Limited

1997 - 2013

- Director, Laguna Resorts & Hotels Public Company Limited

In Non - Listed Companies

Present

- Director, ICD (HK) Limited

1994 - 2014

- Director, Certain related companies of Laguna Resorts & Hotels Public Company Limited

1995 - 2014

- Chairman / Director, Certain related companies of Banyan Tree Holdings Limited



Mr. Ho Ren Hua*

Director

Age 35 Years

Appointed

October 1, 2015

April 20, 2017 (re-elected)

Percentage of Shareholding in the Company

0.44% (3,830,524 shares)

Family Relation between Management

Mr. Ho KwonPing's son and Mr. Ho KwonCjan's nephew

Highest Educational Background / Director, Certificate Program

- Bachelor of Science in Economics with Honors, concentrating in Finance and Management, The Wharton School, University of Pennsylvania, USA
- Chartered Director, Class (CDC 10/2015), Thai Institute of Directors Association
- Directors Certification Program (DCP 214/2015), Thai Institute of Directors Association
- Diploma Examination (47/2016), Thai Institute of Directors Association

Working Experiences for the Past 5 Years

In Listed Companies

Present

- Director and Chief Executive Officer, Thai Wah Public Company Limited
- Director, Laguna Resorts & Hotels Public Company Limited

Aug 2015 - Sep 2015

- Chief Executive Officer, Thai Wah Starch Public Company Limited

Jun 2015 - Sep 2015

- Director, Thai Wah Starch Public Company Limited

Nov 2011 - Sep 2015

- Director, Thai Wah Food Products Public Company Limited

Apr 2010 - May 2015

- Executive Director and Country Head China, Banyan Tree Holdings Limited

In Non - Listed Companies

Present

- Chairman, Thai Wah International Trade (Shanghai) Company Limited
- Director, Thai Wah Vietnam Company Limited
- Director, TWPC Investment (Cambodia) Co., Ltd.
- Director, Tapioca Development Corporation Limited
- Chairman / Director, Certain related companies of Banyan Tree Holdings Limited
- Director, Bibace Investments Ltd.
- Director, Maypole Ltd. and certain related companies
- Director, Sin-Hai Offshore Company Limited
- Director, ICD (HK) Limited
- Director, United Insulation Services Pte. Ltd.
- Director, Casita Holdings Ltd.
- Director, Dawina Investments Ltd.

Apr 2016 - May 2017

- Director, Asia Tapioca Products Company Limited



Mr. Ho KwonCjan

Director

Age 65 Years

Appointed

October 1, 2015

April 20, 2017 (re-elected)

Percentage of Shareholding in the Company

3.91% (34,416,488 shares)

Family Relation between Management

Mr. Ho KwonPing's younger brother and Mr. Ho Ren Hua's uncle

Highest Educational Background / Director, Certificate Program

- Bachelor of Architecture (Hons), National University of Singapore

Working Experiences for the Past 5 Years

In Listed Companies

Present

- Non-Executive Director, Thai Wah Public Company Limited
- Director, Laguna Resorts & Hotels Public Company Limited

Apr 1997 - Sep 2015

- Director, Thai Wah Food Products Public Company Limited

2005 - 2011

- Managing Director (Design Services), Laguna Resorts & Hotels Public Company Limited

In Non - Listed Companies

Present

- Director, Certain related companies of Laguna Resorts & Hotels Public Company Limited
- Director, Certain related companies of Banyan Tree Holdings Limited
- Director, Profit Chain Ltd.
- Director, Lanna Land Development Company Limited
- Director, Mae Malai Doi Resorts Company Limited
- Director, Platinum Enterprise Limited and certain related companies
- Director, Li-Ho Holdings (Private) Limited and certain related companies
- Director, Chang Fung Company Limited
- Director, PT Bintan Hotels
- Director, Vail Enterprises Group Corp.
- Director, Freesia Investments Ltd.

2006 - 2016

- Director, Bibace Investments Ltd.

2000 - 2016

- Director, Asia Tapioca Products Company Limited



Dr. Sretsei Saittagaroon

Deputy Chairman of the Board

Age 64 Years

Appointed

October 1, 2015

April 20, 2017 (re-elected)

Percentage of Shareholding in the Company

0.29% (2,544,029 shares)

Family Relation between Management

No relation

Highest Educational Background / Director, Certificate Program

- Doctor in Agricultural Science (Food Chemistry), Nagoya University, Japan
- Directors Certification Program (DCP 10/2001), Thai Institute of Directors Association
- Finance Directors (1/2005), Thai Institute of Directors Association

Working Experiences for the Past 5 Years

In Listed Companies

Present

- Deputy Chairman of the Board, Thai Wah Public Company Limited

Oct 2015 - Dec 2016

- Managing Director (Food Business), Thai Wah Public Company Limited

Aug 1998 - Sep 2015

- Managing Director, Thai Wah Food Products Public Company Limited

Feb 1995 - Sep 2015

- Director, Thai Wah Food Products Public Company Limited

In Non - Listed Companies

Present

- Director, Thai Wah International Trade (Shanghai) Company Limited
- Chairman, Thai Wah Vietnam Company Limited
- Director, TWPC Investment (Cambodia) Co., Ltd.
- Director, Tapioca Development Corporation Limited
- Director, Asia Tapioca Products Company Limited

June 2014 - Feb 2017

- Chairman, Vietnam Tapioca Company Limited

Mar 2014 - Feb 2017

- Director, Tay Ninh Tapioca Joint Stock Company

Jul 2007 - Feb 2014

- Chairman, Tay Ninh Tapioca Joint Stock Company

Oct 2000 - May 2014

- Director, Vietnam Tapioca Company Limited



Mr. Umnad Sukprasongphol*

Director

Age 55 Years

Appointed

October 1, 2015

Percentage of Shareholding in the Company

0.03% (307,240 shares) (also including no. of shares held by spouse)

Family Relation between Management

No relation

Highest Educational Background / Director, Certificate Program

- Master of Business Administration, Central State University (Currently known as University of Central Oklahoma), USA
- Directors Certification Program (DCP 15/2011), Thai Institute of Directors Association
- Financial Statements for Directors (FSD 17/2012), Thai Institute of Directors Association
- Ethical Leadership Program (ELP 10/2017), Thai Institute of Directors Association

Working Experiences for the Past 5 Years

In Listed Companies

Present

- Director and Managing Director (Starch Business), Thai Wah Public Company Limited

Apr 2012 - Sep 2015

- Director, Thai Wah Starch Public Company Limited

Jan 2009 - Sep 2015

- Joint Managing Director (Business Operation), Thai Wah Starch Public Company Limited

In Non - Listed Companies

Present

- Chairman / Director, Subsidiaries companies of Thai Wah Public Company Limited
- Director, Tapioca Development Corporation Limited
- Secretary General - Board of Executive Committee, The Thai Tapioca Trade Association (TTTA)

Jan 2009 - Sep 2015

- Director, Subsidiaries and associated companies of Thai Wah Starch Public Company Limited



Mr. Shankar Chandran

Director

Age 55 Years

Appointed

December 25, 2016

Percentage of Shareholding in the Company

None

Family Relation between Management

No relation

Highest Educational Background / Director, Certificate Program

- Postgraduate Diploma in Management Studies, Kingston University, London, UK
- Higher National Diploma Finance, South West London College, UK

Working Experiences for the Past 5 Years

In Listed Companies

Present

- Non-Executive Director, Thai Wah Public Company Limited
- Director and Managing Director, Laguna Resorts & Hotels Public Company Limited
- Managing Director, Owned Hotels and Managing Director (Spa Operations), Banyan Tree Holdings Limited

In Non - Listed Companies

Present

- Director, Certain related companies of Laguna Resorts & Hotels Public Company Limited
- Director, Certain related companies of Banyan Tree Holdings Limited
- Director, Banyan Tree Hotels & Resorts (Thailand) Limited

Oct 2011 - Jan 2016

- Managing Director, Laguna Lang Co Vietnam



Mr. Vudhiphol Suriyabhivadh

Independent Director

Age 73 Years

Appointed

October 1, 2015

April 26, 2016 (re-elected)

Percentage of Shareholding in the Company

0.02% (213,053 shares) (held by spouse)

Family Relation between Management

No relation

Highest Educational Background / Director Certificate Program

- Bachelor of Commerce (Accountancy), University of New South Wales, Australia
- Bachelor of Law, Sukhothai Thammathirat University
- Directors Certification Program (DCP 36/2003), Thai Institute of Directors Association
- Audit Committee Program (ACP 7/2005), Thai Institute of Directors Association
- Executive Course, IMD Lausanne, Switzerland

Working Experiences for the Past 5 Years

In Listed Companies

Present

- Independent Director, Audit and Risk Committee Chairman and Nomination and Remuneration Committee Member, Thai Wah Public Company Limited
- Independent Director, Audit and Risk Committee Chairman and Nomination and Remuneration Committee Member, Laguna Resorts & Hotels Public Company Limited
- Independent Director, Audit Committee Chairman, Nomination, Remuneration and Good Corporate Governance Committee Chairman, L.P.N. Development Public Company Limited
- Independent Director and Audit Committee Chairman, Bangkok Ranch Public Company Limited

In Non - Listed Companies

Present

Aug 2003 - Sep 2015

- Nomination and Remuneration Committee Member, Thai Wah Food Products Public Company Limited

Nov 1999 - Sep 2015

- Audit and Risk Committee Member, Thai Wah Food Products Public Company Limited

Apr 1996 - Sep 2015

- Independent Director, Thai Wah Food Products Public Company Limited

2010 - 2014

- Audit Committee Member, L.P.N. Development Public Company Limited

2008 - 2014

- Nomination, Remuneration and Good Corporate Governance Committee Member, L.P.N. Development Public Company Limited



Dr. Jingjai Hanchanlash

Independent Director

Age 75 Years

Appointed

October 1, 2015

April 20, 2017 (re-elected)

Percentage of Shareholding in the Company

0.30% (2,643,039 shares) (held by spouse)

Family Relation between Management

No relation

Highest Educational Background / Director Certificate Program

- Doctorate University de Caen (Mention droit), France
- Certificate in Project Analysis, University of Connecticut, USA
- Certificate in Mid-Career Management training, University of Western Ontario, Canada
- Directors Accreditation Program (DAP 1/2003), Thai Institute of Directors Association
- Audit Committee Program (ACP 19/2007), Thai Institute of Directors Association

Working Experiences for the Past 5 Years

In Listed Companies

Present

- Independent Director / Audit and Risk Committee Member and Nomination and Remuneration Committee Chairman, Thai Wah Public Company Limited
- Independent Director / Audit and Risk Committee Member and Nomination and Remuneration Committee Chairman, Laguna Resorts & Hotels Public Company Limited
- Vice Chairman, Muang Thai Insurance Public Company Limited
- Vice Chairman of the Executive Board, Loxley Public Company Limited
- Director, Asian Phytochemicals Public Company Limited

Nov 2013 - Sep 2015

- Nomination and Remuneration Committee Member, Thai Wah Food Products Public Company Limited

Oct 2000 - Sep 2015

- Independent Director / Audit and Risk Committee Member, Thai Wah Food Products Public Company Limited

In Non - Listed Companies

Present

- Honorary Chairman, Greater Mekong Sub-Region Business-Forum
- Chairman of the Executive Board, Rutnin-Gimbel Excimer Laser Eye Centre
- Vice Chairman, The Thai Chamber of Commerce
- Board Member, SPIE Oil & Gas Services (Thailand) Limited
- Board Member, King Prajadhipok's Institute
- Board Member, Hamilcar Company Limited



Mr. Subhak Siwaraksa

Independent Director

Age 61 Years

Appointed

February 21, 2017

Percentage of Shareholding in the Company

None

Family Relation between Management

No relation

Highest Educational Background / Director Certificate Program

- Doctor of Philosophy in Economics, University of Pennsylvania, USA
- Master in Law and Diplomacy, Fletcher School of Law and Diplomacy, Tufts University, Massachusetts, USA
- Bachelor in English Literature Honors Program and Economics, Georgetown University, Washington D.C., USA
- Advanced Audit Committee Program (AACP 26/2017), Thai Institute of Directors Association

Working Experiences for the Past 5 Years

In Listed Companies

Present

- Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Member, Thai Wah Public Company Limited

2009 - 2016

- President and Chief Executive Officer, CIMB Thai Bank PCL.

2003 - 2008

- Chief Executive Officer and President, TMB Bank PCL

In Non - Listed Companies

Present

- Monetary Policy Committee Member, Bank of Thailand
- Country Chairman, Jardine Matheson Group in Thailand
- Governor / Member of the Audit Committee / Member of the Corporate Governance and Social Responsibility Committee, The Stock Exchange of Thailand

2013 - 2016

- Chairman, Sathorn Asset Management Co., Ltd.

2011 - 2013

- Governor / Member of the Audit Committee / Member of the Listing Expansion and Development Committee, The Stock Exchange of Thailand

2008 - 2009

- Director, Export-Import Bank of Thailand

2008 - 2009

- Chairman, TMB Asset Management Co., Ltd.



Mr. Chanin Archjananun

Independent Director

Age 54 Years

Appointed

October 1, 2015

Percentage of Shareholding in the Company

None

Family Relation between Management

No relation

Highest Educational Background / Director Certificate Program

- Master of Business Administration, Western Illinois University, USA
- Directors Certification Program (DCP 231/2016), Thai Institute of Directors Association

Working Experiences for the Past 5 Years

In Listed Companies

Present

- Independent Director, Thai Wah Public Company Limited

In Non - Listed Companies

Present

- Independent Director and Audit Committee Chairman, SPV Holdings Public Company Limited
- Senior Advisor, Whiteline Group Co., Ltd.

2013 - 2015

- Business Development Director, Geographical Expansion Asia Friesland Campina Asia PTE

2011 - 2013

- Managing Director, Thailand and Indochina Friesland Campina Thailand Public Company Limited

2009 - 2011

- Vice President, Modern Trade-Asia, Africa, Central Europe Region Unilever Asia Private Ltd., Singapore

Remark : No directors of the Company have any record of Committing any illegal actions

* Authorised directors of the company and any two of them can jointly signed in accordance to the Company's affidavit

Management

As at December 31, 2017



4 2 1 3 5

1. Mr. Ho Ren Hua

Chief Executive Officer

4. Ms. Naruemon Srisuma

Group Head of Research & Development

2. Mr. Umnad Sukprasongphol

Managing Director (Starch Business)

5. Ms. Orn-A-Nong Witchucharn

Chief Financial Officer*

3. Mr. Prateep Lertvatanakijkul

Managing Director (Food Business)

Remarks : No management of the Company have any record of committing any illegal action.

*Ms. Orn-A-Nong Witchucharn was appointed to be Chief Financial Officer effective January 1, 2018

Mr. Ho Ren Hua
Chief Executive Officer

Appointed

1 October 2015

Mr. Umnad Sukprasongphol
Managing Director (Starch Business)

Appointed

1 October 2015

Profile as shown in the section of "Board of Director as at December 31, 2017"

Mr. Prateep Lertvatanakijkul
Managing Director (Food Business)

Age 54 Years

Appointed

January 1, 2016

Percentage of Shareholding in the Company

0.01% (50,000 shares)

Family Relation between Management

No relation

Highest Educational Background / Director Certificate Program

- Master of Business Administration (Marketing), National Institute of Development Administration
- Bachelor of Agro - Industry, Kasetsart University
- Ethical Leadership Program (ELP 10/2017), Thai Institute of Directors Association

Working Experiences for the Past 5 Years

In Listed Companies

Present

- Managing Director (Food Business), Thai Wah Public Company Limited

Oct 2016 - Dec 2016

- Managing Director (Food Business) - Designate, Thai Wah Public Company Limited

In Non-Listed Companies

Present

- Director, Tay Ninh Tapioca Joint Stock Company
- Director, Vietnam Tapioca Company Limited
- Director, Asia Tapioca Products Company Limited
- Director, Tapioca Development Corporation Limited

Jan 2010 - Sep 2016

- Managing Director, Tapioca Development Corporation Limited

Ms. Naruemon Srisuma
Director

Age 59 Years

Appointed

January 1, 2016

Percentage of Shareholding in the Company

None

Family Relation between Management

No relation

Highest Educational Background / Director Certificate Program

- Doctor of Philosophy (Food Science and Human Nutrition), Michigan State University, USA

Working Experiences for the Past 5 Years

In Listed Companies

Present

- Group Head of Research & Development, Thai Wah Public Company Limited

Oct 2015 - Sep 2016

- Assistant Vice President - Research & Development and Quality System, Thai Wah Public Company Limited

Jan 1995 - Sep 2015

- Assistant Vice President - Research & Development and Quality System Thai Wah Food Products Public Company Limited

In Non-Listed Companies

Present

- Director, Tapioca Development Corporation Limited
- Director, Tay Ninh Tapioca Joint Stock Company

Aug 1999 - Feb 2009

- General Manager Krispy, Snacks Company Limited

Ms. Orn-A-Nong Witchucharn
Chief Financial Officer

Age 45 Years

Appointed

October 1, 2015

Percentage of Shareholding in the Company

0.00% (10,000 shares)

Family Relation between Management

No relation

Highest Educational Background / Director Certificate Program

- Master of Business Administration,
The American Graduate School of International Management
(Thunderbird), Arizona, USA
- Directors Certificate Program (DCP 224/2016),
Thai Institute of Directors Association
- Diploma Examination (52/2016), Thai Institute of Directors
Association
- Ethical Leadership Program (ELP 10/2017),
Thai Institute of Directors Association

Working Experiences for the Past 5 Years

In Listed Companies

Present

- Group Finance Director, Thai Wah Public Company Limited

In Non-Listed Companies

Present

- Director, Subsidiaries and associated companies of
Thai Wah Public Company Limited
- Director, Tapioca Development Corporation Limited

2013 - 2015

- Finance Director, Akzo Nobel Paints (Thailand) Limited

2011 - 2013

- Finance Director, Kimberly-Clark (Thailand) Limited

Ms. Manee Lueprasert
Company Secretary

Age 52 Years

Appointed

October 1, 2015

Percentage of Shareholding in the Company

0.05% (476,987 shares)

Family Relation between Management

No relation

Highest Educational Background / Director Certificate Program

- Master of Business Administration, Thammasat University
- Anti-Corruption : The Practical Guide (ACPG 11/2014),
Thai Institute of Directors Association
- Corporate Secretary Development Program,
Thai Listed Companies Association
- Fundamental Practice for Corporate Secretary (FPCS 18),
Thai Listed Companies Association and Thai Company
Secretary Club

Working Experiences for the Past 5 Years

In Listed Companies

Present

- Director, of Corporate Affairs and Treasury and Company
Secretary, Thai Wah Public Company Limited

Apr 2012 - Sep 2015

- Director, Thai Wah Starch Public Company Limited

Jan 2008 - Sep 2015

- Senior Finance Manager,
Thai Wah Starch Public Company Limited

Aug 2008 - Sep 2015

- Company Secretary,
Thai Wah Starch Public Company Limited

In Non-Listed Companies

Present

- Director, Subsidiaries companies of
Thai Wah Public Company Limited

Feb 2012 - Sep 2015

- Director, Subsidiaries and associated companies of Thai Wah
Starch Public Company Limited

Details of position of Directors and Management

As at December 31, 2017

Name	TWPC	Subsidiaries Companies																Associated Companies								
		BPT	BT5	BT6	CSL	DI	MHSL	MJ	PNR	TMS	TN	TN1	TNT	TOC	TS1989	TTL	TW6	TWAS	TWRF	TWBP	TWIT	TWIC	TWVC	TDC	ATP	VTC
Mr. Ho KwonPing	X	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Surapon Supratya	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Ariel P Vera	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Ho KwonGjan	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Ho Ren Hua	/, CEO,E	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	X	/	/	/	-	-	-
Dr. Sretsei Salitagaroon	XX	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/	/	X	/	-	-	/
Mr. Umnad Sukprasongphol	/, //,E	/	/	/	/	/	/	/	/	/	/	X	/	/	/	/	/	/	/	/	X	/	/	/	/	/
Mr. Shankar Chandran	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Vudhiphol Suriyabhivadh	ID, ARCC, NRC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dr. Jingjai Hanchantash	ID, ARC, NRCC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Subhak Siwaraksa	ID, ARC, NRC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Chanin Archjananun	ID	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Prateep Lertvatanakijkul	//,E	-	-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-	-	-	-	-	/	/	/
Ms. Naruemon Srisuma	E	-	-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-	-	-	-	-	/	-	-

Remarks : X = Chairman of the Board

XX = Deputy Chairman of the Board

CEO = Chief Executive Officer

/ = Director

// = Managing Director

ID = Independent Director

ARCC = Audit and Risk Committee Chairman

ARC = Audit and Risk Committee Member

NRCC = Nomination and Remuneration Committee Chairman

NRC = Nomination and Remuneration Committee Member

E = Management according to the definition of the Securities Exchange Commission

CSB = Chairperson of Supervisory Board

SBM = Supervisory Board Member

- = None

Name	TWPC	Subsidiaries Companies														Associated Companies										
		BPT	BT5	BT6	CSL	DI	MHSL	MJ	PNR	TMS	TN	TN1	TNT	TOC	TS1989	TTL	TW6	TWAS	TWRF	TWBP	TWIT	TWIC	TWVC	TDC	ATP	VTC
Ms. Om-A-Nong Witchucharn	E	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	-	/	/	/	/	-
Ms. Sirivan Skulkerevathana	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/	/	-	-	-	-
Ms. Manee Lueprasert	-	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	-	-	-	-	-	-
Mr. Nam Chitdechai	-	-	-	-	-	-	-	-	-	/	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Orawan Charoenpatchayakul	-	-	-	-	-	-	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Tinnakorn Varajuntano	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Chalermkeit Chalempronkit	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Dhitirat Makepoowadol	-	-	-	-	-	-	-	-	-	-	-	CSB	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Komkai Srisathaporn	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-
Mr. Nguyen Quoc Viet	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-	-	-	-	-	-	-	/
Mr. Vo Dong Giang	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Nguyen Thanh Ngu	-	-	-	-	-	-	-	-	-	-	-	XX	-	-	-	-	-	-	-	-	-	-	-	-	-	/
Mr. Nguyen Xuan Ky	-	-	-	-	-	-	-	-	-	-	-	SBM	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Nguyen Thanh Tung	-	-	-	-	-	-	-	-	-	-	-	SBM	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Hiroshige Murase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-
Mr. Soichiro Kurachi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-
Mr. Takashi Terasaka	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-

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SBM = Supervisory Board Member

- = None

Abbreviation

Abbreviation	Company Name in Full
ATP	Asia Tapioca Products Company Limited
BPT	Bangpakong Turakij Company Limited
BT5	Bang Thao (5) Company Limited
BT6	Bang Thao (6) Company Limited
CSL	Chiang Saen Land Company Limited
DI	DI Company Limited
LRH	Laguna Resorts & Hotels Public Company Limited
MHSL	Mae Hong Son Land Development Limited
MJ	Mae Joe Land Company Limited
PNR	Phang Nga Resorts Limited
TDC	Tapioca Development Corporation Limited
TMS	Thai Modified Starch Company Limited
TN	Thai Nam Tapioca Company Limited
TN1	Thai Nam Tapioca (1) Company Limited
TNT	Tay Ninh Tapioca Joint Stock Company
TOC	Thai Ongkarak Company Limited
TRL	Tropical Resorts Limited
TS1989	Thai Sin Tapioca (1989) Company Limited
TTL	Tha Thungna Land Company Limited
TW6	Thai Wah (6) Company Limited
TWAS	Thai Wah Alpha Starch Company Limited
TWIC	TWPC Investment (Cambodia) Company Limited
TWRF	Thai Wah Rice Flour Company Limited
TWPB	Thai Wah Bio Power Limited
TWPC	Thai Wah Public Company Limited
TWIT	Thai Wah International Trade (Shanghai) Company Limited
TWVC	Thai Wah Vietnam Company Limited
VTC	Vietnam Tapioca Company Limited



Policy and Business Overview

History

Thai Wah Public Company Limited (“TWPC” or the “Company”) had been formed by the amalgamation of Thai Wah Starch Public Company Limited (“TWS”) and Thai Wah Food Products Public Company Limited (“TWFP”), in order to manufacture and distribute tapioca starch products and starch-related products such as vermicelli, noodles and sago for local and international distribution. The registration of amalgamation was completed with the Department of Business Development, Ministry of Commerce on October 1, 2015.

Milestones

February 24, 2015

Each of the Board of Directors’ Meeting of TWS and TWFP agreed to propose in the 2015 Annual General Meeting (AGM) of each respective company that the amalgamation of TWS and TWFP be approved.

April 27, 2015

Each of the 2015 AGM of TWS and TWFP approved the amalgamation of TWS and TWFP.

September 30, 2015

The Joint Shareholders’ Meeting between TWS and TWFP approved “Thai Wah Public Company Limited” as the name of the amalgamated entity.

October 1, 2015

The public companies registrar registered the amalgamation, the predecessor companies (TWS and TWFP) ceased to have the status of juristic persons and TWPC assumed all their assets, liabilities, rights, duties, and responsibilities.

The Company’s core business is to manufacture and distribute tapioca starch products and starch-related products such as vermicelli, noodles and sago for local and international distribution.

Additionally, the Company has invested in the ordinary shares of other companies which conduct businesses other than the core business of the Company. The Company and its subsidiaries have invested in real property by possessing many pieces of land with great investment prospects in almost all regions of Thailand.

Company’s Vision and Mission

The Board of Directors’ Meeting of the Company has approved the Company’s vision and mission, which will be reviewed at least every 5 years as follows:

Vision :

To be a regional leader in starch and starch-related food products

Mission :

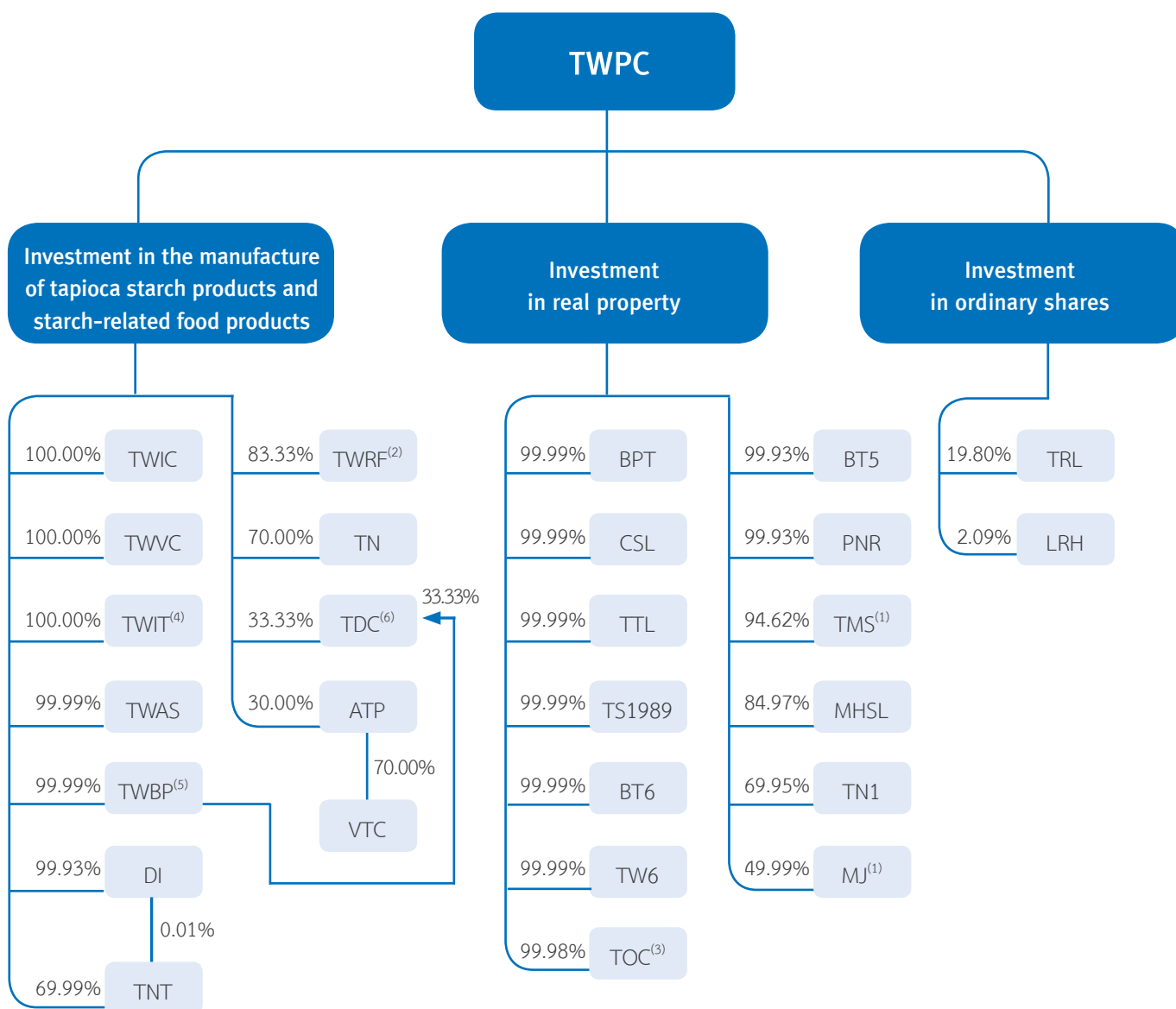
We will produce premium quality products to satisfy our customers, and work with pride, integrity and consistency

Key Developments

-N/A-

Shareholding Structure of the Company

As at December 31, 2017



Remark :

- (1) Dormant
- (2) Registered the dissolution on December 30, 2015 and registered the liquidation on February 1, 2017
- (3) Registered the dissolution on May 31, 2017 and registered the liquidation on July 24, 2017
- (4) Type of business : Trading of goods (Tapioca starch and related products)
- (5) Type of business : Manufacture, transmission and supply of electricity (Biogases system that are derived from the treatment ponds can be used as a substitute for furnace oil in the manufacturing procedure starch), including investment in ordinary shares in TDC
- (6) Type of business : Manufacturer and distributor of modified tapioca starch

Subsidiaries and Related companies in which the Company has shareholding exceeding 10 percent

Company	Type of Business	Registered Capital (Baht)	Par Value (Baht/Share)	Paid-up Capital (Baht)	Shareholding Proportion (Direct & Indirect) (%)
Thai Wah Vietnam Company Limited Lot C1-6 (Lo C1-6), Street N8. Zone C1, Tan Phu Trung industrial Park, Tan Phu Trung commune, Cu Chi district, Ho Chi Minh city, Vietnam	Manufacturing and distributing of food products (Vermicelli and others)	VND 22,462,000,000	-	VND 22,462,000,000	100.00
TWPC Investment (Cambodia) Company Limited Osrâm Village, Trâpeang Tao Commune, Anlong Veng District, Oddar Meanchey Province, Kingdom of Cambodia	Manufacturing and distributing of starch products	KHR 4,000,000,000	-	KHR 4,000,000,000	100.00
Thai Wah International Trade (Shanghai) Company Limited Room 442, Floor 4 th , Building 1, No.458 East Fu Te No.1 Road, Pilot Free Trade Zone, Shanghai, China	Trading of goods	CNY 1,000,000	-	CNY 1,000,000	100.00
Thai Wah Alpha Starch Company Limited Thai Wah Tower 1, 21 st Floor, 21/63-64 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2285 0040 Fax +66 2285 0271	Manufacture of alpha starch	18,000,000	100	18,000,000	99.99

Company	Type of Business	Registered Capital (Baht)	Par Value (Baht/Share)	Paid-up Capital (Baht)	Shareholding Proportion (Direct & Indirect) (%)
Bang Thao (6) Company Limited Thai Wah Tower 1, 21 st Floor, 21/63-64 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2285 0040 Fax +66 2285 0271	Landholding	21,500,000	100	21,500,000	99.99
Chiang Saen Land Company Limited Thai Wah Tower 1, 21 st Floor, 21/63-64 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2285 0040 Fax +66 2285 0271	Landholding	75,000,000	100	75,000,000	99.99
Thai Sin Tapioca (1989) Company Limited Thai Wah Tower 1, 21 st Floor, 21/63-64 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2 285 0040 Fax +66 2 285 0271	Landholding	5,000,000	100	5,000,000	99.99
Tha Thungna Land Company Limited Thai Wah Tower 1, 21 st Floor, 21/63-64 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2 285 0040 Fax +66 2 285 0271	Landholding	15,000,000	100	15,000,000	99.99
Bangpakong Turakij Company Limited Thai Wah Tower 1, 21 st Floor, 21/63-64 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2 285 0040 Fax +66 2 285 0271	Landholding	91,000,000	100	91,000,000	99.99

Company	Type of Business	Registered Capital (Baht)	Par Value (Baht/Share)	Paid-up Capital (Baht)	Shareholding Proportion (Direct & Indirect) (%)
Thai Wah Bio Power Limited Thai Wah Tower 1, 21 st Floor, 21/63-64 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2285 0040 Fax +66 2 285 0271	Manufacture, transmission and supply of electricity	450,000,000	1,000	450,000,000	99.99
Thai Wah (6) Company Limited Thai Wah Tower 1, 21 st Floor, 21/63-64 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2285 0040 Fax +66 2285 0271	Landholding	29,000,000	100	29,000,000	99.99
Thai Ongkarak Company Limited Thai Wah Tower 1, 21 st Floor, 21/63-64 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2285 0040 Fax +66 2285 0271	Landholding*	4,000,000	100	4,000,000	99.98
D I Company Limited Thai Wah Tower 1, 21 st Floor, 21/63-64 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2285 0040 Fax +66 2285 0271	Manufacture of tapioca starch	10,000,000	1,000	10,000,000	99.93

Remarks : * Registered the dissolution on May 31, 2017 and registered the liquidation on 24 July, 2017 with the Department of Business Development, Ministry of Commerce

Company	Type of Business	Registered Capital (Baht)	Par Value (Baht/Share)	Paid-up Capital (Baht)	Shareholding Proportion (Direct & Indirect) (%)
Bang Thao (5) Company Limited Thai Wah Tower 1, 21 st Floor, 21/63-64 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2285 0040 Fax +66 2285 0271	Landholding	1,000,000	100	250,000	99.93
Phang Nga Resorts Limited Thai Wah Tower 1, 21 st Floor, 21/63-64 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2285 0040 Fax +66 2285 0271	Landholding	1,000,000	100	1,000,000	99.93
Thai Modified Starch Company Limited Thai Wah Tower 1, 21 st Floor, 21/63-64 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2285 0040 Fax +66 2285 0271	Dormant	40,000,000	1,000	10,000,000	94.62
Mae Hong Son Land Development Limited Thai Wah Tower 1, 21 st Floor, 21/63-64 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2285 0040 Fax +66 2285 0271	Landholding	2,000,000	100	2,000,000	84.97

Company	Type of Business	Registered Capital (Baht)	Par Value (Baht/Share)	Paid-up Capital (Baht)	Shareholding Proportion (Direct & Indirect) (%)
Thai Wah Rice Flour Company Limited Thai Wah Tower 1, 21 st Floor, 21/63-64 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2285 0040 Fax +66 2285 0271	Dormant **	30,000,000	100	30,000,000	83.33
Thai Nam Tapioca Company Limited Thai Wah Tower 1, 21 st Floor, 21/63-64 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2285 0040 Fax +66 2285 0271	Manufacture of tapioca starch	86,600,000	100	86,600,000	70.00
Tay Ninh Tapioca Joint Stock Company Tan Binh Hamlet, Hoa Thanh District, Tay Ninh Province, Vietnam	Manufacture of tapioca starch, glucose and candy	VND 112,081,200,000	VND 10,000	VND 112,081,200,000	69.99
Thai Nam Tapioca (1) Company Limited Thai Wah Tower 1, 21 st Floor, 21/63-64 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2285 0040 Fax +66 2285 0271	Landholding	1,000,000	100	1,000,000	69.95

Remarks : ** Registered the dissolution on December 30, 2015 and registered the liquidation on February 1, 2017 with the Department of Business Development, Ministry of Commerce

Company	Type of Business	Registered Capital (Baht)	Par Value (Baht/Share)	Paid-up Capital (Baht)	Shareholding Proportion (Direct & Indirect) (%)
Mae Joe Land Company Limited Thai Wah Tower 1, 21 st Floor, 21/63-64 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2285 0040 Fax +66 2285 0271	Dormant	3,000,000	100	3,000,000	49.99
Tapioca Development Corporation Limited Thai Wah Tower 1, 8 th Floor, No. 21/19, South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2677 4466 Fax +66 2285 0281	Manufacturer and distributor of modified tapioca starch	50,000,400	100	50,000,400	66.67
Asia Tapioca Products Company Limited Lumpini Tower, 13 th Floor, No. 1168/18, Rama 4 Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand Tel. +66 2286 8554 Fax +66 2286 3468	Holding company	140,000,000	100	105,250,000	30.00
Vietnam Tapioca Company Limited 043 Cau Hamlet, Tan Phong Commune, Tan Bien District, Tay Ninh Province, Vietnam	Manufacturer of tapioca starch	USD 5,000,000	-	USD 5,000,000	21.00
Tropical Resorts Limited 22nd Floor, Man Hing Commercial Building, 79-83 Queen's Road, Central, Hong Kong Tel. +65 6849 5888 Fax +65 6849 5713	Resort investment and development	USD 21,000,000	USD 1	USD 21,000,000	19.80



Nature of Business

Revenue Structure

The Company's revenue structure of the sale and services to the third party are described as follows:-

Products / Services	2017		2016		For the period from 1 October 2015 to 31 December 2015	
	Revenue		Revenue		Revenue	
	Million Baht	%	Million Baht	%	Million Baht	%
Starch Business Revenue						
- Tapioca Starch	3,129	48	3,242	52	631	45
- Coarse Starch	390	6	380	6	119	8
- Modified Starch	295	5	71	1	18	1
- Pearl	230	4	236	4	60	4
- Glucose	804	12	889	14	209	15
- By Products and Other	38	1	20	-	5	-
Total Starch Business Revenue	4,886	76	4,838	77	1,042	73
Food business revenue						
- Vermicelli and Bean Sheet	1,231	19	1,206	19	324	23
- Rice Noodle and Rice Vermicelli	97	1	98	2	25	2
- Mong Starch and other Starch	46	1	17	-	3	-
- By Products and Other	5	-	4	-	1	-
Total Food Business Revenue	1,379	21	1,325	21	353	25
Investment in securities						
- Share of Gain from Investments in Associates	3	-	16	-	6	0.5
- Gain from Business Acquisition	118	2	-	-	-	-
Investment properties						
- Rental income	3	-	9	-	2	-
- Gain on sale of Investment Property	-	-	57	1	-	-
- Reversal of loss on devalue of Investment Property	13	-	-	-	-	-
Other income						
- Gain on Exchange	-	-	13	-	1	-
- Interest Income	24	-	23	-	6	0.5
- Other Income	49	1	40	1	11	1
Total	6,475	100	6,321	100	1,421	100

Type of Business

Core Business

The core business of the Company is divided into two main categories: manufacture of tapioca starch products and starch-related products such as vermicelli, noodles and sago for local and international distribution.

a. **Tapioca Starch Products** all of which are manufactured and sold by the Company and its subsidiaries, namely Thai Nam Tapioca Company Limited, D I Company Limited, Thai Wah Alpha Starch Company Limited, Tay Ninh Tapioca Joint Stock Company and Tapioca Development Corporation Limited. The Company's products in this category include tapioca starch, glucose syrup, modified starch, sago and alpha starch.

• Tapioca Starch

Tapioca starch is a product derived from cassava roots. Apart from direct consumption, tapioca starch has many other uses in the food industry. Tapioca starch is an ingredient in seasoning powder (MSG) and sweetener products, and has many uses in other industries, including the paper and textile industries.

The Company and its subsidiaries have a total of four tapioca manufacturing plants in different regions of Thailand. Those plants have been awarded international certification standards under ISO 9001 : 2008, ISO 9001: 2015, ISO 14000 : 2015, GMP (Good Manufacturing Practices), HACCP (Hazard Analysis and Critical Control Points), USFDA (United States Food & Drug Administration) and the Halal and Kosher standards.

In addition to its local manufacturing business, the Company had jointly invested with Tay Ninh Sugar Joint Stock Company in the Socialist Republic of Vietnam to manufacture tapioca starch for local and international distribution. The joint venture company is called Tay Ninh Tapioca Joint Stock Company (originally known as Tay Ninh Tapioca Company Limited) (TNT) in Tay Ninh city in the Socialist Republic of Vietnam.

• Glucose Syrup

Glucose syrup is made from hydrolysis of starch and its character is sticky viscous clear liquid, slightly sweet and colorless. It is used as an ingredient in many food products such as candy, toffees, jam, juice powder, ice cream, creamer and other beverages, which are manufactured by TNT, a subsidiary of the Company located in Tay Ninh, Socialist Republic of Vietnam. TNT's glucose syrup product are widely recognized and trusted by consumers for its quality and product standard. Furthermore the factory has been awarded ISO 22000 : 2005, ISO/TS 22002-1 for quality management systems, HACCP (Hazard Analysis Critical Control Points), HALAL certification and FSSC 22000 (Food Safety System Certification 22000) which is for certification of food safety systems during the manufacturing process, including USDA ORGANIC standard for organic products.

• Modified Starch

Furthermore the Company has also invested in Tapioca Development Corporation Limited (TDC) which is a joint venture in which the Company has a 33.33 percent shareholding along with Japan Corn Starch Co., Ltd. (Japan) and Tate & Lyle Plc. (UK). TDC has a paid-up capital of Baht 50,000,400 and produces various modified tapioca starches for several industrial applications including paper and food for both the domestic and foreign markets. The key export markets are China, Japan, South Korea, Indonesia, East Asia and ASEAN countries. TDC's factory is located at Baan Chang District, Rayong Province.

On October 2, 2017, Thai Wah Bio Power Limited, a subsidiary company, in which the Company directly holds 99.99 percent of the shares, acquired 166,668 ordinary shares, or equivalent to 33.33 percent of the total shares of TDC from Tate & Lyle Plc. As a result the status of TDC was changed from an associated company to an indirect subsidiary of the Company. The Company directly and indirectly holds 66.67 percent shares in TDC.

- **Sago**

Sago (or tapioca pearls) is another food product derived from tapioca starch. Sago is widely popular among consumers both locally and in other East Asian countries such as China and Taiwan and it is also exported to Europe and the United States of America because sago can be used in cooking savoury dishes as well as desserts, which underpin the upward trend of sago consumption.

Currently, the Company has further developed its sago product line to offer more variety, producing Roselle sago and Pandanus sago, allowing consumers the opportunity to select from products that are different and new. Furthermore, new recipes have been developed for both savoury dishes and desserts. The recipes are available to consumers as “recommended recipes” for greater variety, convenience, and speed. Examples of new recipes include boiled sago dumplings (in place of the traditional method of steaming), tapioca pearls mixed with coriander roots, garlic & pepper, the jade pearls, and the sea pearls, all of which use large tapioca pearls for preparation.

Additionally, a new product called Tiny Pearls has been developed for easy cooking, i.e. by pouring hot water into tiny pearls and leaving them for five minutes. This product can be served as an ingredient for breakfast or be mixed with sausages to add texture.

The Company’s manufacturing plant for sago products has been awarded international certification standards under the ISO 9001 : 2008, GMP (Good Manufacturing Practices), HACCP (Hazard Analysis and Critical Control Points) and Halal, which can assure customers of the Company’s product quality.

- **Alpha Starch**

Alpha starch is a type of tapioca starch that is modified using a physical modification process. Alpha starch is widely used in the industries of aquatic animal feeds, mosquito repellents, and metal casting. Thai Wah Alpha

Starch Company Limited (TWAS), a subsidiary of the Company, manufactures and distributes this product with the main markets being Japan and Taiwan. TWAS currently focuses on the importance of improving product quality and is currently researching methods to manufacture new products to satisfy the market’s needs. TWAS also has the capability to manufacture alpha starch according to the chemical formula requirements specific to each industry in keeping with recognized standards. This will enable increased exports, both in terms of volume and value.

b. Vermicelli and Noodle Products are manufactured and sold by the Company, with vermicelli as the main product. The raw materials for vermicelli and the other noodle products are pea starch, potato starch, tapioca starch, and rice. The Company’s products in this category include vermicelli, rice noodles, rice vermicelli, and mung bean starch noodles (Shanghai noodles).

1. Vermicelli or glass noodle can be classified by price and quality as follows:
 - “Double Dragon” brand: a high premium product.
 - “Phoenix” brand: a good quality product with standard pricing.
 - “Double Kilin” brand: a standard quality product.
2. Rice noodle and rice vermicelli - the Company produces and distributes rice noodle and rice vermicelli in both dry and fresh varieties under the “Double Kilin” brand which is positioned as a quality product with a medium price available in various forms such as small-strip rice noodle and rice vermicelli.
3. Mung bean starch noodles (Shanghai noodle) under “Double Dragon” brand are available in Cut sheet type: a high-quality product, convenient to use, Round sheet type: a high-quality product which can be used in various styles of cooking, and Japanese Seaweed Cut sheet type: a high-quality product offering Japanese seaweed taste and fragrance.

4. Tapioca starch and Sago under the ‘Double Kilin’ and ‘New Grade’ brand, packaged in a retail pack for household consumption or restaurant



Non-core business

a. Investment in Real Property

The Company and its subsidiaries have invested in real property by possessing many pieces of land with great investment prospects in almost all regions of Thailand (i.e. in the north, upper part of the northeast, central, east, and west). Land investment represents less risk than investment in other assets because land in itself is unlikely to depreciate. The Company expects to derive returns from a higher selling price which is expected to increase in the future as Thailand’s economy improves. Currently, the Company and its subsidiaries have no development plans for such properties.

b. Investment in Ordinary Shares

The Company has invested in the ordinary shares of Laguna Resorts & Hotels Public Company Limited and Tropical Resort Limited and is currently holding 2.09 percent and 19.80 percent of the total paid-up capital of each company, respectively. The purpose of investing in these non-core businesses is to diversify the Company’s business risks. By investing in such ordinary shares, the Company expects to derive returns in the form of dividends.

Marketing and Competition

Target Customers

1. **Products under Tapioca Starch Category:** The Company distributes products under this category both locally, which accounts for approximately 20 percent, and internationally, which accounts for approximately 80 percent.

The classification of customers is as follows:

- **Tapioca Starch**

The tapioca products are exported to many countries around the world, including China, Taiwan and the United States of America under the “Rose Brand” trademark. Some parts of this product line are also distributed locally.

- **Glucose Syrup**

The Company has a factory producing glucose syrup products in Vietnam, most of which are distributed in Vietnam.

- **Modified Starch**

Approximately 70 percent of the modified tapioca starch products are sold within the country while the remaining 30 percent are exported to other Asian countries.

- **Sago (Tapioca Pearls)**

This product is mainly exported to East Asian countries such as China, Taiwan and some products are distributed to Europe and the United States, as well as being distributed locally.

- **Alpha Starch**

Alpha starch is exported internationally to Japan, Europe, and Taiwan. Some products are sold in the local market as well.

- b. **Products under the Vermicelli and Noodle category** are distributed both domestically and international and the sales ratio is as follows :

- **Domestic Market**

The Company's domestic sales account for 92 percent of total sales for all the products under this category. Domestic customers mainly comprise of wholesale stores and the proportion of sales is 70 percent from the total sales.

- **Export Market**

The Company's export sales account for 8 percent of total sales for all the products under this category. The Company exports to several countries such as Asia region countries, European Union, and the United States of America.

Distribution Channel

- a. **Marketing of Tapioca Starch Products:** In the previous year, the Company's marketing activities focused on the food industry, instead of the paper and textile industries because of the higher pricing in the tapioca starch food industry.

Regarding distribution channels, the Company directly exports its products to food manufacturers. Some products were indirectly sold through local dealers in the importing countries. In addition, the company has established Thai Wah International Trade (Shanghai) Company Limited as the base for distribution of "Rose brand" products to customers in China, Taiwan and Southeast Asia.

- b. **Marketing of Vermicelli and Noodle Products:**

Domestic market - The Company sells its products through various channels including: wholesalers, retailers, department stores, superstores, supermarkets, convenience stores, restaurants nationwide and industrial clients.

As for international markets, the Company exports through local agents to several countries in the Asia regions, the European Union, and the United States of America.

Competition

- a. **Tapioca Starch Products**

Competition in international markets is quite intense. In addition to local competitors, the Company has to compete with foreign manufacturers in ASEAN countries such as Vietnam, Cambodia, and Laos which have the

advantage of lower costs when compared to Thailand. The Company's strategy is to focus on selling products in markets which prefer consistent quality over prices.

Competitive environment: In previous years, there were 4 - 5 competitors whose capacity was equal to or greater than the Company's. While competitors adopted a competitive low-price strategy, the Company pursued the strategy of quality and punctuality of delivery, which are very important in international markets. The Company's strengths include its reputation, quality, punctuality of delivery, and brands, including the "Rose brand" trademark which has been well recognized in the food industry particularly in China and Taiwan.

Trend of industry and market competition: The global economic condition had improved as well as the economy in China. The demand for tapioca starch in China had increased by approximately 3 percent. Manufacturers and exporters were not able to offer higher-priced tapioca starch during the first 9 months of the year and the starch prices continued to increase significantly during the last quarter of the year. Meanwhile, tapioca root prices continued to increase, especially during the second half of the year which also impacted the year 2017, the export volume of Thai tapioca starch was 4.14 million tons, decreased from 2016 by 2 percent or export volume of 4.22 million tons. Based on the export volume of Thai tapioca starch, the export value of tapioca starch in 2017 has been considerably reduced compared to 2016.

Remark : The volume and value of tapioca export referred from Thai Tapioca Starch Association and customs department.

- b. **Vermicelli and Noodle products**

- **Vermicelli**

Industry Situation

The Thai vermicelli industry in general is operating in a slight competitive market. Various vermicelli products often look similar but can be significantly different in terms of quality, texture and price. It is therefore important for manufacturers to differentiate their products by quality and brand image so as to gain recognition and acceptance by consumers. The local

consumption of vermicelli is estimated to be 37,000 tons per year or Baht 3,400 million in value. In total, there are 3 - 4 large manufacturers and approximately 10 - 15 medium-to-small manufacturers in Thailand. The Company is the largest vermicelli manufacturer in Thailand producing many different types of vermicelli with a total production capacity of 23,000 tons per year.

Growth Rate

The vermicelli market is estimated to have an average annual growth rate at about 3 - 5 percent.

Competition

Since production of vermicelli is rather simple, there are many major producers competing in the market. Competitions however are mainly on price and on distribution and product quality. Quality varies to suit different customer segments in different locations. Consumers are generally loyal to a particular brand. Competition dimensions in the vermicelli industry can be summarized as follows:

- **Price Competition**

Each producer usually sets its selling price in line with market prices, marketing promotions, in order to be accepted by the consumers for capturing maximum market share.

- **Creating new Market Segment**

New products such as fresh vermicelli, straight cut vermicelli, and instant vermicelli are introduced to give convenience and meet consumer demand.

- **Substitute Goods**

Currently, no product can directly substitute for vermicelli since it has its own unique characteristics but there are similar food products such as rice vermicelli, egg noodles, or rice noodles.

- **Noodles**

Industry Situation and Market Share

Noodles are one of the most commonly favored dishes among Thais and other East Asian people following from rice. The Company estimates that the market size for rice noodles and rice vermicelli, including Thai rice noodle

(Kanom Jeen), is approximately 350,000 - 370,000 tons per year or for value of approximately Baht 15 billion. This is 10 times larger in volume than vermicelli, and approximately 5 times more in value. Given that the market for rice noodles and rice vermicelli including Thai rice noodle is growing both locally and overseas, and given the Company's existing large customer base in the vermicelli market, the Company decided to expand its business into the rice noodle and rice vermicelli market by manufacturing and distributing small-strip rice noodles and rice vermicelli on a trial basis in 2009 and in 2010 respectively with the total capacity of 2,000 tons per year. The Company was very successful in entering this market as evidenced by the steady sales growth since the commencement of the operation. Sales have increased by over 100 percent per year since inception. As a result, the Company decided to expand its rice noodle production capacity by building a new factory in the same area as the vermicelli factory, with the initial production capacity of 4,000 tons per year. During the end of 2015, the Company's rice noodle and rice vermicelli products comprised of both fresh and dry rice noodle and rice vermicelli and the proportion of sales being approximately 70 percent local and 30 percent international.

Marketing

- **Vermicelli**

The marketing strategy for vermicelli normally focuses on building brand recognition, emphasizing product quality and reliability. The Company's brands have been in the market for more than 60 years and have gained wide customer acceptance. The product is produced from selected raw materials, via a modern and hygienic process, and is convenient for consumption with a reasonable price.

- **Rice Noodle and Rice Vermicelli**

Quality, good texture, hygienic production, and convenience are used as the foundation of its marketing.

- **Mung Bean Starch Noodle (Shanghai Noodle)**

The selling point are the unique texture of mung bean starch noodles and beautifully-curled strips that result from being cooked. Moreover the Company is the first and only manufacturer of premium quality dried shanghai noodles in Thailand.

Procurement

a. Tapioca Starch Products

Production policy

The production process of the Company depends upon the availability of raw materials. The Company will maximize production capacity during the harvest season, which falls during the period of October through April every year. During the harvest period, the price of cassava roots are relatively low compared to other times of the year, so the Company would step up production in order to produce the maximum amount which can either be sold to customers or stored for future sales throughout the year. Towards the end of the harvest season, the price for fresh cassava roots would increase. But with the pending orders from the customers and the profit margin at a satisfactory level, the Company would continue with the production for as long as possible.

Production capacity and quantity

The Company and its subsidiaries have a total of 6 tapioca manufacturing plants, 4 of which are located in Thailand and the remaining 2 is in Socialist Republic of Vietnam. The factories in Thailand are located in Nakhon Ratchasima, Kalasin, Udon Thani, and Kamphaeng Phet with an aggregate production capacity of 390,000 tons per year and the factory that produces modified starch, located in Rayong, has a production capacity of 60,000 tons per year. As for the factory that produces glucose syrup, located in Socialist Republic of Vietnam, has a production capacity of 50,000 tons per year.

Procurement of Products or Services

The core element of raw materials used in the manufacturing process is the locally grown fresh cassava roots that are purchased directly from the farmers.

Raw Materials and Suppliers

Movement in the price of fresh cassava roots depends on the demand and supply, while the selling price of the finished goods increases or decreases depending on the cost of the raw materials. During the year 2017, the average purchase price of fresh cassava roots for the group in Thailand was Baht 1,440 - 2,450 per ton while the price paid by the group in Vietnam was Baht 2,340 - 3,150 per ton.

The Company will purchase the majority of its fresh cassava roots directly from farmers, while the remainder will be purchased from the secondary cassava markets. When the amount of cassava roots available within the areas close to the factory are not sufficient, the Company will purchase cassava roots from cassava markets in the nearby provinces in order to make up for the shortfall in the amount needed for production.

b. Vermicelli and Noodle Products

Production Capacity

The Company has one factory for manufacturing vermicelli and other noodle products. The factory is located at Banglen district, Nakorn Pathom Province on a land plot of 230 rai, 3 ngan and 50 square wah and it has a factory floor area of about 48,700 square meters. The total production capacity of vermicelli is approximately 23,000 tons per year and production capacity for the noodle and rice vermicelli is 4,000 tons per year. The production process employs a modern and efficient manufacturing technology which emphasizes quality and safety of the products for the consumer. The production policy is based on production plan which is mainly determined by customer's demand. At present the total capacity utilization rate is approximately 70 percent.

Raw Materials

The key raw materials are pea starch, potato starch, tapioca starch, and rice. Because they are agricultural products, raw material prices fluctuate according to season and demand and supply in the market. In some situations, the Company has to stock up on raw materials in order to have sufficient raw materials for production and to maintain the costs of raw materials.

The Company directly and indirectly imports pea starch and potato starch through distributors in the EU and China. As such, exchange rates have a direct impact on the cost of imported starch. The Company does not exclusively depend on any particular manufacturer or distributor, managing supply risk by purchasing raw materials from several domestic and overseas suppliers.

Environmental Impacts

a. Tapioca Starch Products

During the manufacturing of tapioca starch, waste water is the results from washing the fresh cassava roots and starch. Discharge of this waste water has the potential to adversely impact the environment and disturb the surrounding local communities. With great concern over the impact this may cause, the Company established a waste water treatment system which uses the LAGOONING technique. The Company's lagooning system was designed by certified engineers and consists of an anaerobic pond and an oxidation pond. The Company continues to develop its waste water treatment system to make it better.

The Company's great concern for the environment resulted in the installation of a biogas system at the manufacturing plant of its subsidiary in Vietnam which was completed in 2011 and has developed the waste water treatment system to meet the high production standards. The factory also became a prototype for government agencies in Tayninh or private sector to use as a case study on the wastewater treatment system in a tapioca starch factory. As for the biogas system at the factories such as Kalasin province, Nakhon Ratchasima province and at a subsidiary's plant in Udon Thani province. In the system, biogases that are derived from the treatment ponds can be used as a substitute for furnace oil in the manufacturing procedure. Biogas is an energy-saving initiative and is effective in reducing the consumption of natural resources. Using biogas can reduce the amount of greenhouse gas emitted into the atmosphere and minimizes the unpleasant smell from waste water treatment ponds that could affect the environment of the surrounding local communities.

The Company's and its subsidiaries' factories, located in Nakhon Ratchasima, Udon Thani and Kalasin province, has been improving the wastewater treatment system in order to achieve high production standard. The commencement of the waste water treatment will start within June 2018.

The Company has begun using the remaining biogas from the production to generate electricity that can be used within the factories. The first power plant will start operation during the first quarter of 2018 at a subsidiary factory in Udon Thani.

b. Vermicelli and Noodle Products

Vermicelli and rice noodle production and their by-products can be sold entirely and hence there is no significant problem of waste in the production. The waste water from the production process are treated by the lagoon system which uses a natural treatment process and therefore its operating and maintenance costs are rather low.

Undelivered Projects

-N/A-

Risk Factors

1. Risk Relating to Operating Business

Risk Relating to the Government Policy

The Department of International Trade Promotion, Ministry of Commerce, cooperated with the related cassava association / the private sector of cassava business in order to push its members to set a price that reflects the real market's need and prevent the dumping of the selling price which in turn would impact the price of fresh tapioca roots. They also cooperated in verifying rumors or faults information that may affect the prices as well as affect others.

Thus, strict regulations related to the quality and verified quantity measures had been issued on the importing of tapioca and tapioca related products from neighboring countries. And such measures had impact the prices of tapioca and tapioca related products even for the entrepreneurs.

The Company had carried out risk management initiatives to mitigate the impact of unforeseen government intervention by closely monitoring the market situation and the raw materials situation, exchanging information and knowledge with other cassava root buyers in Thailand and other countries, and with other organizations involved in the cassava root industry. This is the best way the Company can be prepared for any government intervention in the future and ensure that its finished products bear competitive costs and generate profits for the Company.

Risk Relating to an Offshore Investment

The Company had entered into a joint venture to conduct the tapioca business in Vietnam. Offshore investment is usually exposed to possible risks relating to changes in political conditions, laws, foreign exchange rates, and economy of the relevant country in which the investment has been made. An adverse significant change in any of these factors could adversely impact the Company's business in such country, and could result in the income

and profits from the operation of its foreign business to miss the expected target.

The Company was aware of the above country risks and as a result closely monitors news information related to Vietnam and the areas nearby and also exchanges information on a timely basis about the market and economic conditions with other cassava root buyers in Thailand and other countries, and with other organizations involved in the cassava root industry. Furthermore, the Company has embedded a team of its executives to oversee the operation at the subsidiary's plant in Vietnam and requires the team to submit a report on the operating results to the head office in Thailand on a monthly basis.

Risk Relating to Climate Change

In the past year, tapioca cultivated areas experienced minor epidemics of mealy bugs, pest or other plant diseases, while drought and flood affected only certain areas. Even though all of the mentioned risks had subsided compared to 2016, there were still risk factors affecting the quantity of cassava roots which was the Company's main raw material.

The Company has taken measures to reduce the impact of such risks. Currently the Company has been conducting a study on recycling and reusing waste water from the production process and also improving the production system to reduce the amount of water used as well as storing water for the dry season in order to minimize the impact of droughts and water shortages. The Company works with the local authorities and others in factory locations in order to manage the water supply effectively for all users during water shortage periods.

Risk from Substitute Products

Changes in the demand and supply of substitute products such as corn starch and potato starch will cause fluctuation in prices of such products, which in turn will

fluctuate the price of tapioca starch as well. With the prices of corn starch decreasing in China, causing the prices of tapioca starch to gradually decline as well.

In order to reduce the impact of the above mentioned risk, the Company closely monitors the market situation and production yields of substitute starches, exchanging of information and knowledge with other cassava root buyers in Thailand and other countries, and with other organizations involved in the cassava root industry. This helps the Company to assess likely price impacts and respond more effectively to any price movements in substitute starches.

Risk from the Quantity of Raw Material (Fresh Tapioca Roots)

The Office of Agricultural Economics had forecasted that the output of tapioca for the year 2018 would be 7 to 8 percent lower compared to 2017. This can be problematic to the entrepreneurs who uses tapioca as raw materials as there might be shortage supply of fresh tapioca roots to the factories. Due to the lower prices of tapioca, it has caused many farmers to shift to cultivate better-yield crops such as sugarcane and corns, etc., while, by the end of 2017, the tapioca root prices will increase and expect that in 2018/2019, the output of tapioca will be more than in the year 2017/2018.

The Company has established measures to mitigate the risks in order to reduce the impact of such risks on the volume of tapioca that are released into the market. In the case where the volume of tapioca is either high or low and does not meet the requirement of the factory, the Company has implemented an automatic queuing system for the farmer's convenience as it speeds up the sale of fresh tapioca roots to the factories. This system also assist the factory to estimate the output as well as manage the continuous supply of raw materials. The Company has set up the root station campaign in tapioca cultivated areas where the farmers can sell directly to the Company. This campaign is also for the convenience of the farmers as it saves time and the transportation cost. Moreover the tapioca volume can be monitored via the online system at any time, as a result the Company can estimate the quantity of tapioca roots and production planning accordingly.

2. Risk Related to Manufacturing of Products

Fluctuation in raw material prices

• Tapioca Starch Products

The Company was the manufacturer and distributor of tapioca starch products. Cassava roots are the key raw material and accounts for approximately 70 percent of the total production cost. The prices of fresh cassava roots fluctuate seasonally, depending on the demand & supply in the market, the climate, and the quantity of roots in each season. Because these factors are beyond the Company's control, the Company faces risk related to its projections of raw material costs and selling price of finished products, and risk related to its ability to manage inventory levels. These risks can directly impact the Company's financial position and operating results.

Therefore in order to mitigate these risks, the Company closely monitors the market situation for raw materials, surveying the cultivation sources in Thailand, Vietnam, Laos, and Cambodia, in order to exchange information and knowledge with other cassava manufacturers in Thailand and other countries as well as other organizations related to the cassava root industry etc., focusing mainly on procuring the raw materials during the peak harvest period when there was a large supply and prices were low. In 2017, the Company would implement guarantee purchasing price in order to convince the farmers to register for selling cassava roots to the Company. The purpose of this project would be to create farmer's confidence that there certainly would be a market to purchase their roots. This would also enable the Company to do production planning, cost estimates, better pricing as well as cementing good relationships and exchanging knowledge, information, news with the local cassava root farmers. This way, the Company would be able to receive good information and forecast on the market trends of cassava roots which would be useful for further planning and managing sustainably.

• Vermicelli and Noodle Products

Raw material was the single highest cost component amounting to approximately 50 - 70 percent of total production cost. The fluctuation of raw material prices therefore has a large direct impact on the Company's performance. The key raw materials for manufacturing vermicelli and noodle included pea starch, potato starch and rice which were agricultural products whose prices fluctuate according to seasonal availability, and demand and supply in the market.

In view of the above factors, the Company closely monitors the market situation of its raw materials and has established good relationships with its suppliers in order to forecast market trends and be better able to plan and manage its inventories. If necessary, the Company may stock-up raw materials to ensure that there would be adequate supply for production and cost stability throughout the year. When market conditions allow, the Company may also consider the option of passing on any unforeseen increase in raw material prices to its customers by increasing the selling price of its products. However, the Company was always been very cautious of such a move due to the very competitive and price sensitive nature of the vermicelli market.

The Company directly and indirectly imports or buys pea starch and potato starch through distributors in the EU and China to be payable in both local and foreign currencies. The movement of foreign exchange rates has a direct impact on the cost of imported starch.

Labour Shortage

The vermicelli industry was a labour intensive, especially in the packing process. Any shortage in the work force may adversely affect the Company's operations. To minimise with this risk, the Company offered competitive wages and attractive welfare benefits to retain and motivate its workforce. As a long-term solution to labour shortage risk, the Company is continually automating its production facilities to reduce its dependence on labour and at the same time improving production capacity and efficiency.

3. Risk Related to Finance

Fluctuations in the Foreign Exchange Rate

Since the Company's products were mainly exported to other countries, most of its income was principally linked to the US dollar. As such, the Company may face risk relating to the fluctuation in the foreign exchange rate, which was caused by the conversion of its sales income denominated in the US Dollar into the Thai Baht. The downside risk occurs when the US Dollar depreciates against the Thai Baht, resulting in a decrease in the income to be received in Thai Baht. On the contrary, the Company may obtain an increase in the value of income if the US Dollar appreciates against the Thai Baht. At present, the appreciation of Thai Baht against US Dollar when compared with 2016, resulted in a disadvantage for the Thai exports over its significant international competitors, such as Vietnam, with weak currency and relatively stable exchange rates against the US Dollar.

The Company could partially manage its foreign exchange risk through the natural hedge which mean that the Company could reduce the risk of fluctuation in exchange rates by creating a balance between foreign-currency sales revenues and foreign-currency expenditures. In this regard, the Company's main foreign-currency sales revenues were from exported starch while the Company's main foreign-currency expenditures were from imported pea starch and potato starch, which are the main raw materials for producing vermicelli.

Since the portion of export proceeds was greater than that of import expenditures, the Company was required to manage the remaining exchange rate exposure by entering into foreign currency forward sales contracts and regularly monitoring the movement of the foreign exchange rate. Other appropriate financial instruments have also been used to mitigate this risk.

Pea starch and Potato starch were the main raw materials used in the manufacturing of vermicelli. In certain cases, the Company imported the raw materials, based in US dollar currencies, subjecting to foreign exchange risks as this has a direct impact on the cost of purchased raw materials. Furthermore, approximately 7 percent of the Company's income were attributed from exports that were denominated in US dollars, Japanese Yen and Euro.

In order to mitigate the foreign exchange risks, the Company closely monitors the currency situation and utilizes the appropriate forward exchange contracts when deemed necessary.

General Information and Other Key Information

General Information

The Issuing Company : Thai Wah Public Company Limited

Security Code : TWPC

Head Office : Thai Wah Tower I, 20th - 21st Floor, No. 21/59, 21/63-64,
South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand

Telephone : +66 2285 0040

Facsimile : +66 2285 0268 and +66 2285 0270-1

Website : www.thaiwah.com

Branch Office :

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5 th Branch	No. 301, Moo 8, Pimai-Huay Thalaeng Road, Naimueang Sub-District, Pimai District, Nakhon Ratchasima Province 30110, Thailand, Telephone +66 4447 1368-9, Facsimile +66 4447 1789
6 th Branch	No. 136, Moo 12, Natal Sub-District, Thakhantho District, Kalasin Province 46190, Thailand, Telephone +66 4387 7087 and +66 4387 7053 Facsimile +66 4387 7032
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10 th Branch	No. 245 Moo 3, Liang Mueang Road, Roab Mueang Sub-District, Mueang Roi Et District, Roi Et Province 45000, Thailand, Telephone +669 7139 0691, Facsimile -

11 th Branch	No. 999/96, 2nd Floor, Mittraphap Road, Naimueang Sub-District, Mueang Phitsanulok District, Phitsanulok Province 65000, Thailand, Telephone +668 4660 5725, Facsimile -
12 th Branch	No. 208, Moo 3, Samed Sub-District, Mueang Chon Buri District, Chon Buri Province 20000, Thailand, Telephone +669 1778 7934, Facsimile -
13 th Branch	No. 142/124 Room No. 104 and 105, 1 st Floor, Moo 1, Watpho-Bangyai Road, Makhamtia Sub-District, Mueang Surat Thani District, Surat Thani Province 84000, Thailand, Telephone +668 4837 5405, Facsimile -
14 th Branch	No. 198 Room No. 9101 and 9102, 1 st Floor, Trok Sawairiang, Naimueang Sub-District, Mueang Nakhon Ratchasima District, Nakhon Ratchasima Province 84000, Thailand, Telephone +668 4837 5405, Facsimile -
15 th Branch	Thai Wah Tower 1, 5th Floor, No. 21/74, 21/76-77 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand, Telephone +66 2285 0040, Facsimile -
16 th Branch	No. 779/4, 1 st Floor, Charoen Nakhon Road, Bukkhalo, Thon Buri, Bangkok 10600, Thailand, Telephone +669 1778 7934, Facsimile -
17 th Branch*	No. 234, Moo 6, Tungkanaan Sub-District, Soidao District, Chanthaburi Province 22180, Thailand, Telephone +66 3948 0571-3 Facsimile -

Remarks : * Registered the branch during January 2018

Type of Major Business	: Manufacture and distribute tapioca starch products and starch-related products such as vermicelli, noodles and sago.
Corporate Registration Number	: 0107558000423
Registered Capital Baht	: Baht 880,420,930
Issued and Paid-up Capital	: Baht 880,420,930
Divided into Ordinary Shares	: 880,420,930 Shares
Par Value	: Baht 1
Foreign Limit	: Not exceeding 49 percent of total issued and paid-up shares of the Company
Percentage allowed for Thai Trust Fund	: -N/A-
No. of Employees	: 3,328 employees (Only employees employed by the Company as at December 31, 2017)

References

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SEC Help Center : 1207
E-mail : info@sec.or.th
Website : www.sec.or.th

Regulator for Listed Company:

The Stock Exchange of Thailand (SET)

The Stock Exchange of Thailand Building,
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Website : www.set.or.th

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Auditor:

EY Office Limited by

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Ms. Rungnapa Lertsuwankul	Certified Public Accountant No. 3516 and/or
Ms. Pimjai Manitkajohnkit	Certified Public Accountant No. 4521 and/or
Ms. Rosaporn Decharkom	Certified Public Accountant No. 5659 and/or
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Financial Institutions:

United Overseas Bank (Thai) Public Company Limited, Thai Wah Tower Branch

Krung Thai Bank Public Company Limited, Surawongse Branch

CIMB Thai Bank Public Company Limited, Head Office

Bangkok Bank Public Company Limited, Head Office

Bangkok Bank Public Company Limited, Silom Branch

Bangkok Bank Public Company Limited, Banglane Branch

Kasikorn Bank Public Company Limited, Silom Main Branch

The Siam Commercial Bank Public Company Limited, Thanon Sathorn Branch

Other Key Information

-N/A-

Additional information of the issuing company is available in the Form 56-1 which has been disclosed in the Company's website (www.thaiwah.com).

Major Shareholders

Major Shareholders as at December 29, 2017*

Name of Shareholders	No. of Shares Held	Total No. of Shares Held	Shareholding %
1. Mr. Ho KwonPing Group		108,449,979	12.32
- Mr. Ho KwonPing	56,740,573		
- KAP Holdings Limited	45,976,945 ¹		
- Bibace Investments Ltd.	5,278,500 ²		
- MDM. Chiang See Ngoh	453,961		
2. Chang Fung Company Limited ³	89,093,634	89,093,634	10.12
3. Laguna Resorts & Hotels Public Company Limited ⁴	88,347,051	88,347,051	10.03
4. Mr. Ho KwonCjan Group		63,755,859	7.24
- Mr. Ho KwonCjan	34,416,488		
- Li-Ho Holdings (Private) Limited	29,339,371		
5. Thai NVDR Company Limited	58,738,721	58,738,721	6.67
6. International Commercial Development Company Limited Group		39,248,150	4.46
- International Commercial Development Company Limited ⁵	34,708,545		
- ICD (HK) Limited	4,539,605		
7. Deutsche Bank AG, Singapore (DCS) A/C Pangolin Asia Fund ⁶	34,749,316	34,749,316	3.95
8. State Street Bank Europe Limited ⁷	17,534,102	17,534,102	1.99
9. Bualuang Basic Dividend LTF Fund	17,493,200	17,493,200	1.99
10. Mr. Carlos Chang Koo	11,185,251	11,185,251	1.27
Other Minority Shareholders	351,825,667	351,825,667	39.96
Total	880,420,930	880,420,930	100.00

Remarks :

* As at the latest book closing date

1. Including 38,733,163 shares are being held by Credit Suisse AG. Singapore Branch on behalf of KAP Holdings Limited
2. The Company's shares are being held by Credit Suisse AG. Singapore Branch
3. Company registered overseas as general investment business
4. Listed on the Stock Exchange of Thailand as a hotel and property development business
5. Register in Thailand as property rental business
6. Company registered overseas, contact address: Deutsche Bank AG, Bangkok, Athenee Tower, 27th floor, 63 Wireless Road, Lumpini, Pathumwan, Bangkok 10330
7. Company registered overseas, contact address: Standard Chartered Bank (Thai) PCL. Securities Services Dept. 14th Floor Zone B. Sathorn Nakorn Tower, 90 North Sathorn Road, Silom, Bangrak, Bangkok 10500

Dividend Policy

1. The Company's Dividend Policy

The Company's Dividend Policy seeks to maximize shareholder value and encourage shareholder loyalty with predictable annual growth in dividend payout which is not impacted by profit volatility. With that objective, the Company's dividend policy is based on the principles of stability, predictability and managed growth, outlined as follows:

- **Stability**

Unless the Company suffers a substantial net loss, it will pay a dividend each year so that shareholders are not negatively affected by annual profit volatility.

- **Predictability**

Shareholders will be able to better anticipate the appropriate level of dividends to expect each year and therefore may be better able to manage their portfolio investment strategy.

- **Managed growth**

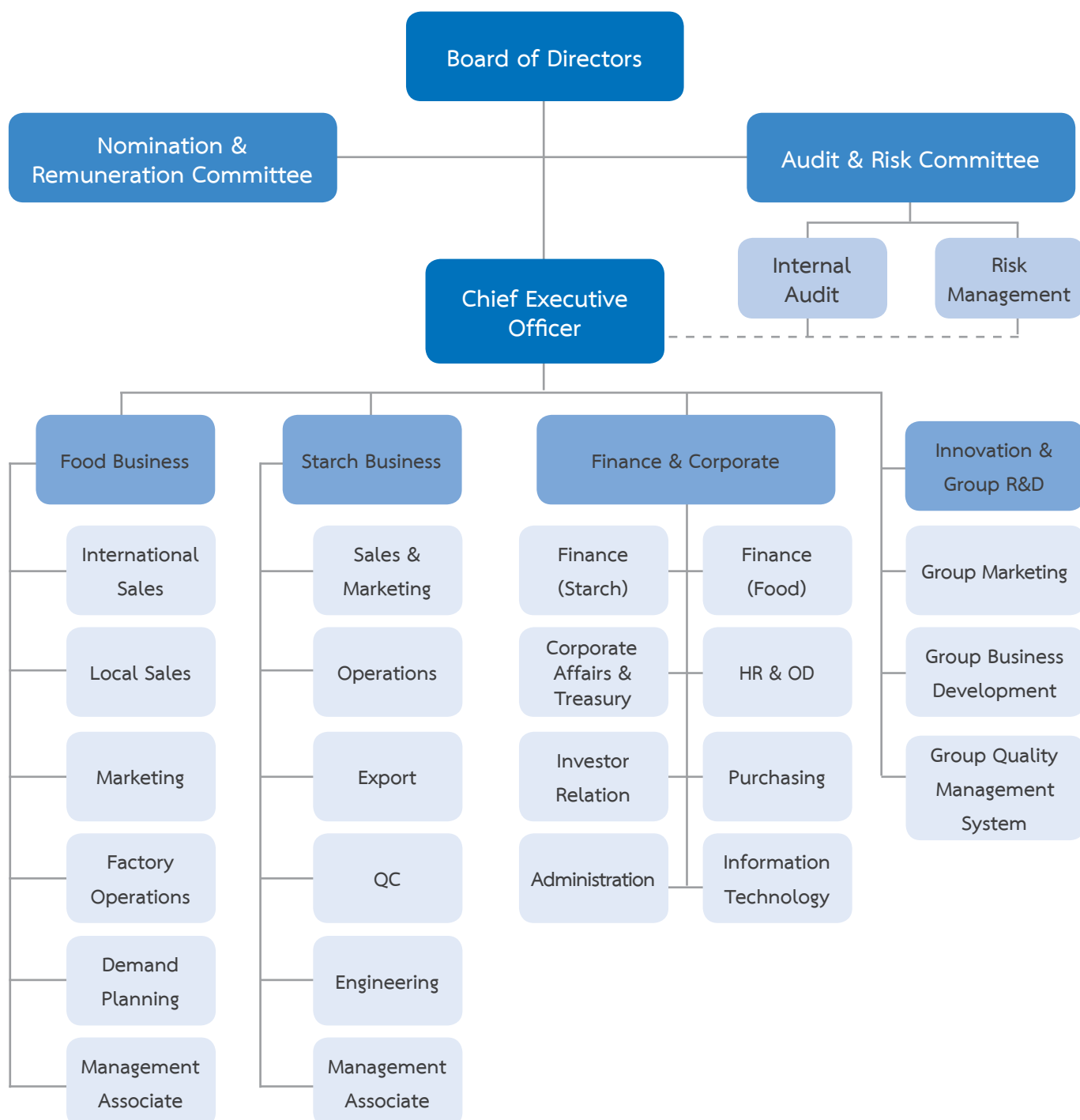
The Company will strive to increase and smooth out the dividends year-on-year within a broad band but the specific rate will be dependent on the Company's actual profit performance, cash and cash flow projections.

2. The subsidiary's dividend policy

The subsidiary's dividend policy is subject to its Board of Directors' discretion on the availability of cash after taking into account major capital expenditure and debt repayment obligations in the following year.

Management Structure

Organization Structure



Board of Directors

The Board of Directors of the Company comprise of 12 Directors, 4 of whom are Independent Directors namely Mr. Vudhiphol Suriyabhivadh, Mr. Subhak Siwaraksa, Dr. Jingjai Hanchanlash and Mr. Chanin Archjananun representing one-third of total Board members.

The Independent Directors of the Company possess the qualifications in accordance with the criteria set by the Securities and Exchange Commission and the Stock Exchange of Thailand. Details of the Board members are as follows:

No.	Name	Position	Date of Appointment	Number of Attendances in 2017/Meeting
1.	Mr. Ho KwonPing	Chairman of the Board	October 1, 2015, April 26, 2016 (re-elected)	4/4
2.	Dr. Sretsei Saittagaroon	Deputy Chairman of the Board	October 1, 2015, April 20, 2017 (re-elected)	4/4
3.	Mr. Surapon Supratya	Director	October 1, 2015, April 26, 2016 (re-elected)	4/4
4.	Mr. Ariel P Vera	Director	October 1, 2015, April 26, 2016 (re-elected)	4/4
5.	Mr. Ho KwonCjan	Director	October 1, 2015, April 20, 2017 (re-elected)	3/4
6.	Mr. Ho Ren Hua ^(a)	Director	October 1, 2015, April 20, 2017 (re-elected)	4/4
7.	Mr. Umnad Sukprasongphol ^(a)	Director	October 1, 2015	4/4
8.	Mr. Shankar Chandran	Director	December 25, 2016	4/4
9.	Mr. Vudhiphol Suriyabhivadh	Independent Director, ^(b) Audit and Risk Committee Chairman and Nomination and Remuneration Committee Member	October 1, 2015, April 26, 2016 (re-elected)	4/4
10.	Dr. Jingjai Hanchanlash	Independent Director, ^(b) Audit and Risk Committee Member and Nomination and Remuneration Committee Chairman	October 1, 2015, April 20, 2017 (re-elected)	4/4

No.	Name	Position	Date of Appointment	Number of Attendances in 2017/Meeting
11.	Mr. Subhak Siwaraksa ^(c)	Independent Director, ^(b) Audit and Risk Committee Member and Nomination and Remuneration Committee Member	February 21, 2017	2/4
12.	Mr. Chanin Archjananun	Independent Director ^(b)	October 1, 2015	4/4

Remarks : Profile is detailed in Attachment 1 to Form 56-1 and in the company's Annual Report under the heading "Board of Directors"

(a) Authorized directors of the Company to be jointly signed by any two of them in accordance with the Affidavit

(b) The definition of "Independent Director" is disclosed under the section of "Corporate Governance"

(c) The Board of Directors' Meeting No. 1/2017 held on February 21, 2017 approved the appointment of Mr. Subhak Siwaraksa, as a new Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Member of the Company, succeeding Mr. Udom Vichayabhai

The Board of Directors is the driving force of the organization. Its roles and duties are to set strategies and policies pertaining to business operation for the Company. The Board of Directors must perform its duties responsibly, carefully and loyally in order to maximize the Company's benefits and act in fairness to all stakeholders, according to the principles of good corporate governance. In addition, the board plays an important role in overseeing and assessing the performance of the Management to ensure the accomplishment of the Company's action plan. The Board of Directors has thus resolved to adopt this Charter of the Board of Directors so that every director is aware of his/her duties and responsibilities and performs them correctly and completely.

Duties of the Board of Directors

- Overseeing the Company in managing the business for the benefits of shareholders by observing the following four practices:
 - Performing its duties with responsibility and all due circumspection and caution (Duty of Care).

- Performing its duties with faithfulness and honesty (Duty of Loyalty).
- Performing its duties in compliance with laws, objectives, Articles of Association, the resolutions of the Board of Directors and the resolutions of Shareholders' Meetings (Duty of Obedience).
- Disclosing information to shareholders accurately, completely, and transparently with verification and timeliness (Duty of Disclosure).
- Defining objectives that promote sustainable value creation and governance outcomes as a framework for the operations of the Company.
- Determining and reviewing the board structure, in terms of size, composition, and the proper proportion of independent directors so as to ensure its leadership role in achieving the Company's objectives.
- Ensuring that the policy and procedures for the nomination and selection of directors are clear and transparent resulting in the desired composition of the board.

-
5. Ensuring that all directors are properly accountable for their duties and responsibilities, and allocate sufficient time to discharge their duties and responsibilities effectively.
 6. Ensuring that directors understand the roles and responsibilities, the nature of the business, the Company's operations, relevant law and are consistently given support to enhance their skills and knowledge necessary to carry out their roles on the board and board committees.
 7. Ensuring that an appropriate compensation structure and performance evaluation are in place.
 8. Ensuring that the Company has effective human resources management and development programs to ensure that the Company has adequate staffing and appropriately knowledgeable, skilled, and experienced employees and staff.
 9. Prioritizing and promoting innovation that creates value for business together with benefits for its customers, other stakeholders, society, and the environment, in support of sustainable growth of the Company.
 10. Encouraging management to adopt responsible operations towards society and the environment and incorporate them into the Company's operational plan in order to ensure that every department and function in the Company adopts the Company's objectives, goals, and strategies, applying high ethical, environmental and social standards.
 11. Establishing a framework for governance of enterprise IT that is aligned with the Company's business needs and priorities, stimulates business opportunities and performance, strengthens risk management, and supports the Company's objectives.
 12. Ensuring that the Company has effective and appropriate risk management and internal control systems that are aligned with the Company's objectives, goals and strategies and comply with applicable laws and standards.
 13. Monitoring and managing conflicts of interest that might occur between the Company, management, directors, and shareholders. The board should also prevent the inappropriate use of corporate assets, information, and opportunities, including preventing inappropriate transactions with related parties.
 14. Establishing a clear anti-corruption policy and practices and disseminating to the Company's stakeholders for proper implementations.
 15. Establishing a mechanism for handling complaints and whistleblowing.
 16. Prioritizing and ensuring the integrity of the Company's financial reporting system and that timely and accurate disclosure of all material information regarding the Company is made consistent with applicable requirements.
 17. Monitoring the financial liquidity and solvency of the Company and ensuring that risks to the financial position of the Company or financial difficulties are promptly identified, managed and mitigated, and that the Company's governance framework provides for the consideration of stakeholder rights.

Role of the Chairman of the Board

The Chairman of the Board is responsible for leading the Board with the following duties and responsibilities:

1. Summoning meeting for Board and presiding over the meeting. In making decision, the Chairman has a deciding or casting vote in the event of tied votes.
2. Setting Board meeting agenda in consultation with the Chief Executive Officer and Chairman of the Audit and Risk Committee and ensuring that Board members receive accurate, complete, timely and clear information prior to the meeting in order to assist their decision making process.
3. Conducting the Board meeting according to the agenda, relevant laws and good corporate governance, allocating sufficient time and encouraging all directors to participate in the discussion, exercise their discretion prudently and express their opinions freely.

4. Overseeing and ensuring that the Board of Directors and the Sub-Committees effectively carry out their duties to achieve the Company's objectives.
5. Promoting constructive relations between executive and non-executive directors, and between the Board and the management.
6. Ensure that all directors contribute to the company's ethical culture and good corporate governance.

Composition of the Board of Directors

The compositions of the Board of Directors are as follows:

1. The Board of Directors shall comprise at least 5 directors, each of whom shall be appointed and removed by shareholders' meeting. At least half of the total directors shall reside in Thailand.
2. The Board of Directors consists of independent directors which shall not be less than one-third of the total number of the directors, with a minimum of 3 directors.
3. The Board of Directors shall elect one of the members to be the Chairman of the Board

The Term of Office

At each annual general meeting of shareholders, one-third of the total number of the directors shall retire from office. If the number of directors is not a multiple of three, then the number of directors nearest to one-third shall retire from office. The director who has held office the longest shall retire. Retiring directors are eligible for re-election.

Meetings of the Board of Directors

The date and time for the Board meetings shall be planned and formally agreed upon in advance in the fourth quarter before the start of the new financial year. Additional meetings are convened as and when circumstances warrant.

The Board of Directors' Authorization

The Board of Directors is empowered to authorize various matters in accordance with the scope of authority stipulated by laws, the Company's regulations, Articles of Association, the Board of Directors charter, and the resolutions at the shareholders' meeting.

Remuneration of Directors

The Board of Directors assigns the Nomination and Remuneration Committee to review the policy and criteria for directors' remuneration and recommend the Board of Directors prior to proposing to the shareholders' meeting for approval. In determining the composition of the remuneration package, the nature of the role, duties and responsibilities performed and market practice are taken into consideration. The package shall also be competitive with the industry's benchmark.

Development of Directors

1. When a person is appointed as a director of the Company, the Company shall provide him/her with the director orientation to introduce the Company's overview, operations, strategies and working plans and present to him/her the Charter of Board of Directors and various relevant information so that he/she acknowledges his/her roles and duties as a director of the Company.
2. Encouraging directors to be trained and developed in various ways such as seminars, lectures, and excursion trips to enhance up-to-date knowledge and new experience in line with the changing situations in order to benefit the operations of the Company.

Review of the Charter

The Board of Directors shall review and evaluate the adequacy and appropriateness of the Charter on an annual basis.

Apart from this, the delegation of authority by the Board to the management is clear, details as disclosed under the section of “Corporate Governance”.

Sub-Committees

The Board approved the establishment of two sub-committees, namely the Audit and Risk Committee and

the Nomination and Remuneration Committee in order to assist the Board to screen operations within certain limits of authority as stipulated in the charter and regularly report the outcome to the Board.

In order to perform their duties transparently and independently, all members of both sub-committees are Independent Directors. Additionally, the Chairman of the Board is neither a Chairman nor a member of both sub-committees.

1) Audit and Risk Committee

The Audit and Risk Committee comprises 3 Independent Directors of the Company as follows:

No.	Name	Position	Date of Appointment	Number of Attendances in 2017/Meeting
1.	Mr. Vudhiphol Suriyabhivadh	Chairman	October 1, 2015, October 1, 2017 (re-elected)	4/4
2.	Mr. Subhak Siwaraksa ^(a)	Member	February 21, 2017, October 1, 2017 (re-elected)	2/4
3.	Dr. Jingjai Hanchanlash	Member	October 1, 2015, October 1, 2017 (re-elected)	4/4

Remarks : (a) The Board of Directors’ Meeting No. 1/2017 held on February 21, 2017 approved the appointment of Mr. Subhak Siwaraksa, as a new Audit and Risk Committee Member of the Company, succeeding Mr. Udom Vichayabhai

All members of the Audit and Risk Committee possess the qualifications in accordance with the criteria set by the Securities and Exchange Commission and the Stock Exchange of Thailand.

Mr. Vudhiphol Suriyabhivadh and Mr. Subhak Siwaraksa, members of the Audit and Risk Committee, have adequate expertise and experience to review creditability of the financial reports. Mr. Vudhiphol gains his experience in reviewing the financial reports of some other listed companies in the Stock Exchange of Thailand.

Audit and Risk Committee formally convened four meetings with the Company’s external auditors and internal auditors including the management in order to review the compliance with accounting standard requirements and internal controls prior to approving the quarterly reports and the annual financial statements. Including, the Audit and Risk Committee attended one non-management meeting with the external auditor to deliberate accounting approaches and audit plans.

Duties and Responsibilities of the Audit and Risk Committee

1. To review the accuracy and adequacy of financial reporting of the Company
2. To review the adequacy and effectiveness of internal control and internal audit systems of the Company as well as to determine the independence of the internal audit unit, and to approve the appointment, transfer and termination of employment of the chief of the internal audit unit
3. To consider, select and nominate an independent person to be the external auditor of the Company and propose fees for such person, as well as to attend a non-management meeting with the external auditor at least once a year
4. To review the Company's compliance with the law on securities and exchange, regulations of the Stock Exchange of Thailand and the laws relating to the business of the Company
5. To review the connected transactions or the transactions that may lead to conflicts of interests to ensure that they are in compliance with the laws, regulations of the Stock Exchange of Thailand, and are reasonable and for the highest benefit of the Company
6. To report the activities of the Audit and Risk Committee to the Board
7. To prepare and to disclose a report of the Audit and Risk Committee in the Company's Annual Report. The report must be signed by the Audit and Risk Committee Chairman, comprising at least the following information:
 - a. an opinion on the accuracy, completeness and creditability of the Company's financial report,
 - b. an opinion on the adequacy of the Company's internal control system,
 - c. an opinion on the compliance with the law on securities and exchange, regulations of the Stock Exchange of Thailand or the laws relating to the business of the Company,
 - d. an opinion on the suitability of an auditor,
 - e. an opinion on the transactions that may lead to conflicts of interests,
 - f. the number of the Audit and Risk Committee meetings, and the attendance of such meetings by each Audit and Risk Committee member,
 - g. an opinion or overview comment received by the Audit and Risk Committee from its performance of duties in accordance with the charter, and
 - h. other transactions which, according to the Audit and Risk Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Board
8. To review and encourage the Company to enforce and comply with an appropriate and efficient risk management policy, as well as to oversee and monitor the Enterprise Risk Management Committee
9. In performing the duty of the Audit and Risk Committee, if there is a transaction or any of the following acts which may materially affect the Company's financial condition and operating results:
 - a. a transaction which causes a conflict of interest;
 - b. any fraud, irregularity, or material defect in an internal control system; or
 - c. an infringement of the law on securities and exchange, regulations of the Stock Exchange of Thailand or the laws relating to the business of the Company

the Audit and Risk Committee shall report such transaction or act to the Board for rectification within the period of time that the Audit and Risk Committee thinks fit. If the Board or management fails to make a rectification within such period of time, any Audit and Risk Committee member may report on such transaction or act to the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand
10. To review and oversee the Company's practice of good corporate governance
11. To investigate and report the preliminary result to the Office of the Securities and Exchange Commission and the external auditor within thirty days upon receipt of the fact from the external auditor in relation to any suspicious circumstance that the director, manager or any person responsible for the operation of the Company commits an offence under the law on securities and exchange and

12. To perform any other acts as assigned by the Board and accepted by the Audit and Risk Committee.

Authority of the Audit and Risk Committee

In order that the objectives of performance of the duty by the Audit and Risk Committee by fulfilled, the Audit and Risk Committee shall have the following power:

1. Management power

The Audit and Risk Committee shall have the power to invite the management, the internal audit, the working unit supervisor or the related staff of the Company to provide clarification, opinions, attend the meetings or submit documents as deemed relevant and necessary.

2. Power with respect to the Internal Auditor

- 2.1 To ensure that there exist a common objective and understanding amongst the internal auditor, external auditor and the Board in regard to internal control;
- 2.2 To approve the appointment, transfer, termination of employment of the chief of the internal audit unit;
- 2.3 To secure the independence of the internal auditor.

3. Power with respect to the External Auditor

- 3.1 To review and evaluate the work performance of the external auditor;
- 3.2 To submit the name of the external auditor and annual auditing fee to the Board of Directors of the Company for the purpose of obtaining approval at the Annual General Meeting of Shareholders;
- 3.3 To fix wage rate for audit services and other advisory services provided by the external auditor.

4. Other powers

The Audit and Risk Committee shall have the power to investigate related persons and matters within its scope of the authority and duty and shall have the power to employ or ask a specialist to provide advice and opinions as deemed appropriate by the Audit and Risk Committee.

The Term of Office

The term of office of a member of the Audit and Risk Committee shall be 2 years. A member of the Audit and Risk Committee who vacates his/her office by rotation may be re-appointed.

2) Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises 3 Independent Directors of the Company as follows:

No.	Name	Position	Date of Appointment	Number of Attendances in 2017/Meeting
1.	Dr. Jingjai Hanchanlash	Chairman	October 1, 2015, October 1, 2017 (re-elected)	3/3
2.	Mr. Vudhiphol Suriyabhivadh	Member	October 1, 2015, October 1, 2017 (re-elected)	1/3
3.	Mr. Subhak Siwaraksa ^(a)	Member	February 21, 2017, October 1, 2017 (re-elected)	3/3

Remarks : (a) The Board of Directors' Meeting No. 1/2017 held on February 21, 2017 approved the appointment of Mr. Subhak Siwaraksa, as a new Nomination and Remuneration Committee Member of the Company, succeeding Mr. Udom Vichayabhai

Duties and Responsibilities of the Nomination and Remuneration Committee

1. To propose guidelines and make broad recommendations for the annual salary increment and bonus policies for the Company;
2. To review and award the bonus, salary increment and incentives of the Company's Chief Executive Officer and his relatives who are employees of the Company;
3. To review and approve the expense claims of the Company's Chief Executive Officer;
4. To review and if necessary, propose changes to the remuneration of the Company's directors serving on the Board of Directors, Audit and Risk Committee and Nomination and Remuneration Committee;
5. To review and if necessary, propose changes or additions to senior management welfare, benefit (such as employee stock options and other employee welfare allowances, subsidies and schemes), salary increment and bonus policies. The emolument of individual employees shall be determined by the management of the Company;
6. To establish criteria for Board membership;
7. To formulate a standard and transparent process for the selection of directors;
8. To propose and/or evaluate directorial candidates and Board committee members for consideration by the Board when there is a vacancy;
9. To assess independent directors to identify if the independence of any is compromised and if new independent directors are required under the Board's policy;

10. To inform the Board of the names of directors and Board committee members who are retiring by rotation and make recommendations to the Board as to whether the Board should support the renomination of those retiring directors and committee members;
11. To review the Committee charter at least once a year and recommend modifications to the Board of Directors as needed;
12. To report to the Board of Directors on the Committee's activities and findings.

Authority of the Nomination and Remuneration Committee

To assist the Nomination and Remuneration Committee in achieving its objectives, the Nomination and Remuneration Committee shall have the discretion to appoint appropriate third party consultants to review existing employee related policies, propose new employee benefit and welfare programs and/or undertake other human resource related research and studies.

The Term of Office

The term of office of a member of the Nomination and Remuneration Committee shall be 2 years. A member of the Nomination and Remuneration Committee who vacates his/her office by rotation may be re-appointed.

Management

Management of the Company comprises the Chief Executive Officer and other Management in accordance with the definition of the Securities and Exchange Commission, a total of 5 persons, details as follows:

No.	Name	Position
1.	Mr. Ho Ren Hua	Chief Executive Officer
2.	Mr. Umnad Sukprasongphol	Managing Director (Starch Business)
3.	Mr. Prateep Lertvatanakijkul	Managing Director (Food Business)
4.	Ms. Naruemon Srisuma	Group Head of Research & Development
5.	Ms. Orn-A-Nong Witchucharn	Chief Financial Officer

Remarks : Profile is detailed in Attachment 1 to Form 56-1 and in the Company's Annual report under the heading "Management and Company Secretary"

Company Secretary

The Board of Directors' meeting of the Company has approved the appointment of Ms. Manee Lueprasert, to be the Company Secretary of the Company effective October 1, 2015.

Remarks : Profile is detailed in Attachment 1 to Form 56-1 and in the Company's Annual report under the heading "Management and Company Secretary"

Duties and Responsibilities of the Company Secretary

The Company Secretary has to perform the duties in accordance with section 89/15 and 89/16 of the Securities and Exchange Act with responsibility, due care and loyalty, and in compliance with all laws, the objectives, the articles of association of the Company, the resolutions of the Board of Directors and the resolutions of the Shareholders' Meeting. The Company Secretary has the statutory duties and responsibilities as follows:

- (1) Preparing and keeping the following documents:
 - (a) register of Director
 - (b) a notice calling for the Board of Directors' Meeting, the minutes of the Board of Directors' Meeting and the Annual Report of the Company
 - (c) a notice calling for Shareholders' Meeting and the minutes of the Shareholders' Meeting
- (2) Keeping a report on interest filed by the Director or Executive and submit a copy of such report in accordance with section 89/14 to the Chairman and the Audit and Risk Committee Chairman within seven business days upon receipt
- (3) Performing any other acts as specified in the notification of the Capital Market Supervisory Board. Apart from this, the Company Secretary has other duties as specified in the job descriptions and as assigned by the Company.

Details of Securities held by Directors and Management in the Company

Board of directors and management as at December 31, 2017

No.	Name	Position	No. of shares held as at December 31, 2016	No. of shares changed in 2017 Increase/ (Decrease)	No. of shares held as at December 31, 2017	Shareholding in the Company (%)
1.	Mr. Ho KwonPing	Chairman of the Board	49,590,573	7,150,000	56,740,573	6.45%
	Spouse and Minor child		453,961	-	453,961	0.05%
2.	Dr. Sretsei Saittagaroon	Deputy Chairman of the Board	2,544,029	-	2,544,029	0.29%
	Spouse and Minor child		-	-	-	-
3.	Mr. Surapon Supratya	Director	-	-	-	-
	Spouse and Minor child		-	-	-	-
4.	Mr. Ariel P Vera	Director	1,973,183	-	1,973,183	0.22%
	Spouse and Minor child		-	-	-	-
5.	Mr. Ho KwonCjan	Director	34,416,488	-	34,416,488	3.91%
	Spouse and Minor child		-	-	-	-
6.	Mr. Ho Ren Hua	Director and Chief Executive Officer	2,130,524	1,700,000	3,830,524	0.44%
	Spouse and Minor child		-	-	-	-
7.	Mr. Umnad Sukprasongphol	Director and Managing Director (Starch Business)	380,226	(80,000)	300,226	0.03%
	Spouse and Minor child		7,014	-	7,014	0.00%
8.	Mr. Shankar Chandran	Director	-	-	-	-
	Spouse and Minor child		-	-	-	-
9.	Mr. Vudhiphol Suriyabhivadh	Independent Director, Audit and Risk Committee Chairman and Nomination and Remuneration Committee Member	-	-	-	-
	Spouse and Minor child		213,053	-	213,053	0.02%

No.	Name	Position	No. of shares held as at December 31, 2016	No. of shares changed in 2017 Increase/ (Decrease)	No. of shares held as at December 31, 2017	Shareholding in the Company (%)
10.	Dr. Jingjai Hanchanlash	Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Chairman	-	-	-	-
	Spouse and Minor child		2,643,039	-	2,643,039	0.30%
11.	Mr. Subhak Siwaraksa	Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Member	-	-	-	-
	Spouse and Minor child		-	-	-	-
12.	Mr. Chanin Archjananun	Independent Director	-	-	-	-
	Spouse and Minor child		-	-	-	-
13.	Mr. Prateep Lertvatanakijkul	Managing Director (Food Business)	50,000	-	50,000	0.01%
	Spouse and Minor child		-	-	-	-
14.	Ms. Naruemon Srisuma	Group Head of Research & Development	-	-	-	-
	Spouse and Minor child		-	-	-	-
15.	Ms. Orn-A-Nong Witchucharn	Chief Financial Officer	10,000	-	10,000	0.00%
	Spouse and Minor child		-	-	-	-

Method of Appointment and Removal of Directors as included in the Company's AOA

Appointment of the Directors

1. The Company shall have a Board of Directors comprising at least five (5) directors. At least half of the total directors shall reside in Thailand.
2. The directors shall be elected at the Shareholders' Meeting in accordance with the following criteria and procedures:
 - (1) A shareholdes shall have one (1) vote per share.
 - (2) Each shareholder may exercise all the votes he or she has to elect one or several persons as director(s), but the shareholder cannot allot his or her votes to any person in any number and
 - (3) The candidates who received the highest votes in their respective order of the votes shall be elected as the directors until all of the director positions that the Company has, or are to be elected at such meeting, are filled. In the event the votes cast for candidates in descending order are tied, which would otherwise cause the number of directors to be exceeded, the Chairman of the meeting shall have a casting vote.
3. In the event of a vacancy on the Board of Directors for reasons other than by rotation, the Board of Directors shall elect any person who is qualified and who does not have any of the prohibited characteristics under the law on public limited companies and/or under the law governing securities and exchange as a substitute director at the subsequent Board of Directors' Meeting, unless the remaining term of office of the vacant directorship is less than two (2) months. The aforesaid substitute director shall retain office only for the remaining term of office of the replaced director.

The resolution of the Board of Directors under the first paragraph shall be passed by a vote of not less than three-fourths (3/4) of the remaining directors.

In the case where the directors' position is vacant and results in an insufficient number of directors to constitute

a quorum, the remaining directors shall transact on behalf of the Board of Directors only to call a Shareholders' Meeting to elect the replacement of such vacant positions.

The Shareholders' Meeting to elect new directors to fill the vacant positions shall be held within one (1) month from date on which the number of directors becomes insufficient to form a quorum.

Removal of Directors

1. At each annual general meeting, one-third (1/3) of the total number of the directors shall retire from office. If the number of directors is not a multiple of three, then the number of directors nearest to one-third (1/3) shall retire from office.

Retiring directors in the first and second years following the registration of the Company shall be selected by drawing lots. In subsequent years, the director who has held office the longest shall retire.

Retiring directors are eligible for re-election.

2. Besides retiring by rotation, the directors shall be vacated from office upon:
 - (1) death;
 - (2) resignation;
 - (3) a lack of qualifications or having prohibited characteristics under the law on public limited companies and the law governing securities and exchange;
 - (4) removal by a resolution of the Shareholders' Meeting; and
 - (5) removal by a court order.
3. A director may be removed from office prior to the end of his/her term of office by a resolution passed at the Shareholders' Meeting, by a vote of not less than three-fourths (3/4) of the total number of shareholders who are present at the meeting and are eligible to vote, holding together not less than one-half (1/2) of the total number of shares of the shareholders who are present at the meeting and are eligible to vote.

Remuneration Policy

1. Employees' Remuneration

The Company's remuneration policy is built on a transparent appraisal system and formulated to drive performance of its employees, who are its most important asset. The objective of the Company's remuneration policy is to attract, motivate, reward and retain quality staff. The typical compensation package for employees comprises basic salary, variable performance bonus, allowances, as well as benefits. In determining the composition of the package, the nature of the role performed and market practice are taken into consideration. To ensure that its remuneration package is competitive with the industry's benchmark, the Company periodically reviews its base salary ranges and benefits package with comparative groups in the agribusiness and food sectors.

The remuneration for the Company's senior management and senior executives aims to motivate them to achieve the Company's annual and long-term goals to ensure that they are aligned with shareholders' interests. In addition to the above elements, performance-related elements therefore also form a part of senior management and senior executives' total remuneration.

The Company's approach to rewarding employees not only helps to attract, retain and motivate talented employees but also fosters a performance-oriented culture across the organization that will help attain the Company's financial objectives.

2. Directors' Remuneration

The fees for Independent Directors, Non-Executive Directors and Executive Directors reflect the scope and extent of a director's responsibilities and obligations. They are measured against industry benchmarks and are competitive. Directors' fees are subject to shareholders' approval at the AGM.

Remuneration for the Directors and Management

Monetary Remuneration

- **Directors**

Monetary remuneration for the Directors, both Non-Executive Directors and Executive Directors, is the remuneration per Meeting, classified by each category and directorship position in accordance with the resolutions approved at the 2017 Annual General Meeting of the Company as at 20 April 2017.

Monetary remuneration for the Directors, both Non-Executive Directors and Executive Directors, in 2017 was in the total amount of Baht 10,114,000. Details as shown in the section “Remuneration and Other Benefits of the Directors during the Year 2017”.

- **Management**

Monetary remuneration for 5 management in 2017 was in the total amount of Baht 37,846,576 consisting of salaries and bonus, social security payment, car allowance, provident fund payment and laptop allowance.

Non-Monetary Remuneration

- **Directors**

-None-

- **Management**

Employee benefits such as medical expenses, life & health insurance, children education subsidy, etc. for 5 management in 2017 were in the total amount of Baht 7,039,530.

The Directors, both Non-Executive Directors and Executive Directors, did not receive any extra directors’ remuneration other than those shown above.

Remuneration and Other Benefits of the Directors during the Year 2017

No.	Name	Position	Remuneration/Other Benefits (Baht/Year)			Total (Baht/Year)
			The Board	Audit and Risk Committee	Nomination and Remuneration Committee	
1.	Mr. Ho KwonPing	Chairman of the Board	1,060,000 / -	- / -	- / -	1,060,000
2.	Dr. Sretsei Saittagaroon	Deputy Chairman of the Board	720,000 / -	- / -	- / -	720,000
3.	Mr. Surapon Supratya	Director	720,000 / -	- / -	- / -	720,000
4.	Mr. Ariel P Vera	Director	720,000 / -	- / -	- / -	720,000
5.	Mr. Ho KwonCjan	Director	720,000 / -	- / -	- / -	720,000
6.	Mr. Ho Ren Hua	Director	636,000 / -	- / -	- / -	636,000
7.	Mr. Umnad Sukprasongphol	Director	636,000 / -	- / -	- / -	636,000
8.	Mr. Shankar Chandran	Director	720,000 / -	- / -	- / -	720,000
9.	Mr. Vudhiphol uriyabhivadh	Independent Director, Audit and Risk Committee Chairman and Nomination and Remuneration Committee Member	720,000 / -	360,000 / -	144,000 / -	1,224,000
10.	Dr. Jingjai Hanchanlash	Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Chairman	720,000 / -	192,000 / -	270,000 / -	1,182,000
-	Mr. Udom Vichayabhai ^(a)	Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Member	180,000 / -	48,000 / -	96,000 / -	324,000
11.	Mr. Subhak Siwaraksa ^(a)	Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Member	540,000 / -	144,000 / -	48,000 / -	732,000
12.	Mr. Chanin Archjananun	Independent Director	720,000 / -	- / -	- / -	720,000
Total			8,812,000	744,000	558,000	10,114,000

Remarks : (a) Mr. Udom Vichayabhai resigned from the position of Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Member on February 21, 2017
The Board of Directors' Meeting No. 1/2017 held on February 21, 2017 approved the appointment of Mr. Subhak Siwaraksa, as a new Audit and Risk Committee Member of the Company, succeeding Mr. Udom Vichayabhai

Human Resources

As at December 31, 2017 there were 2,139 employees in the Company as follows:

	Starch business	Vermicelli and Noodle business	Subsidiaries*	Total
Direct labor (person)	761	845	993	2,599
Indirect labor (person)	95	156	158	409
Head office employee (person)	79	203	38	320
Total (person)	935	1,204	1,189	3,328

Remarks : * Subsidiaries are

1. Thai Nam Tapioca Company Limited
2. DI Company Limited
3. Thai Wah (6) Company Limited
4. Thai Wah Bio Power Limited
5. Tapioca Development Corporation Limited
6. Thai Wah International Trade (Shanghai) Company Limited
7. TWPC Investment (Cambodia) Company Limited
8. Thai Wah Vietnam Company Limited
9. Tay Ninh Tapioca Joint Stock Company

Total remuneration and benefits paid to the employees of the Company as at December 31, 2017 was Baht 937,992,803 comprising salary and bonus, car allowance, social security fund, provident fund, accident & health insurance, medical, etc

Human Resources Development Policy

The Company recognizes the importance of human resources and has a policy to develop the employees to be knowledgeable and competent. The Company places great importance on the human resources starting from recruitment, defining clear scope of works, training and development, performance evaluation, individual career development plan, providing fair remuneration and good welfare as well as promoting activities to strengthen the unity and positive atmosphere in the workplace.

Report of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee (“NRC”) of Thai Wah Public Company Limited (“the Company”) comprises three independent directors and has the following objectives:

1. To formulate and align HR policies and programs for senior management to business goals and market practices.
2. To attract and retain the right people for senior management positions in the Company.
3. To ensure that the Company’s senior management remuneration and benefit package remain competitive with the industry’s benchmark.
4. To advise the Board on matters relating to the composition of the Board and its committees so that the Board is able to adequately discharge its responsibilities and duties
5. To resolve and/or advise on any employee’s remuneration which have conflict-of-interest issues.

In the pursuit of its objectives, the NRC is empowered to perform the following functions:

1. To propose guidelines and make broad recommendations for the annual salary increment and bonus policies for the Company.
2. To review and award the bonus, salary increment and incentives of the Company’s Chief Executive Officer and his relatives who are employees of the Company.
3. To review and approve the expense claims of the Company’s Chief Executive Officer.
4. To review and if necessary, propose changes to the remuneration of the Company’s directors serving on the Board of Directors, Audit and Risk Committee and Nomination and Remuneration Committee
5. To review and if necessary, propose changes or additions to senior management welfare, benefit (such as employee stock options and other employee welfare allowances, subsidies and schemes), salary increment and bonus policies. The emolument of individual employees shall be determined by the management of the Company.

6. To establish criteria for Board membership.
7. To formulate a standard and transparent process for the selection of directors.
8. To propose and/or evaluate directorial candidates and Board committee members for consideration by the Board when there is a vacancy.
9. To assess independent directors to identify if the independence of any is compromised and if new independent directors are required under the Board’s policy
10. To inform the Board of the names of directors and Board committee members who are retiring by rotation and make recommendations to the Board as to whether the Board should support the renomination of those retiring directors and committee members.
11. To review the Committee charter at least once a year and recommend modifications to the Board of Directors as needed.
12. To report to the Board of Directors on the Committee’s activities and findings

The NRC met thrice in 2017 to deliberate and decide on the level of annual bonus and salary increment for the Company’s employees. The NRC also considered and made recommendation to the Board regarding the remuneration for the directors and sub-committee members. Apart from this, the NRC considered and recommended the Board on the proposal of a new independent director to replace an independent director who resigned, including the re-nomination of directors.



Dr. Jingjai Hanchanlash

Nomination and Remuneration Committee Chairman

January 16, 2018

Corporate Governance

The Company is committed to maintaining high standards of corporate governance within the Company in order to protect and enhance long-term shareholder value. The Company has adopted and continuously developed a set of good corporate governance practices and policies which are modeled on principles advocated by the Stock Exchange of Thailand (SET) as per the details set out in the following sections.

1. Rights of Shareholders

The Company recognizes the importance of shareholders' rights. The Company conducted the meeting and fully complied with all relevant laws and regulations in respect of shareholders' rights in the following manner.

- 1.1 All shareholders have the same basis and rights in the casting of votes at meetings and the receipt of dividends when declared by the Company. These are calculated based on their respective shareholding in the Company.
- 1.2 At every shareholders' meeting, shareholders are given the right to approve important matters such as election of directors (shareholders can elect directors individually), directors' remuneration, appointment of auditors and dividend payment, etc.
- 1.3 The Company never discourages or creates any barriers to communication among shareholders. All shareholders can communicate with each other freely.
- 1.4 The Company has a policy to facilitate and encourage all classes of shareholders including institutional investors to attend every shareholders' meeting by selecting meeting venues that are convenient for attendance, distributing a package containing the notice and meeting documents in English to foreign shareholders, setting up a separate registration desk for institutional investors, and distributing proxy forms which include clear supporting documents, together with the notice in order to facilitate shareholders who are unable to attend a meeting in person.
- 1.5 The Company has invited the shareholders to propose 2018 Annual General Meeting (AGM) agenda items in advance of the AGM by disclosing criteria and procedures through the channels of the SET and the Company's website (www.thaiwaha.com). However, none is proposed by the shareholders.
- 1.6 The Company does not invite the minority shareholders to nominate their own candidates to be appointed as the Company's directors ahead of the meeting. This is because the Company already gives all shareholders an opportunity to nominate their own candidates (who meet the requirements under the Public Limited Companies Act) and to vote for candidates at the shareholders' meeting.
- 1.7 The Company has assigned Thailand Securities Depository Company Limited, which is the Company's share registrar, to distribute a package containing the notice and agenda of the meeting to the shareholders at least 10 days prior to the meeting. The meeting documents include the facts and rationales and opinions of the Board as well as other information relating to the agenda items such as information on the persons nominated for election as directors, auditors' profiles, the part of the Company's Articles of Association that relates to the shareholders' meeting, map to the venue of the shareholders' meeting, proxy forms, documents and evidence of entitlement to attend the meeting, etc.

This is to enable shareholders to prepare themselves for the meeting. In addition, the notice of the shareholders' meeting will be advertised in the press, all information contained in the meeting documents both in Thai and English will also be posted on the Company's website (www.thaiwah.com) at least 1 month prior to the meeting. Moreover, shareholders are always invited to register at least 1 hour before the meeting begins.

In addition, a barcode system has been utilized for registration, vote counting, and result presentation at the shareholders' meeting for its convenience, speed, and accuracy.

- 1.8 The Chairman conducts each meeting according to the sequence of the agenda and does not add any agenda items without prior notice to shareholders unless shareholders holding not less than one-third of the total number of paid-up shares may request the meeting to consider matters other than those specified in the notice.
- 1.9 Before the start of every shareholder's meeting, the Company Secretary explains the voting methodology to shareholders (voting criteria, procedures on using the voting slip, and the voting right). A team of legal counsels from a leading international law firm is invited to verify the registration procedure before the Chairman of the meeting announces to the shareholders, the number of shareholders and proxy holders present at the meeting and the number of shares held by them. The legal counsels also verify the vote counting procedure in respect of each agenda item before the votes are announced as resolution of the shareholders' meeting. Shareholders may verify the detailed results of the vote of each agenda item at the end of each meeting. The Company disseminates the results of the vote of each agenda item at the shareholders' meeting on the Company's website (www.thaiwah.com) within the next business days after the meeting was held. Apart from this, the same results and a summary of questions from shareholders and answers have also been included in the minutes of the meeting which are accurately and completely documented in all

material aspects and sent to all shareholders for their review prior to the following meeting. The minutes of the Annual General Meeting will be posted on the Company's website (www.thaiwah.com) within 14 days after the meeting is held.

- 1.10 The Company's policy in conducting shareholders' meetings is not only to meet all legal requirements but to also provide a platform and opportunity for shareholders to communicate their views and ask the directors and the management questions regarding matters affecting the Company. The Chairman allocates appropriate time for discussion and encourages the shareholders to express their opinions and ask questions related to the Company's operation. In addition, to facilitate shareholders in protecting their rights, shareholders who have any questions that require the Company's clarification during the meeting may send their questions to the Company in advance at Investor Relations Department (ir@thaiwah.com) or fax them to +66 2 285 0268.
- 1.11 Apart from the external auditor who attends the Annual General Meeting, the Chairman of the Board, the Chairman of the Audit and Risk Committee and the Chairman of the Nomination and Remuneration Committee, and all of the Company's directors also endeavour as far as reasonably practicable to be present at the shareholders' meeting in order to assist the Board in addressing queries raised by the shareholders. The Company also invites its legal counsels from a leading international law firm to attend the meeting in case a legal question requiring clarification arises during the meeting. Furthermore, the Company provides a professional translator to be present at the meeting to assist shareholders and the Board to communicate more effectively in English and Thai.
- 1.12 News and information relating to the Company is disseminated through the Company's website (www.thaiwah.com), which includes information such as the resolutions of the Company's Board of Directors on important matters, resolutions of the shareholders' meetings, financial information,

information which may affect the Company's share price, Annual Report, etc.

2. Equal Treatment of Shareholders

The Company recognizes its duty to ensure equal treatment of shareholders by complying with all relevant laws and regulations as following details:

- 2.1 With regard to voting at the shareholders' meeting, the shareholders shall have votes equal to the number of ordinary shares held by each of them, which means one ordinary share is entitled to one vote. The Company has only ordinary shares.
- 2.2 For shareholders who are unable to attend a meeting in person, the Company provides opportunity for such shareholders to appoint another person as proxy to attend the meeting on their behalf by using proxy form B sent by the Company. Proxy form B is one of the forms prescribed by the Ministry of Commerce which allow shareholders to make voting directions. Moreover, the Company provides opportunity for shareholders to appoint the Company's independent director as proxy to undertake proxy voting on behalf of shareholders who are unable to attend the meeting. The name of the independent director is provided in the proxy forms, together with the profile of that independent director who have been given proxy to vote on behalf of shareholders that are unable to attend the meeting, all of which are attached as part of the meeting documents.
- 2.3 As a policy, the directors and management of the Company have to file report of their holding of the Company's securities to the SEC upon their appointment and to report any change in their holding of the Company's securities to the SEC within 3 business days, if they have purchased, sold, transferred or obtained any Company's securities, in accordance with the Securities and Exchange Act. The securities holding report is also included in the agenda items of the Board meeting for the Board's acknowledgment once every 3 months.
- 2.4 Any director or management who has an interest in, or is related to, any transaction between the Company and an interested or related person will not participate in the decision making process involving such transaction. In case shareholders' approval is required, the Company has disclosed details and reasons to enter into the transaction to the shareholders prior to entering into the transaction and strictly followed the procedures on such transaction in accordance with the regulations of the SET and notification of the Capital Market Supervisory Board. Details are further described under the heading "Connected transaction" in the Company's Form 56-1 and in the Company's Annual Report. There are no violation of the connected transactions and/or of the acquisition and disposition of assets found during 2017.
- 2.5 The Company has formulated a Code of Business Conduct to provide guidelines for the Board, senior management and employees of all levels to comply with. The Statement includes the prohibition on the improper use of insider information for personal benefit or to benefit others. Additionally, the Board approved the policy on dealing in securities of the Company which prohibits the dealing in the Company's shares while in possession of unpublished confidential and price-sensitive information during the "embargo period". Details are further described under clause 5.10 hereof "Supervision on the Use of Inside Information". There is no violation of the policy found during 2017.
- 2.6 In 2017, the Company did not provide financial assistance to any company which is not a subsidiary of the Company.

3. Role of Stakeholders

In its pursuit for sustainable growth and financial returns for its shareholders, the Company respects the rights of all its stakeholders and conducts its operations fairly and strictly in compliance with all laws, rules and regulations.

Shareholders:

The Board of Directors is committed to perform its duties honestly, transparently and diligently in the best interest of all its shareholders to preserve and enhance long-term shareholder value. All important information which may have an impact on the Company's share price and/or shareholders decisions are fully disclosed on a timely manner.

Employees:

The Company believes that its people are its greatest asset. The Company has taken steps to ensure that all labour laws are complied with and all employees are treated fairly without discrimination or favoritism. The Company offers competitive pay packages and welfare benefits to all its employees comparable to the industry norms, related to the Company's short-term and long-term operating results, and to the performance of each individual employee. Additionally, the Company ensures that the legal rights of employees are not violated. All of these have been included in the Company's code of business conduct approved by the Board of Directors. Apart from this, the Company provides its employees a safe, hygienic, and suitable working environment which has been recognized and certified in compliance with the OHSAS 18001 and TIS 18001 standards by the relevant organizations. Furthermore, the Company provides a provident fund, and encourages its employees to attend training courses related to their line of responsibility and allows job rotation to enhance and diversify their knowledge and skills.

Customers:

The Company aims to provide its customers good value, high quality and hygienic products which are manufactured with the finest ingredients. In addition, continuous research and development along with communication channel is valued to ensure that the customers' needs are met. This is in compliance with the Company's mission approved by the Board of Directors.

Competitors:

The Company believes that competition is the essence of a free and open market and therefore avoids any actions which may prevent, obstruct or discourage potential competitors from entering the markets in which

the Company operates in. The Company takes the view that healthy competition encourages product and service innovations in the market place which would increase market standards and ultimately benefit consumers and society at large. In accordance with the Code of Business Conduct approved by the Board of Directors of the Company, the Company will neither engage in any fraudulent act to violate or obtain competitors' trade secrets nor in any infringement of intellectual property or copyright including anti-corruption and anti-bribery for the benefit of the Company's business. Moreover, the Company will not violate legal rights of competitors by any of the Company's actions and decisions which has been stated in the Company's Code of Business Conduct approved by the Board of Directors.

Society & Environment:

The Company aims to be a socially and environmentally responsible company which form a part of the Company's Code of Business Conduct. It is the Company's policy to conduct its business under environmental standard by establishing its production process, utilizing resources and energy effectively and by implementing an environmental management system, evaluating and reviewing the system regularly to achieve sustainable development. As a result, the Company has obtained certification of environmental management system under ISO 14001:2004 and has also been awarded a green industrial certification at level 3 (the green system) from the Ministry of Industry of Thailand, which is the system that reflects environmental friendliness, details as shown under the heading "Corporate Social Responsibilities" in the Company's Form 56-1 and in the Company's Annual Report.

Suppliers:

The Company strives to forge long-term business relationships with its suppliers and therefore has the policy to always give a fair profit to its suppliers and to respect payment terms and conditions. In addition, in selecting its suppliers, the Company gives all suppliers an equal opportunity to propose their bid. The Company has established the Tender Committee to select its suppliers through the tender process for any transactions which are over Baht 1 million for transparency purpose.

Creditors:

The Company considers creditors as important business partners and therefore commits to fulfill all of its obligations under contracts to its creditors, to not conceal information nor facts that may damage its creditors, and to notify its creditors in advance in any case where there might be any potential event which could cause the Company to fail to comply with any obligations under contracts including guarantee conditions, capital management, and its debt servicing. In such cases the Company works with its creditors to mutually resolve those potential problems.

There were no violations of laws in relation to labour, employment, consumers, competitors, or environment found in 2016. In addition, no creditor alleged that the Company had failed to comply with any obligations under contracts.

3.1 Anti-Human Rights and Labour Violation Policy

It is the Company's policy not to undertake actions which might violate the human rights and the relevant laws. The Company will focus on equality and will not discriminate base on difference in physical and mental aspects, race, nationality, religion, gender, age, language, skin, education, social status or any other traits. The Company will treat everyone fairly in every stage of recruitment starting from selection, remuneration, working hours and job holidays, job assignments, performance appraisal, learning and development, career path planning. The Company will not support forced labor in all forms, labor from human trafficking or child labor.

3.2 Anti-Piracy Policy

The Company has an anti-piracy policy which has been clearly stated in the standard operating procedures, of using only intellectual property that it does not own if it is properly authorized to do so, i.e., the use of authorized computer program licenses which would be periodically audited by the internal auditor of the Company. The Company was not a party to any piracy cases during 2017.

3.3 Anti-Corruption and Anti-Bribery Policy and Guidelines

Thai Wah Public Company Limited ("the Company") has established and adhered firmly and consistently to our business operation guidelines in accordance with good corporate governance in exercising corporate social responsibility (CSR) and giving importance to promoting anti-fraud and anti-corruption practices. The Board of Directors' Meeting no. 1/2017 on February 21, 2017, had approved the Company to join the Private Sector Collective Action Coalition Against Corruption.

To enhance the efficiency, integrity, honesty and transparency of the anti-fraud and anti-corruption business practices, in accordance with the Company's objectives and to serve as clear guidelines for Directors, Executives and staff, therefore, the Board of Directors Meeting No. 4/2017 approved the anti-corruption policy to promote the anti-fraud and anti-corruption practices as follows:

Definitions

Fraud

means an intentional act committed to secure unfair or unlawful gains for one's self or others. Fraud can be broken down into three types: corruption, asset misappropriation and fraudulent reporting, for example, fraudulent financial statements.

Corruption

means the misuse of position or power of influence for inappropriate gains for the organization, one's self or others. Corruption includes any types of bribery; an offering, giving, promising or agreeing to give, demanding or accepting money, assets, or other inappropriate benefits from the government officers, government sectors, private sectors, or responsible person either in direct or indirect action so that such person could proceed or disregard his/her function in order to acquire, retain the business, recommend specific company to the entity, or achieve any improper benefits in business transaction. Exception shall be applied in case of laws, regulation, statement, standard, custom, or business traditions enable to do so.

Bribery

means the act of paying, offering, promising to pay, receiving, requesting or soliciting anything of value, such as assets, money, things, rights or other advantages that are against good ethics, conduct, rules, regulations or laws with government officials, government organization, private organizations or other individual(s) - directly or indirectly - in order for that person to wrongfully act or wrongly refrain from performing their duties to receive or retain benefits that are inappropriate for the business.

Political Contribution

means monetary or non-monetary support provided to a political party, representative of a political party, politician or candidate for election. As such, non-monetary political contributions include lending or donating any equipment for free of charge.

Anti-corruption Policy

Directors, Executives and the Company's staff are prohibited from operating or accepting any type of corruptions either direct or indirect manner, in all businesses or from any concerned parties, The anti-corruption practices are required to be consistently counter-checked while the Anti-corruption policy and business operation guidelines are to be reviewed to reflect the changes in business, regulations and applicable laws.

Roles and Responsibilities

1. The Board of Directors is responsible for establishing policies, monitoring, and forming an effective system or guideline supporting Anti-corruption practices in order to affirm that the Management or the Executives intensively emphasize Anti-corruption.
2. The Audit and Risk Committee is responsible for revision of financial and accounting reports, internal audit and risk management process to ensure the appropriateness and efficiency of the internal controls.
3. The Chief Executive Officer and the Executives are responsible for establishing guidelines or implementing methods to support the

Anti-corruption Policy, as well as for setting communication channels and organizing training program relating to the Anti-corruption policy, regulations and implementation methods/procedures for staff, personnel and all related persons. They also are responsible for reviewing the appropriateness of related procedures to align with any changes in business, procedures, regulations and applicable laws.

4. The Company's staff are responsible for complying with the Anti-corruption guidelines and all related announcements. The Company's staff must report to their supervisor or to a designated reporting channel, when they have any queries or encounter any suspicions of fraud or breach of the Company's regulations.

Guidelines

1. The Directors, Executives and the Company's staff must strictly comply with the Anti-corruption Policy as well as the additional guideline (if any).
2. Executives, the Company's staff or persons acting on behalf of the Company, shall not request, provide, persuade or promise to provide or accept bribery or any forms of inappropriate payments including facilitation payments.
3. The Company's staff shall not be negligent in any corruption conditions involved directly with the Company. All staff must notify such act to supervisors or responsible person, as well as provide cooperation in the investigation process.
4. The Company shall provide fairness and safeguard staff who informs corruption cases relating to the Company by applying Protection Policy for appellant, witness or persons who incorporate with Anti-corruption information as stated in the Whistleblower Policy.
5. A person who commits the corruption is to be considered disciplinary action followed by the Company's standard. Besides, possible legal penalty may be applied, if such act violates the laws.

6. The Company shall disseminate, share the knowledge and establish a common understanding with other people who are involved or affect the Company, especially on matters involving Anti-corruption Policy.
7. This Anti-corruption Policy covers to Human Resource Management process starting from recruitment, selection, promotion, training, evaluation, compensation and benefits provided to staff. All supervisors at all levels must communicate and establish common understanding of the policy with staff to apply in the business activities under their responsibility and to monitor the effectiveness of implementation.
8. Charitable contributions and sponsorships to individuals or organizations, to both government or private sectors, must be transparent for charity purposes, and not be made with the expectation for favorable treatment in return that may be considered as fraud or corruption. The request and approval processes must be performed in accordance with the Company's guideline on charitable contributions and sponsorships.
9. The provision and acceptance of gifts are permitted according to local tradition. However, the Company does not encourage its staff to accept gifts from business partners beyond reasonable amounts. The provision and acceptance of gifts must not be made for influence to impair the objectivity.
10. The Company prohibits the provision or acceptance of gifts that include advantages in exchange for the business treatment/agreement in return.
11. The Company's staff shall avoid providing or accepting gifts or other advantages that may constitute bribery or raise suspicions about integrity issues or conflicts of interest which may impact the Company's reputation.
12. The Company prohibits providing or accepting money, services, gifts, or anything of values to/from government officials or the private sector in exchange for benefits or inappropriate business advantages.
13. The request and approval process for gifts must be performed in accordance with the Company's Announcement or guideline on gifts.
14. The Company's staff shall create and sustain organization's culture representing that corruption is unacceptable in every business transaction dealing with both public and private sectors. All staff shall raise awareness by working honesty, ethically and transparency without engaging in fraud and corruption.
15. The Company adopts a political neutrality policy and will not participate or make a political contribution to any activities of political parties, political groups, or politicians, whether directly or indirectly. The Company shall not allow political supporters to use the Company's resources or premises for political activities

The Additional Guideline

The Chief Executive Officer has the authority to order or establish the additional guideline to align with the Anti-corruption Policy.

Apart from the above policy, in order to comply with the anti-corruption policy, the Company has issued a cooperation letter to refrain from giving gifts to directors, executives and employees of the Company dated December 1, 2017

The Company also held an anti-corruption workshop in order to educate the staffs on the anti-corruption policy and practices. In the year 2017, few employees attended the Thai Institute of Directors Association training course on Ethnical Leadership Program and Anti-Corruption: The Practical Guide. The Company had also provided training on anti-corruption policies, "Anti-Corruption...for Sustainable Organization" to managers and above. The Company also arranged for training of the anti-corruption policy at all the factories.

3.4 Whistle-blowing Policy

The Board has approved a Whistle-blowing Policy in order to provide associates and third parties with a mechanism by which they can, free of any discrimination, retaliation, or harassment, raise concerns about unlawful practices, unethical actions, or any behavior that may be regarded as malfeasance or fraud on the part of any person in the organization. The Board has also set up a whistle-blowing channel, a procedure to manage concerns raised, and a mechanism to protect whistle-blowers, details as follows:

Whistle-Blowing Channel

The Board of Directors has set the whistleblowing policy as a mechanism for Company staffs and third parties to report any misconduct, or file for grievances without being discriminated or mistreated should they be aware of any wrongdoing, or fall victim to corruption, or violation of laws/Company regulations.

Any whistle-blower can raise their concerns or perceived irregularities directly to the Board of Directors, the Audit and Risk Committee, or the Internal Audit Team through various channels as follows:

Reporting Channels

- Telephone : +66 2285 0040
- Facsimile : +66 2285 0268
- E-mail : bod@thaiwah.com, arc@thaiwah.com, ia@thaiwah.com
- Website : www.thaiwah.com

Procedure to Manage Concerns

All concerns or reports raised by whistle-blowers will be investigated by the Internal Audit Team which will report the fact findings to the Audit and Risk Committee for consideration.

Mechanism to Protect Whistle-Blowers

Anonymity and confidentiality will be honoured throughout the process. Access to information will be limited only to responsible persons.

If a whistle-blower believes that he/she is being subjected to discrimination, retaliation, or harassment for having made a report, he/she should immediately report those facts to the Board of Directors or the Audit and Risk Committee or the Internal Audit Team through one of the above whistle-blowing channels. Reporting should be done promptly to facilitate investigation and the taking of appropriate actions.

If an associate has made an allegation in bad faith or for personal gain, disciplinary action may be taken against him/her. Likewise, if investigations reveal that a third party making a report had done so maliciously or for personal gain, appropriate action, including reporting the matter to the police, may be taken.

3.5 Social participation and development

The Company's policy is to maintain and build relationships with local communities by supporting community activities regularly with a focus on improvement of the quality of life in nearby communities. A series of campaigns with the aim of achieving proper sustainable development for the benefit of local and social communities have been launched, details as shown under the heading "Corporate Social Responsibilities" in the Company's Form 56-1 and in the Company's Annual Report.

3.6 Promote Sustainable Use of Resources

Economic growth and an increase in the world's population have led to an increase in human consumption of resources every year, resulting in shortages of limited resources and creating environmental problems. The Company is aware of these problems and, in order to promote the efficient use of resources, has established the Environment, Occupational Health and Safety Committee and continuously carried out various energy conservation campaigns and projects, including set goals for certain campaigns, details as shown under the heading "Corporate Social Responsibilities" in the Company's Form 56-1 and in the Company's Annual Report.

3.7 Environmental Training for the Employees

The Company continuously provides training and instills sense of awareness on environmental issues to employees by carrying out various energy conservation campaigns and projects and communicating across the organization through the Company's intranet system and the notice board. Guest speakers are also invited periodically to educate and to provide training to the employees on matters related to the environment, such as environmental conservation, etc.

4. Information Disclosure and Transparency

The Company's emphasis on the disclosure of accurate and complete information in a transparent and timely manner as shown by the following:

- 4.1 Each of the directors and executives of the Company has filed with the Company a report covering his interest or his related person's interest in relation to management of the Company or its subsidiaries in accordance with the criteria and procedures as specified in the notification of the Capital Market Supervisory Board and has updated and filed with the Company within 30 days should there be any change in the report. Such report is also included in the agenda items of the Board meeting for the Board's acknowledgment once every 3 months.
- 4.2 In the previous year, the Company disclosed all general and financial information as well as information which may affect the price of the Company's securities correctly, completely, transparently and on a timely manner, in accordance with the rules and regulations of the SEC and the SET. All information is communicated to investors, shareholders and relevant sectors through the channels of the SET and the Company's website (www.thaiwah.com).
- 4.3 Individual investors, shareholders, stock analysts and state agencies may contact the Company through the Company Secretary at telephone number +66 2285 0040 or +66 2285 0315-20 or at Investor Relations Department (ir@thaiwah.com).

4.4 The Company's financial statements contain accurate and complete information and are prepared in accordance with generally accepted accounting standards. In addition, they are audited/reviewed by auditors from a well-known auditing firm (currently EY Office Limited) and are approved by the Company's Audit and Risk Committee and Board before being disclosed through the SET. The information relating to the "Board of Directors' Responsibility for the Company's Financial Statements" is available in the Company's Annual Report. In 2017, the Company's financial statements were certified unconditionally from the auditor.

4.5 In the year 2017, the Company has neither a share repurchase program, nor any shareholders' agreement which has a material impact on the Company or other shareholders. Therefore, the Company could not disclose such information.

4.6 The Company wishes to refer the following matters to the disclosure made in other places:

- The name of directors and the scope of the powers, duties and responsibilities of the Board (including matters to be approved by the Board) and other committees are detailed under the heading "Management Structure" in the Company's Form 56-1 and in the Company's Annual Report.
- The professional experience of the directors and members of other committees is detailed in Attachment 1 to the Company's Form 56-1 and under the heading "Board of Directors & Management and Company Secretary" in the Company's Annual Report.
- The number of Board meetings held and the number of Board meetings attended by each director in during 2017 are detailed in clause 5 hereof: "Board Responsibility".
- The performance of the Audit and Risk Committee in the past year is detailed in Attachment 5 to the Company's Form 56-1, and under the heading "Report of the Audit and Risk Committee" in the Company's Annual Report.

- The performance of the Nomination and Remuneration Committee in the past year is detailed in Attachment 6 to the Company's Form 56-1, or under the heading "Report of the Nomination and Remuneration Committee" in the Company's Annual Report.
- The remuneration for directors and management is detailed under the heading "Directors' and Management's Remuneration" in the Company's Form 56-1 and in the Company's Annual Report.
- Policy of disclosing/reporting of sales and purchase of the Company's securities held by directors and management has been disclosed in clause 2.3 hereof: "Corporate Governance". Change in securities held by directors and management in the Company is detailed under the heading "Management Structure" in the Company's Form 56-1 and under the heading "Details of Securities held by Directors and Management in the Company" in the Company's Annual Report.
- Criterion for directors and senior management remuneration is detailed under the heading "Remuneration Policy" in the Company's Form 56-1 and in the Company's Annual Report.
- Director's remuneration for each individual director is detailed under the heading "Remuneration and Other Benefits of the Directors during the year 2017" in the Company's Form 56-1 and in the Company's Annual Report.

4.7 In 2017, the Company made full disclosure of information (including key events) within the time frame specified in the regulations of the SET and the SEC. In addition, neither the Listing Department of the SET nor the SEC challenged that the Company had failed to comply with any disclosure requirement.

5. Board Responsibility

5.1 Board Structure

5.1.1 Members of the Board and Terms of Directorship

The Company's Board of Directors comprise of 12 members, 4 of whom are independent directors, 2 of whom are executive directors and the remaining 6 are non-executive directors. The majority of the board are non-executive directors and therefore can exercise objective and independent judgements.

The Board consists of directors with appropriate and necessary qualifications, knowledge, skills, experience, character traits and age balance in order to achieve the objectives of the Company and stakeholder interests. Dr. Sretsei Saittagaroon, Deputy Chairman of the Board, is also a non-executive director who possesses knowledge and experience in the core business or the industry in which the Company operates.

The Company has 4 independent directors, representing one-third of total board members. The independent directors of the Company possess the qualifications in accordance with the criteria set by the Securities and Exchange Commission and the Stock Exchange of Thailand. All independent directors can work effectively with the Board and can express their opinions freely.

All Independent Directors of the Company are independent of the Management and major shareholders of the Company. None of the Independent Directors holds a directorship position in more than 5 listed companies in Thailand.

The Company's policy to fix the term of office of directors is under Article 18 of the Company's Articles of Association which stipulated that at each annual general

meeting, one-third (1/3) of the total number of the directors shall retire from office. If the number of directors is not a multiple of three, then the number of directors nearest to one-third (1/3) shall retire from office.

Retiring directors in the first and second years following the registration of the Company shall be selected by drawing lots. In subsequent years, the director who has held office the longest shall retire.

Retiring directors are eligible for re-election.

The term of office of a director of the Board shall be 3 years. A director of the Board who vacates his/her office by rotation may be re-appointed by the annual general meeting.

5.1.2 Definition of “Independent Director”

The definition of the Company’s independent directors, approved by the Board, is the persons who have all the necessary qualifications and independence in accordance with the criteria set by the Capital Market Supervisory Board as follows:

- (a) holding shares not exceeding one per cent of the total number of voting rights of the company, its parent company, subsidiary, associated company, major shareholder or controlling person, including the shares held by related persons of such independent director;
- (b) neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the company, its parent company, subsidiary, associated company, same-level subsidiary, major shareholder or controlling person, unless the foregoing status has ended not less than two years prior to the date of appointment. Such prohibited characteristic shall not include the case where the independent director used to

be a government official or advisor of a government unit which is a major shareholder or controlling person of the company;

- (c) not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children of other directors, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling person of the company or its subsidiary;
- (d) not having a business relationship with the company, its parent company, subsidiary, associated company, major shareholder or controlling person, in the manner which may interfere with his independent judgment, and neither being nor having been a significant shareholder or controlling person of any person having business relationship with the company, its parent company, subsidiary, associated company, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of appointment.

The term ‘business relationship’ aforementioned under paragraph one includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the company or his counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the company or twenty million baht or more, whichever is lower.

The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions *mutatis mutandis*. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;

- (e) neither being nor having been an auditor of the company, its parent company, subsidiary, associated company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the company, its parent company, subsidiary, associated company, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years from the date of appointment;
- (f) neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million baht from the company, its parent company, subsidiary, associated company, major shareholder or controlling person, and neither being nor having been a significant shareholder, controlling person or partner of the professional advisor unless the foregoing relationship has ended not less than two years from the date of appointment;
- (g) not being a director who has been appointed as a representative of the company's director, major shareholder or shareholders who are related to the company's major shareholder;

- (h) not operate any business which has the same nature as and is in significant competition with the business of the company or subsidiary, or not being a principal partner in any partnership, or not being an executive director, employee, staff, or advisor who receives salary; or not holding shares exceeding one per cent of the total number of voting rights of any other company operating business which has the same nature as and is in significant competition with the business of the company or subsidiary;
- (i) not having any characteristics which make him incapable of expressing independent opinions with regard to the company's business affairs.

After having been appointed as independent director with qualifications complying with the criteria under (a) to (i) of the first paragraph, the independent director may be assigned by the board of directors to take part in the business decision of the company, its parent company, subsidiary, associated company, same-level subsidiary, major shareholder or controlling person, providing that such decision shall be in the form of collective decision.

5.1.3 Nomination and Appointment of Directors

The process for nominating directors is made through the Nomination and Remuneration Committee which considers qualifications, i.e. appropriateness, competency, experience, knowledge, and proficiency in various professional fields as well as skill necessary to fill any possible gap in the Board. Each candidate for a Company directorship must have the qualifications prescribed by the SET, the SEC and the Public Limited Companies Act, and must be nominated by the Nomination and Remuneration Committee

to the Board and to the shareholders' meeting. Additional details in regard to method of appointment of Directors are described under the heading "Method of Appointment and Removal of Directors as included in the Company's Articles of Association".

5.1.4 Role of Chairman of the Board

The Chairman of the Board is responsible for leading the Board with the following duties and responsibilities:

- Summoning meeting for Board and presiding over the meeting. In making decision, the Chairman has a deciding or casting vote in the event of tied votes.
- Setting Board meeting agenda in consultation with the Chief Executive Officer and Chairman of the Audit and Risk Committee and ensuring that Board members receive accurate, complete, timely and clear information prior to the meeting in order to assist their decision making process.
- Conducting the Board meeting according to the agenda, relevant laws and good corporate governance, allocating sufficient time and encouraging all directors to participate in the discussion, exercise their discretion prudently and express their opinions freely.
- Overseeing and ensuring that the Board of Directors and the Sub-Committees effectively carry out their duties to achieve the Company's objectives.
- Promoting constructive relations between executive and non-executive directors, and between the Board and the management.
- Ensure that all directors contribute to the company's ethical culture and good corporate governance.

5.1.5 Aggregation or Separation of Positions-Chairman of the Board and Chief Executive Officer

To enhance the good corporate governance of the Company, the Company has separated the positions of the Chairman of the Board and the Chief Executive Officer.

Mr. Ho KwonPing is the Chairman of the Board while Mr. Ho Ren Hua is the Chief Executive Officer in order to manage business operations of the Company effectively.

5.1.6 External Directorship Policy

The Board of Directors of the Company has established an external directorship policy as follows:

- External directorships held by the Chief Executive Officer of the Company are to be approved by the Nomination and Remuneration Committee.
- External directorships held by the senior management of the Company are to be approved by the Managing Director or the Chief Executive Officer of the Company.

The Board has not determined the maximum number of listed company board representations which any Director may hold. Instead the Board allows each Director to personally determine, at his/her sole discretion, the demands of his/her company directorships and assesses how much time he/she must dedicate in order to perform his/her duties as a Director of the Company effectively.

However, none of the board members holds a directorship position more than 5 listed companies in Thailand.

5.2 Sub-Committees

The Board approved the establishment of two sub-committees, namely the Audit and Risk Committee and the Nomination and Remuneration Committee comprising all Independent Directors in order to assist the Board to screen operations within certain

limits of authority as stipulated in the charter and to achieve operational efficiency. Additionally, in order to perform their duties transparently and independently, the Chairman of the Board is neither a Chairman nor a member of both committees as follows:

5.2.1 Audit and Risk Committee

The Audit and Risk Committee comprises three Independent Directors, two of whom, namely Mr. Subhak Siwaraksa and Mr. Vudhiphol Suriyabhivadh have adequate expertise and experience to review creditability of the financial reports. Mr. Vudhiphol Suriyabhivadh has experience on reviewing the financial reports of some listed companies in the Stock Exchange of Thailand. The members and the scope of duties and responsibilities of the Audit and Risk Committee have been disclosed under the heading “Management Structure” in the Company’s Form 56-1 and in the Company’s Annual Report.

5.2.2 Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises three Independent Directors, thus forming a strong and independent element which will enable decisions on nomination and remuneration to be made independently. Members and the scope of duties and responsibilities of the Nomination and Remuneration Committee have been disclosed under the heading “Management Structure” in the Company’s Form 56-1 and in the Company’s Annual Report.

5.3 Role, Duty and Responsibility of the Board

5.3.1 Duties of the Board of Directors

1. Overseeing the Company in managing the business for the benefits of shareholders by observing the following four practices:
 - Performing its duties with responsibility and all due circumspection and caution (Duty of Care).

- Performing its duties with faithfulness and honesty (Duty of Loyalty).
 - Performing its duties in compliance with laws, objectives, Articles of Association, the resolutions of the Board of Directors and the resolutions of Shareholders’ Meetings (Duty of Obedience).
 - Disclosing information to shareholders accurately, completely, and transparently with verification and timeliness (Duty of Disclosure).
2. Defining objectives that promote sustainable value creation and governance outcomes as a framework for the operations of the Company.
 3. Determining and reviewing the board structure, in terms of size, composition, and the proper proportion of independent directors so as to ensure its leadership role in achieving the Company’s objectives.
 4. Ensuring that the policy and procedures for the nomination and selection of directors are clear and transparent resulting in the desired composition of the board.
 5. Ensuring that all directors are properly accountable for their duties and responsibilities, and allocate sufficient time to discharge their duties and responsibilities effectively.
 6. Ensuring that directors understand the roles and responsibilities, the nature of the business, the Company’s operations, relevant law and are consistently given support to enhance their skills and knowledge necessary to carry out their roles on the board and board committees.
 7. Ensuring that an appropriate compensation structure and performance evaluation are in place.

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8. Ensuring that the Company has effective human resources management and development programs to ensure that the Company has adequate staffing and appropriately knowledgeable, skilled, and experienced employees and staff.
 9. Prioritizing and promoting innovation that creates value for business together with benefits for its customers, other stakeholders, society, and the environment, in support of sustainable growth of the Company.
 10. Encouraging management to adopt responsible operations towards society and the environment and incorporate them into the Company's operational plan in order to ensure that every department and function in the Company adopts the Company's objectives, goals, and strategies, applying high ethical, environmental and social standards.
 11. Establishing a framework for governance of enterprise IT that is aligned with the Company's business needs and priorities, stimulates business opportunities and performance, strengthens risk management, and supports the Company's objectives.
 12. Ensuring that the Company has effective and appropriate risk management and internal control systems that are aligned with the Company's objectives, goals and strategies and comply with applicable laws and standards.
 13. Monitoring and managing conflicts of interest that might occur between the Company, management, directors, and shareholders. The board should also prevent the inappropriate use of corporate assets, information, and opportunities, including preventing inappropriate transactions with related parties.
 14. Establishing a clear anti-corruption policy and practices and disseminating to the Company's stakeholders for proper implementations.
 15. Establishing a mechanism for handling complaints and whistleblowing.
 16. Prioritizing and ensuring the integrity of the Company's financial reporting system and that timely and accurate disclosure of all material information regarding the Company is made consistent with applicable requirements.
 17. Monitoring the financial liquidity and solvency of the Company and ensuring that risks to the financial position of the Company or financial difficulties are promptly identified, managed and mitigated, and that the Company's governance framework provides for the consideration of stakeholder rights.
- ### 5.3.2 Corporate Governance Policy
- The Company is committed to maintaining high standards of good corporate governance within the Company. The Company has adopted and continuously developed a set of good corporate governance practices and policies which are modeled on the 2017 principles of good corporate governance for listed companies advocated by the SET. The Company has also adopted and continues to apply the Code of Business Conduct approved by the Board of Directors and communicated throughout the organization. The Standard Operating Procedures have also been documented and applied by the Company. In addition, new internal rules and regulations with an aim to continuously improve the good corporate governance of the Company are approved and announced from time to time.

During 2017, none of the non-executive directors resigned due to corporate governance issues and no impairment of the Company's reputation arose due to the failure of the Board of Directors' supervision.

5.3.3 Code of Business Conduct

The Company holds strongly to the belief that good business ethics is one of the key elements for sustainable growth. To protect the interest of all stakeholders and in the interest of promoting and advocating good business ethics throughout the organization, the Company has adopted a Code of Business Conduct, which has been approved by the Board of Directors and communicated across the organization through electronic mail, the Company's intranet system, and notice boards in order to understand and to ensure that the Board of Directors, Management and employees strictly adhere to the Code as well as to encourage them to comply with the Code accordingly.

The Code has been drafted based on the principles of integrity, transparency and good corporate governance practices and good social ethics and disseminate through the Company's website (www.thaiwah.com).

During 2017, the Company's Board of Directors was not aware of any claim or allegation that the Company's Code of Business Conduct was disobeyed.

5.3.4 Delegation of authority between the Board and the Management

The Board's primary functions are to set corporate policy and overall strategy for the Company as well as overseeing the Company in managing the business for the benefits of shareholders.

The delegation of authority by the Board to the management is clear. Annual budgeted capital expenses require approval by the

Board. Unbudgeted capital expenses require approval as authorized by the Board as follows:

- Unbudgeted capital expenses less than Baht 2.0 million to be solely approved by the Managing Director.
- Unbudgeted capital expenses ranging from Baht 2.0 million to Baht 10.0 million to be jointly approved by the Chief Executive Officer and any one of the directors.
- Capital expenses in excess of Baht 10.0 million to Baht 50.0 million to be jointly approved by the Chief Executive Officer and any one of the directors and also requires ratification by the Board of Directors.
- Capital expenses in excess of Baht 50.0 million to be solely approved by the Board of Directors.

The approval to enter into a significant transaction by the Company's Board of Directors and/or shareholders' meeting as well as all information disclosure must comply with rules and regulations of the Stock Exchange of Thailand and/or the Capital Market Supervisory Board.

Duties and responsibilities of the Board have been disclosed under the heading "Management Structure" in the Company's Form 56-1 and the Company's Annual Report.

5.3.5 Conflict of Interest

Transactions between the Company and its connected parties which may give rise to a conflict of interest are scrutinized by the Audit and Risk Committee and if necessary, the approval to enter into such transactions are sought from the Board of Directors and/or shareholders based on the nature and size of transaction in accordance with the provisions of the Capital Market Supervisory Board.

Any director or management who has an interest in, or is related to, such transaction will not participate in the decision making process.

Such transactions have to be made under normal commercial terms, determined at fair price and at arm's length basis. In the event that the price is unavailable, the Company will then rely on the report of an independent appraiser appointed by the Company to value important connected transactions to arrive at a pricing which is fair to both the Company and the connected party.

All connected transactions are disclosed clearly and accurately. Details are further described under the heading "Connected Transactions" in the Company's Form 56-1 and in the Company's Annual Report.

5.3.6 Internal Audit and Control

The Company realizes the significance of effective system of control. The Board of Directors has assigned the Audit and Risk Committee to review the Company's internal control system in order to ensure that the Company's internal control system comprising of 5 components, namely control environment, risk assessment, control activities, information & communication, and monitoring activities in accordance with the guidelines of the Committee of Sponsoring Organizations of the Treadway Commission : COSO, is adequate and to report the outcome to the Board accordingly.

Opinions of the Audit and Risk Committee and of the Board of Directors on the internal control system of the Company are disclosed under the heading "Report of the Audit and Risk Committee" and "Opinion of the Board of Directors on the Company's internal control" in the Company's Form 56-1 and in the Company's Annual Report

Internal Audit

The Company has established the Internal Audit Department, an independent unit, head by Mr. Narupon Wuttichai. Mr. Narupon reports directly to the Audit and Risk Committee. His role is to audit and to assess the adequacy and efficiency of the Company's internal control based on the internal audit schedules approved by the Audit and Risk Committee and to regularly report the findings to the Audit and Risk Committee on a quarterly basis in order to improve the efficiency and effectiveness of the operation of the Company.

The appointment, transfer and termination of employment of the chief of the Internal Audit Unit have to be approved by the Audit and Risk Committee.

5.4 Meetings of the Board and Sub-Committees

5.4.1 The Board

The Company conducts regular scheduled Board meetings at least 4 times a year on a quarterly basis which are planned and formally agreed upon in advance in the fourth quarter before the start of the new financial year. Additional meetings are convened as and when circumstances warrant. The Company conducted 4 Board meetings and handouts for the meeting have been distributed to the Board members at least 5 days prior to the meeting. Attendance of all directors is shown below.

No.	Name	Number of Attendances in 2017/Meeting
1.	Mr. Ho KwonPing	4/4
2.	Mr. Surapon Supratya	4/4
3.	Mr. Ariel P Vera	4/4
4.	Mr. Ho KwonCjan	3/4
5.	Mr. Ho Ren Hua	4/4
6.	Dr. Sretsei Saittagaroon	4/4
7.	Mr. Umnad Sukprasongphol	4/4
8.	Mr. Shankar Chandran	4/4
9.	Mr. Vudhiphol Suriyabhivadh	4/4
10.	Dr. Jingjai Hanchanlash	4/4
11.	Mr. Subhak Siwaraksa ^(a)	2/4
12.	Mr. Chanin Archjananun	4/4

Remarks : (a) The Board of Directors' Meeting No. 1/2017 held on February 21, 2017 approved the appointment of Mr. Subhak Siwaraksa, as a new Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Member of the Company, succeeding Mr. Udom Vichayabhai

The Board is of the view that the contribution of each director should not be focused only on his or her attendance at Board and/or Committee meetings. A director's contribution may also extend beyond the confines of the formal environment of Board meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Company.

5.4.2 Audit and Risk Committee

The Company conducts regular scheduled Audit and Risk Committee's meetings at least 4 times a year, prior to the Board meeting, on a quarterly basis which are planned and formally agreed upon in advance in the fourth quarter before the start of the new financial year. Additional meetings are convened as and when circumstances

warrant. The Company conducted 4 Audit and Risk Committee's meeting. Each of the Audit and Risk Committee members attended the meeting as follows:

No.	Name	Number of Attendances in 2017/Meeting
1.	Mr. Vudhiphol Suriyabhivadh	4/4
2.	Mr. Subhak Siwaraksa ^(a)	2/4
3.	Dr. Jingjai Hanchanlash	4/4

Remarks : (a) The Board of Directors' Meeting No. 1/2017 held on February 21, 2017 approved the appointment of Mr. Subhak Siwaraksa, as a new Audit and Risk Committee Member of the Company, succeeding Mr. Udom Vichayabhai

5.4.3 Nomination and Remuneration Committee

The Company conducts regular scheduled Nomination and Remuneration Committee's meetings, prior to the Board meeting, at least once a year. The meetings are planned and formally agreed upon in advance in the fourth quarter before the start of the new financial year. Additional meetings are convened as and when circumstances warrant. The Company conducted 3 Nomination and Remuneration Committee's meeting. Each of the Nomination and Remuneration Committee members attended the meeting as follows:

No.	Name	Number of Attendances in 2017/Meeting
1.	Dr. Jingjai Hanchanlash	3/3
2.	Mr. Vudhiphol Suriyabhivadh	3/3
3.	Mr. Subhak Siwaraksa ^(a)	1/3

Remarks : (a) The Board of Directors' Meeting No. 1/2017 held on February 21, 2017 approved the appointment of Mr. Subhak Siwaraksa, as a new Nomination and Remuneration Committee Member of the Company, succeeding Mr. Udom Vichayabhai

5.5 Board of Directors' Report

5.5.1 Financial Report

The Board of Directors is accountable to its shareholders for the Company's financial statements as well as the financial information as shown in the Annual Report. The Board of Directors is satisfied that the Company's financial statements are prudently prepared in accordance with generally accepted accounting principles and are independently reviewed and audited by the international auditors who has expressed an unqualified opinion on the Company's financial statements. Additionally, the Audit and Risk Committee has been tasked to independently review the Company's financial report and internal control practices directly with the auditors. All pertinent information relating to the financial statements is clearly and completely disclosed in the accompanying notes.

Details are described under the heading "Internal Control and Risk Management" in the Company's Form 56-1 and under the heading "Opinion of the Board of Directors on the Company's Internal Control System" and the "Board of Directors' Responsibility for the Company's Financial Statements" in the Company's Annual Report.

5.5.2 Minutes of Meeting

The minutes of the meetings of the Board and other committees were accurately and completely recorded in all material aspects addressed at each meeting, including the questions, opinions and clarifications. The Company has a safe and secure filing system in place to keep the minutes of meetings and other supporting documents.

5.6 Development of Directors and Management

The Company's directors, management and employees are constantly encouraged to develop their skills by attending various seminars and training courses organized by various organizations, e.g. the Thai Institute of Directors, the SET and the SEC, etc. Seminars and training courses are periodically forwarded to them. Furthermore, relevant information is regularly provided to the directors so that they are kept abreast of latest developments thus enabling them to make informed decisions. Details of the training previously undertaken by each director are set out in Attachment 1 to the Company's Form 56-1 and under the heading "Board of Directors & Management and Company Secretary" in the Company's Annual Report.

In 2017, directors and management attended the training and seminar courses as follows:

Directors and Management	Position	Course
Mr. Umnad Sukprasongphol	Director and Managing Director (Starch Business)	• Ethical Leadership Program (ELP 10/2017), Thai Institute of Directors Association
Mr. Prateep Lertvatanakijkul	Managing Director (Food Business)	• Ethical Leadership Program (ELP 10/2017), Thai Institute of Directors Association
Mr. Subhak Siwaraksa	Independent Director	• Advanced Audit Committee Program (AAP 26/2017), Thai Institute of Directors Association
Ms. Orn-A-Nong Witchucharn	Chief Financial Officer	• Ethical Leadership Program (ELP 10/2017), Thai Institute of Directors Association

5.7 Orientation

The Company recognizes the importance of supporting new directors in performing their duties. The Company has provides information on the business of the Company and other information related to the operations of the Company to new directors, i.e. annual report and the relevant rules and regulation. Such materials are useful for them in performing their duties as directors of the Company.

5.8 Supervision on the operations of the subsidiaries and the associated companies

The Board shall appoint the directors and executives of the subsidiary companies. Except for operating arms or associate companies, the board may delegate this authority to the chief executive officer and the chief executive officer can appoint the appropriate person to be the director in such a company. The number of representative directors will be subject to the proportion of shareholding.

The Company shall define the duties and responsibilities of subsidiary directors who are the Company's representative in subsidiaries and associated companies. They will oversee the subsidiaries' operations to ensure compliance with applicable law and standards and the subsidiaries' policies. As well as overseeing that the subsidiaries' internal control systems are effective and that all transactions comply with relevant law and standards.

List of directors who serve on the Board of Directors of the subsidiaries or the associated companies is disclosed under the heading "Details of position of directors and management" in the Company's Form 56-1 and in the Company's Annual Report

5.9 Investor relations Functions

The Board has established a dedicated investor relations function who is responsible for regular, effective and fair communication with shareholders and other stakeholders such as analysts and potential investors by providing the Company's information in an appropriate, equal and timely manner via appropriate channels.

5.10 Supervision on the use of inside information

Adhering to high standards of best corporate governance practice, the Company has a Statement of Business Conduct to guide its Board of Directors, senior management and all rank and file employees in the use of inside information for the purpose of preserving the interest of all stakeholders of the Company. Apart from this, in order to prevent the misuse of confidential and price-sensitive corporate information, the Board of Directors of the Company approved the policy on dealing in securities of the Company which prohibits any directors, management and employees, regardless of rank, from disclosing such confidential and price-sensitive corporate information for personal gain or for any other reason not in the Company's interest or dealing in the Company's shares while in possession of unpublished confidential and price-sensitive information during the "embargo period" which is defined as two weeks before and up to the date of announcement of results for each of the first three quarters of the Company's financial year, and one month before and up to the date of announcement of the full-year financial results. The policy and reminder of the embargo period have been communicated to directors, management and employees on an annually and quarterly basis to strictly comply with this policy. Confidential and price-sensitive information is also restricted to only directors, management and those officers who have a direct responsibility over such matters. Any violation of this policy shall be subject to disciplinary actions under the working regulation. Additionally, the Company monitors the trading of the Company's shares by its directors, and senior management who are required to report to the Board of Directors on a quarterly basis on the holding of the Company's shares and in accordance with the rules of the Securities and Exchange Commission.

6. Auditors' Remuneration

6.1 Audit Fees

The Company and subsidiary companies paid the audit fees to the audit firm for the year 2017 for a total amount of Baht 6,006,000 and for a total amount of Baht 1,548,913 for four of its subsidiaries based abroad, details as follows:

Company	Auditors' remuneration
The Company	2,200,000 Baht
1 associated companies*	231,000 Baht
Subsidiary companies	
- 18 companies in Thailand	3,575,000 Baht
- 2 company in Vietnam	319,000,000 VND (approximately Baht 472,884)
- 1 company in China	160,000 Yuan (approximately Baht 804,525)
- 1 company in Cambodia	8,000 USD (approximately Baht 271,504)

Note : * The audit fee of the associated companies includes fees for the quarterly review of interim financial statements of associated companies amounting to Baht 68,000 paid by the Company. As the associated companies are not listed on the Stock Exchange of Thailand (SET), there is no requirement for their financial statements to be reviewed each quarter. The only reason why the quarterly reviews are carried out on the associated companies is to facilitate the quarterly reviews of the Company's financial statements. The quarterly reviews of the associated companies improves the Company's accuracy in the accounting for the share of results of these companies under the equity method.

In addition, the Company also absorbed Baht 105,950 which is a portion of the annual audit fee of an associate company. This was primarily due to the Company's request for the associated company to change its auditor from a local audit firm to a reputable international firm so that the Company can improve the accuracy and reliability of the share of result from this associated company. The amount absorbed by the Company represents the increase in audit fee of the associated company arising from the change in audit firm.

6.2 Non Audit Fees

-None-

7. Communication with Shareholders and External parties

The Company established the Investor Relations Department responsible for communicating crucial information to the investors, retail/individual investors, shareholders and domestic and international analysts. All stakeholders are able to contact the unit directly at Ms. Ratinan Wongwatcharanon (Investor Relations Manager) Telephone +66 2285 0040 Ext. 1109, e-mail ir@thaiwaha.com or through Company website, which provides both Thai and English versions along with the updated information. In the year 2017, the Company provide corporate presentations and information reports to the institutional investors, retail/individual investors, shareholders and domestic and international analysts, details are as follow:

Activities	Times/Year
Press Conference	1
Analyst Meeting	4
Opportunity Day	2
Outbound Roadshow	3
Inbound Roadshow	6
Conference Call	9
Company Visit	42

Corporate Social Responsibility

The Group commits itself to conducting its business with accountability to social communities, the environment and stakeholders by practising the principle of corporate social responsibility (CSR) as a guideline to doing business. In a bid to protect all stakeholders' interests, the Company's code of business conduct approved by the board of directors applies. This focuses on integrity, transparency, corporate governance and social ethics to maintain the Group's sustainable growth. The code of business conduct has been disseminated to the senior management and staff members of the Group so that they can use it as guidance on the performance of their duties.

1. Fair conduct

Fair Competition

The Company recognises the importance of equal and fair treatment of its counterparties by taking the following actions:

- providing correct and adequate information and advise in a timely manner to ensure their proper knowledge of our products and services;
- clearly stating the terms and conditions of each sale and purchase transaction and strictly complying with those provisions;
- delivering good quality products that have fair prices and meet the customer's requirements; and
- appointing a procurement committee responsible for implementing the bidding procedure in relation to any transactions worth more than one million baht, so that all information in the proposals will be reviewed by the committee to promote fairness.

Guideline for Practices toward Suppliers

1. Conduct business, both in production, sales of products, and services, in a safe and environmental-friendly manner.
2. Safeguard customer confidentiality, and refrain from abusing it for personal interest or for the interest of other parties.

3. Strictly comply with the trading agreements. In the event that any particular condition cannot be met, notify the customers in advance, and jointly seek a resolution to prevent any possible damage.
4. Do not demand or agree to receive assets or any improper benefits that are not stipulated in the trading agreement.

Policy on Selection of Suppliers

The Company places importance on product and service procurement process for the Company's interest in cost management and operational efficiency, and sets guideline for the selection of suppliers. The Company also implemented goods and service procurement process in a transparent and fair manner with the line authority of approval based on the nature and value of products as approved by the Board of Directors. Below is the Company's criteria for Selecting of suppliers

- Personnel, machineries, equipment, services, and storage, as well as credible financial status and company profile.
- Proof of satisfaction, both in product quality, services, on-time delivery, after services, and guarantees, or any other condition in the agreed transaction.
- Suppliers/ business partners with no conflict of interest against the Company's business nor blacklisting history on corruption or dereliction of duty. They must not be on the blacklist of the government and private sector.

Guideline for Practices Toward Competitors

1. Treat competitors within a fair competition and international principle framework.
2. Do not fraudulently or inappropriately seek confidential information from or about the competitors.
3. Do not damage the competitors by groundless slander and accusation.
4. Do not demand, receive, or pay for any improper benefits in trading with the Company's competitors
5. Strictly comply with terms and conditions regarding the competitors.

Respect of Others' Property

To recognise the importance of the property rights of others, the Company has established a policy applicable to the senior management and staff members. Under this policy, senior management must prevent the Company from violating any legal rights of stakeholders, including its employees, counterparties, social communities, business competitors and creditors, through any acts or decisions made. The Company also has an anti-piracy policy.

Anti-Piracy Policy

To recognise the importance of the Anti-Piracy, the Company has established the following guidelines:

1. Operate business in accordance with laws, regulations, and obligations on intellectual property rights.
2. Protect the Company's intellectual properties ("IP") from being infringed, copied, and adapted. Do not use, or disclose the Company's intellectual properties to third party without proper authorization.
3. Respect intellectual properties of others. Do not infringe or use others' work for personal benefit unless receiving proper authorization or paying fees to IP rights holder(s).
4. Report the superiors if infringement of intellectual properties or any act that may lead to dispute against the Company's intellectual properties are found.

Supply chain management

To recognise the importance of supply chain management, the Company has drawn up guidance on the performance of duties by the senior management and staff members to ensure collaboration between the Company and various stakeholders in a bid to enhance the Company's sustainable wealth and growth.

2. Anti-Corruption

The Company has established and adhered firmly and consistently to our business operation guidelines in accordance with good corporate governance in exercising corporate social responsibility (CSR) and giving importance to promoting anti-fraud and anti-corruption practices. The Board of Directors' Meeting no. 1/2017 on February 21, 2017, had approved the Company to join the Private Sector Collective Action Coalition Against Corruption.

The Company has established Anti-corruption Policy to promote anti-fraud and anti-corruption practices in order to enhance the efficiency, integrity, honesty and transparency of the anti-fraud and anti-corruption business practices, in accordance with the Company's objectives and to serve as clear guidelines for Directors, Executives and staff.

Note : The Anti-corruption Policy have been disclosed under the heading "Corporate Governance" in the Company's Form 56-1 and the Company's Annual Report.

3. Respect of Human Rights

According to the Company's code of business conduct, its board of directors and/or senior management are expected to ensure that the Company has not violated and will not violate any legal rights, including human rights, through any acts or decisions made. The key policy and procedure relating to human rights established as a part of the Company's standard operating procedures are as follows:

1. Treat each other with respect for the principle of human rights. Do not violate human rights nor related laws. Treat one another in an equal manner without discriminating against appearances, mind, ethnics, nationality, religion, gender, age, language, color, education, and social status.
2. Exercise caution in performing duties to prevent risks of human rights violation. Monitor, and report the superiors if any act against human rights is found.
3. Treat employees fairly in all employment processes, from selection, remuneration payment, work hours, holidays, work assignments, performance evaluation, training and development, to non-discriminatory career advancement planning.
4. Do not use forced labor, human trafficking labor, and illegal child labor.

4. Fair Labour Treatment

Employment and labour relations

The Company has a policy to employ legal labour, free of discrimination based on gender, race, religion or sexual orientation. Hiring forced labourers or child labourers (under the age of 18 years old) is prohibited. Disabled persons are given employment opportunities for any suitable positions to improve the quality of their lives.

The employment conditions, working conditions and fringe benefits are well managed in compliance with labour law on the basis of fairness, social ethics and transparency. The nomination, selection and appointment procedure of Company personnel is of great importance. The Company's key considerations when hiring are a candidate's knowledge, ability, experience, and suitability for the relevant job position. These requirements will also be taken into account for determining the employee's wages and reviewing their job promotion. The Company provides various fringe benefits and facilities, including medical expenses, accident insurance, recreation facilities, internal and external training courses, to improve the quality of its employees' working conditions.

The Company has set clear policies on the remuneration and welfare benefits which commensurate with market rates in the same industry and with the performance of the Company and the individual, as set out in the Code of Business Conduct which has been approved by the Board of Directors.

The Company has established the following guidelines for Practices toward Employees:

1. Treat each other with respect for the principle of human rights. Do not violate human rights nor related laws. Treat one another in an equal manner without discriminating against appearances, mind, ethnics, nationality, religion, gender, age, language, color, education, and social status.
2. Exercise caution in performing duties to prevent risks of human rights violation. Monitor, and report the superiors if any act against human rights is found.
3. Treat employees fairly in all employment processes, from selection, remuneration payment, work hours, holidays, work assignments, performance evaluation, training and development, to non-discriminatory career advancement planning.
4. Do not use forced labor, human trafficking labor, and illegal child labor.

Occupational Health and Safety

The Company promotes continuous training and development to develop its employees' skills, knowledge and ability, and to prepare them for their future careers. The training and development places particular emphasis on building team spirit, as well as promoting environmental

and occupational health and safety. In relation to the latter, the Company provides training to its employees on environmental and occupational health and safety, ISO 9001:2008 quality management, personal healthcare, factory sanitation and the GMP certification standards. The purpose of such training is to enhance the employee's morale, stability, and quality of working conditions, as well as to improve their leadership and commitment to the Company as an organisation.

On account of the Company's continued campaign to minimise accidents in the workplace, the rate of work-related accidents has decreased. There have been no records of death or severe accidents in the Group's manufacturing factories. These factories joined with a government campaign for an award of excellence in environmental and occupational health and safety, launched by the Welfare and Labour Protection Department and Ministry of Labour. The objective of the campaign was to promote employee alertness on this issue, work discipline, compliance with safety measures, and cooperation in preventing work-related accidents.

With awareness of the significance of its employees' occupational health and safety, the Company has strictly complied with all applicable laws and has established the Environment, Occupational Health and Safety Committee (EOHSC) to oversee the proper implementation of the OHSAS 18001 and TIS 18001 standards, and to regularly review the objectives and goals in relation to the working environment and occupational health and safety. The Company's fulfilment of the OHSAS 18001 and TIS 18001 standards has been recognised and certified by the relevant organisations.

The Company has established the following guidelines on health and safety:

1. Comply with laws, standards, and regulations related to health and safety to prevent or mitigate any possible impact.
2. Immediately report the superiors if any abnormality is found with regard to machinery, equipment, and workplace which may affect health and safety.
3. Superiors have direct responsibility over work safety, and a duty to announce or publicize preventive approach and control measure to prevent accident. They are also expected to monitor employees' health according to level of risk arising from work activities.

4. Prepare for emergency situations by continually developing, drilling, and updating an emergency plan to prevent or reduce risk on loss of life and assets of the Company, employees, suppliers, and other concerned parties.
5. Cultivate consciousness on healthcare and safety among employees throughout the organization to ensure sustainable work safety.

5. Responsibility to Consumers

Consumer Health and Safety

All staff members are encouraged to recognise the importance of safety at all stages of the manufacturing procedure. The Company operates an efficient reverse examination system that can prove the manufacturing procedure through a scientific method using standard and advanced technology equipment. It aims to make food products using the food safety management system according to the HACCP and GMP standards, to control against any hazards and to comply with laws and regulations relating to food safety applicable in Thailand and other countries in which the counterparties operate. The Company's organisational procedure has been continuously improved to manage the clear disclosure of complete and correct information to all relevant parties.

The Company has a policy to produce good quality and high standard products using state-of-the-art technology, and maintains a quality control system covering all stages of its manufacturing procedure. The Company's products have won awards for the following international standard certifications: ISO 9001:2008, Good Manufacturing Practice (GMP), Hazard Analysis Critical Control Point (HACCP), KOSHER and Halal.

The Company has committed itself to maintaining and improving its quality management system across its organization in order to manufacture good quality products which are safe for its consumers. Currently, the Company has been awarded the following international certifications of manufacturing standards: GMP, HACCP, ISO 9001, and Halal. The Company has also recognised the importance of research and development to the development of quality products that meet customers' needs, and the Company carries out frequent calibrations on its laboratory equipment, as can be seen by the

certification of its food lab standard: ISO/IEC 17025 granted by the Ministry of Public Health of Thailand.

The Company has set the guideline for Practices toward Customers in the Code of Business Conduct as follows:

1. Conduct business, both in production, sales of products, and services, in a safe and environmental-friendly manner.
2. Conduct business with an aim to continuously develop products and services, create new innovations to add more values to the products, and respond to the customers' needs.
3. Conduct business with integrity, honesty, and fairness, and do not take any action that would violate customer rights. Safeguard customer confidentiality, and refrain from abusing it for personal interest or for the interest of other parties. Do not directly and indirectly demand or agree to receive assets or any improper benefits from customers.
4. Strictly comply with the trading agreements. In the event that any particular condition cannot be met, notify the customers in advance, and jointly seek a resolution to prevent any possible damage.
5. Set up communication channels where customers can file for complaints to the Company. Follow up, investigate, and respond to customers' complaints in a fair manner.

Labels of Goods and Services

With awareness of the importance of showing correct information relating to its products, the Company has ensured that the sachets, sacks, and/or labels for all its products show the correct information about nutrition, cooking instructions, and other information in accordance with applicable laws, rules, regulations and international standards. This is to ensure that consumers derive the best benefit possible from use of its products.

Marketing Communications and Customer's Privacy

The Company commits itself to producing good quality, hygienically safe and timely delivery so as to satisfy consumer requirements. The Company continuously improves its manufacturing quality control system to ensure it meets international standards. The Company's performance is measured by customers' satisfaction which the Company can be used further for improving and developing its products and services.

6. Environmental care

The Company strives for environmental care and conservation, and encourages environmental management awareness amongst its employees. The following guidelines for practices toward environment has been set in the Code of Business Conduct:

1. Operate in accordance with environment-related laws, standards, and regulations, taking into consideration resource and environmental impact.
2. Promote environmental management system. Improve production and operational system to save resources and energy, ensure efficient use, and reduce environmental impact. Promote systematic management with regular evaluation, review, and improvement.
3. Support development and dissemination of environmental friendly technologies.
4. Provide training and knowledge on environmental care and conservation to employees of all levels in order to promote cooperation and responsibility in environmental management, as well as efficient and sustainable use of resources.

Sustainable Use of Resources

In the present day, energy use is one of the key factors in economic improvement. With the rising demand for energy due to economic growth, the Company has been alerted to the importance of sustainable energy use. The Company therefore implemented energy preservation and alternative energy sources into action by installing a system to generate biogas from waste water released from its factories. Biogas is used as a fuel in generating thermal energy, which substitutes for furnace oil in the manufacturing procedure of cassava starch. In addition to the direct benefit that the Company and its subsidiaries obtain from cost reductions, the biogas system also brings about a decrease in greenhouse gas emissions. Furthermore, the products of the Company and its subsidiaries also received Carbon Footprint certificate issued by Thailand Greenhouse Gas Management Organization (TGO)

including subsidiary companies are also certified with ISO 14001: 2004 standard which represents the Environmental Management System with the purpose of making the organization aware of the importance of environmental management and developing the environment along with business development by focusing on preventing the pollutions released and continuous development.

Prevention and Mitigation of Pollution

The construction of the biogas project was to replace the furnace oil with biogas, for which the Group uses the Covered Lagoon Bio Reactor (CLBR) technology, which incorporates in itself the advancements, high capacity and stability and carries the low cost of quality control. The CLBR technology has dual function both in biogas generation and waste water treatment. In addition to producing benefits in the form of cost reductions, the biogas project efficiently assists in environmental management. The benefits in respect of mitigating environmental effects are as follows:

- **Quality of discharged water:** After the waste water passes the CLBR system, the concentration value of organic compounds will reduce to 95-97 percent for both the Company and its subsidiaries. Subsequently, the waste water enters the open treatment system, which is the original system used by the factory that meets applicable standards of the Department of Industrial Works.
- **Reduction in greenhouse gas emissions:** Methane is a type of greenhouse gas that produces 21 times harsher effects than carbon dioxide. Reducing methane emissions into the atmosphere by reusing it as a source of energy can also reduce the emission of carbon dioxide.
- **Smell:** The CLBR system assists in eliminating the unpalatable smell of waste water discharged from the manufacturing procedure by using a close-covering system.
- **Sanitary condition of the Company's employees and local communities:** The cause of the problem will be solved in the manner that the unpalatable smell and waste discharged from the manufacturing procedure will be eliminated.



Furthermore the Company recognizes the importance of environmental conservation and has implemented an environmental management system, evaluated and reviewed the system regularly to achieve sustainable development. As a result, the Company has obtained certification of its environmental management system under ISO 14001:2004 and has also been awarded a green industrial certification at level 3 (the green system) from the Ministry of Industry of Thailand, which is the system that reflects environmental friendliness. In addition, the Company has installed manufacturing waste treatment systems to tackle pollution in accordance with the Ministry of Industry's standards. Installed systems include: (i) natural ponds for wastewater treatment located on an area of approximately 50 rai; and (ii) an air pollution treatment system using both a wet scrubber and a cyclone scrubber to catch dust and fumes from the combustion process before they are discharged from the factory. These systems are subject to regular inspection, modification and improvement by a team of engineers and specialists.

7. Social and Community Development

The Company and its subsidiaries have always recognised the importance of improving the quality of life of local communities. The following guidelines have been established for social and community:

1. Do not violate the rights of others in the community and society.
2. Cooperate with other agencies in community development. Support community's activities for public benefits.
3. Promote good relationship between the Company and community/society on the basis of integrity, transparency, and fairness.

In the year 2017, the Company participated in social and community development for sustainable growth as follows :



Improved Water Supply Project

The Company sent a team of mechanical technicians to improve the efficiency of water drainage system at Ban Wang Hin Moo 18, Pimai district, Nakhon Ratchasima. In addition, the Company also constructed and installed the sun shade net at the area to prevent sunlight directing towards the pond and reduce *Protococcus*.

E-money Card Project

The queuing system had been established for the registering of the farmers to sell tapioca roots to the Company. This was done to increase the farmers' confidence in tapioca cultivation and that there was a definite market for them with price guarantee. With the queuing system for selling and the payment of tapioca roots via E-money card and allows the farmers to use the E-money card for withdrawing the cash from ATM. This has enabled the Company to purchase tapioca roots continuously base on the work plan.





Farmers Training Project

The Company conducted training and seminars for farmers who were members of the Thakanto factory, in order to promote their knowledge and understanding on the planting techniques and increase the productivity of tapioca and also driving the E-tan car safely.

Distributing Tapioca Stem to Farmers

The Company distributed tapioca stem to the tapioca farmer's members for propagation and cultivating. This can reduce the cost for the farmers and have good quality tapioca stems for cultivation, as certified by the government, for a better yield.



Promoting Cultural Activities

The Company participated in cultural activities every year, such as the Pimai traditional boat race in Nakhon Ratchasima in order to continue preserving and inherit the beautiful culture in those areas.

Dredging Canal for the Kaem Ling Project

The Company participated in the Kaem Ling project by removing weeds from the public reservoirs at Thakanto district, Kalasin province. The purpose was to reduce the drought problem that continued to get worst each year due to the climate change. The Company also received recognition for using water within the community.





The Construction of Check Dam Project

The Company supported the construction of Huay Luang check dam project for agricultural purposes at Ban Champa, Chiang Yuen, Udon Thani province.

Volunteering in Pracharath Project

The Company volunteered in the Pracharath project for developing the water resources by dredging the canal, eliminating water hyacinth, weed and other wastes from the water resource at Water obstacle Klong Lad area, Tha Kham, Bang Pakong, Chachoengsao.



70 years Thai Wah Protect the Forest Project

The Company aimed at creating environmental awareness amongst its employees by participating in the 70 years Thai Wah protects the Forest Project where the employees plant the mangrove at Wat Klong Mud, Samut Songkhram Province in order to preserve the forest and the environment.

Granting Scholarships to Employees' Children

The Company supports the development of young people's potential who are important factors in laying the foundations of an educated society. The Company has granted scholarships to employee's children who have shown excellent academic performance and the right learning attitude but lack the appropriate funding.





English Learning Via Internet

The Company conducted English learning via a tablet application for elementary students, along with course to improve 4 skills namely listening, speaking, reading and writing, 4 hours a week. The designed technology allowed students and teachers (native speaker) to communicate with each other.

Continuing Projects

Project of Converting a Large Civil State for Modern farming

“The project of converting a large civil state for modern farming for cassava roots”, Nikhom Sang Ton Eng sub-district, Pimai district, Nakhorn Ratchsima province. It is a big modern farming project where farmers can reduce their costs and increase productivity for the plantation by using the drip irrigation system and by natural process (the rain) through the knowledge and technological know-how that they received from this cassava plantation prototype project and spread the success to other communities.

In the year 2017, the farmers joining the project increased from 1,700 rai to 2,800 rai in Pimai District, Nakhon Ratchasima Province. The Company also joined the project in Udon Thani for approximately 2,000 rais. For the year 2016-2017, the output per rai was higher than the set target.



School within Factory Project

The Company’s “School within the factory” project co-operated with the Udon Thani Provincial Office of the Non-formal and Informal Education, in order to encourage employees who wished to enhance their knowledge and qualification. This would inturn improve their personal skills. This was a continuous project from the year 2016.

Internal Control System and Risk Management

The Company's Board of directors recognizes the importance of internal controls and risk management systems that are key fundamental to drive company's sustainable growth with added value to Company's stakeholders. The Board of directors have set up clear company guideline to employees for internal control and Risk management, and assigned internal audit department and risk management department to coordinate across all functions included all factories to conduct overall assessments on internal control system and Company risks on the annual basis. This assessments are using mean of inquiring managements, key staffs in each departments and factories based on the guidelines for evaluating the adequacy of internal controls and risk managements as set out by The Securities and Exchange Commission. Furthermore, the Board of Directors has determined the standard operating procedure and practice for internal control and risk management based on the guidelines of The Committee of Sponsoring Organization of the Trade way Commission - Enterprise Risk Management ("COSO-ERM"). The internal audit department is directly report to the Audit and Risk Committee. The Board of Directors also recognizes the importance of risk management to mitigate the risks derived from external factors (inherent risks) and internal factors (control risks) that need to manage the impact to be remained at the acceptable or immaterial risk level. The review scope of these internal audit and risk management are also included subsidiaries. The review of internal audit are to ensure all operation controls are set in place, all financial reporting are reliable , and to ensure there are no conflict of interest for any related party transaction.

Below are key components of internal control and risk management based on the COSO-ERM guidelines;

Control Environment

Board of directors have given the management guideline and organizational structure that allowed the operation can be run independently, practically, with communication effectively. These clear guideline & structure as well as clear Company objective will drive the Company success in running business with good corporate governance, transparency and fairness. The combination of control environment are as followed;



Objective Setting

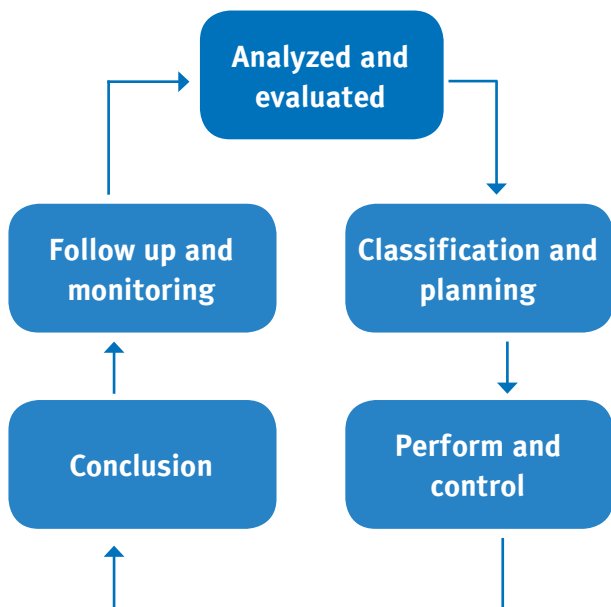
Board of directors have provided objectives for each level of operations and strategies which including the implementation of policies, rules and regulations. These objectives and goals align with the overall Company's mission.

Event Identification or Risk Factors

Board of directors have identified events or factors for both internal and external risks that may have unfavorable impact to the Company goals and objectives at corporate and operations level. This is included process of review and monitor those risk factors regularly.

Risk Assessment

Board of directors assigned Risk management Department to take the lead to coordinate with all functions included all factories to perform risk assessment process and set up appropriate risk management to control and mitigate those defined risks that may lead to unfavorable impacts to the company goals and objectives. For considering risk level, there are two aspects to be considered included the potential loss or damage resulted from those risk occurrence (impact) and the probability of those risk occurrence (likelihood). The process of risk management area as follow:



Risk Response

Board of directors have provided the process for risk management in a structure and consistent by defining a risk management approach to reduce the likelihood and the impact, and set up effective internal control to be suitable for those risk circumstances.

Control activities

Board of directors have defined the standard operating procedure to ensure that the operation is run appropriately. The control activities included as follow:



Information system and communication

Board of directors recognizes the importance to the information system and effective communications by assigning the information technology department to regulate, monitor, and continuously develops the IT system to be up to date to the current trend of technology. In 2017, The Company and subsidiaries have implemented the Enterprise Resource Planning (ERP) for entire data management across all functions. This ERP will help company enable to use data management effectively with the timely decision making. Apart from this, the Board has also established policies based

on the laws of Computer Related Crime Act to govern the use of sensitive information and other company's IT equipment. The information of policy, regulation and code of conduct included documentations and other announcements are communicated within the organization through channels via email and intranet to the employees.

Monitoring

The Board of directors and Audit and Risk Committee have the meeting at least once each to review the company performance against the company plan and objective. This review has also included monitoring, and follow-up on any inefficient process, control gaps that have to be corrected. Base on the policies and practices on internal controls and risk managements, the Board of directors considers the Company's internal control system and risk managements to be adequate, appropriate and efficient and no significant material weaknesses in the Company's internal control system and risk managements.

Head of internal audit

The Audit and Risk Committee meeting had appointed Mr. Narupon Wuttichai to be the head of the internal audit department based on qualifications, knowledge and abilities to perform the tasks. Both of them attended several training courses of internal audit by the Institute of Internal Auditors of Thailand. They also have experience in auditing and reviewing financial statements of other enterprises which can be applied in practice. They have full understanding of the Company's processes and procedures. Overall, the Audit Committee is satisfied with the appointment of Mr. Narupon and Mr. Sorasak as the head of internal audit and believes that they have full ability in performing his role.

The appointment, transfer and dismissal of the head of internal audit of the Company must be approved by the Audit and Risk Committee.

Profile of the Head of Internal Audit Unit

Name : Mr. Narupon Wuttichai
Age : 35 Years
Education : Bachelor degree of Accounting, Bangkok University
 Certified Public Accountant No.10419
 Cooperative Auditor in Thailand No.10395

Experiences :

October 2015 - Present	Internal Audit Manager Thai Wah Public Company Limited
2012 - September 2015	Internal Audit Manager Thai Wah Starch Public Company Limited
2011 - 2012	Audit Manager Marzars Limited
2004 - 2011	Audit Manager KPMG Phoomchai Audit Ltd.

Training and Seminars :

- Skill of New Auditor In-Charge, The Institute of Internal Audit
- Risk Assessment of Internal Control COSO ERM by Function
- Fraud Risk Management
- Anti-Corruption: The Practical Guide
- IFRS & TFRS updating
- Taxation updating
- BRC Global Standard for Food Safety Issued 7 system
- Quality System ISO 9000 version 2015

Opinion of the Board of Directors on the Company's Internal Control System

The Board of Directors ensures that the Company has effective and appropriate risk management and internal control systems that are aligned with the Company's objectives, goals and strategies and comply with applicable law and standards. The Board is of the opinion that the Company's internal accounting controls are adequate and have enabled the external auditors to opine that the Company's financial statements for the year ended 2017 are presented fairly.

The Board has also taken note of, and accepted, the Audit and Risk Committee's report on the Company's internal control system comprising of 5 components namely control environment, risk assessment, control activities, information & communication, and monitoring activities and therefore concludes that the Company's internal control system is adequate with sufficient personnel to conduct the system efficiently and that there are no material weaknesses in the Company's internal control system.



Mr. Ho KwonPing
Chairman of the Board

Report of the Audit and Risk Committee

The Audit and Risk Committee of Thai Wah Public Company Limited (“the Company”) comprise of 3 independent directors. The Committee is empowered to:

- review the Company’s financial reports, internal control and internal audit systems, disclosure of connected transactions and compliance with all relevant regulations and laws;
- recommend special audit plans to the internal auditor as well as approve the appointment, transfer and termination of employment of the chief of the internal audit unit;
- advise management on matters related to the principles of good corporate governance;
- recommend the appointment of the Company’s external auditors and their remuneration;
- review and encourage the Company to enforce and comply with an appropriate and efficient risk management policy, as well as to oversee and monitor the Enterprise Risk Management Committee; and
- Supervise the compliance with the Anti-corruption Policy.

During 2017, the Audit and Risk Committee formally convened four meetings with the Company’s external auditors and internal auditors including the management in order to review the compliance with accounting standard requirements and internal controls prior to approving the quarterly reports and the annual financial statements. The meetings also included the discussions with the Company’s internal auditor to review and advise on its findings and to follow up on matters arising from the schedule of work it had approved the internal auditor to undertake during 2017 thereby ensuring that the work was both sufficient and effective. Besides, the Audit and Risk Committee attended one non-management meeting

with the external auditor to deliberate accounting approaches and audit plans also approved the Internal Audit’s work plan and the Risk Management Committee’s work plan for the year 2018.

All members of the Audit and Risk Committee attended the meetings convened in 2017. One of members was unable to attend twice Audit and Risk Committee Meetings. The 1st meeting which was held on February 15, 2017, however the Board of Directors’ Meeting held on February 21, 2017 had recently appointed him as the Audit and Risk Committee Member. As for the 4th meeting, he was unable to attend since he had to attend the meeting of Monetary Policy Committee, Bank of Thailand.

In regard to Risk Management, the Audit and Risk Committee was assigned by the Board to oversee the Company’s risk management processes and activities in order to mitigate and manage risk at the acceptable level. The Audit and Risk Committee had received a report from the Risk Management Committee which comprised of Senior Management and reported to the Audit and Risk Committee on the operational risks and the measures taken to address them. The Audit and Risk Committee approved the 2018 Risk Management Committee’s work plan and reviewed the progress on risk management of the Company on a quarterly basis. In addition, the Audit and Risk Committee also provided recommendations to the Risk Management Committee in order to enhance the effectiveness and appropriateness of the risk management system suitable for the Company’s operations.

The Audit and Risk Committee agrees with the certified public accountant that the Company’s financial statements and

disclosures of relevant information were adequate and fairly presented, in all material respects, in accordance with the general accepted accounting principles. The Audit and Risk Committee is satisfied that the Company's internal control system comprising of 5 components namely control environment, risk assessment, control activities, information & communication and monitoring activities is sufficient both to support the operations including financial procedures and to enable the external auditors to fairly express an opinion on the financial statements. Where internal control weaknesses have been detected during the course of the Audit and Risk Committee's review, the management has been alerted and has taken appropriate corrective action.

The Audit and Risk Committee also reviewed the connected transactions that required the Board of Directors or Shareholders' approval in compliance with the Stock Exchange of Thailand and Securities and Exchange Commission regulations as well as the disclosure of the Company's connected transactions. The Audit and Risk Committee is satisfied that the connected transactions had been entered into on an arms' length basis applying the principle of an open market between willing parties and the disclosure is sufficient and transparent.

The Audit and Risk Committee is satisfied that the Company has performed in compliance with the Securities and Exchange Commission/The Stock Exchange of Thailand rules and regulations and the laws related to the business of the Company and that the Company has supported and continuously developed its good corporate governance principles.

The interests of all shareholders remain the principal objective of the Audit and Risk Committee. The Company's operating results and financial reports are therefore reviewed for transparency and completeness, including reviewing of the Anti-Corruption Policy. The Internal Audit Department had also been assigned to review and establish the internal

audit plan in order to comply with the Anti-corruption Policy. In this regard the Audit and Risk Committee has been able to satisfactorily resolve all matters arising within the terms of its Charter with both the management and the external and internal auditors.

The Audit and Risk Committee has recommended the Board to appoint Mr. Sophon Permsirivallop, Certified Public Accountant No. 3182 and/or Ms. Runnapa Lertsuwankul, Certified Public Accountant No. 3516 and/or Ms. Pimjai Manitkajohnkit, Certified Public Accountant No. 4521 and/or Ms. Rosaporn Decharkom, Certified Public Accountant No. 5659 and/or Ms. Sumana Punpongsanon, Certified Public Accountant No. 5872 of EY Office Limited to be the Company's auditors for the fiscal year 2018 with the recommended auditing fee of Baht 2,400,000. The appointment and the auditing fee would be subject to the approval at the Annual General Shareholders' Meeting.



(Mr. Vudhiphol Suriyabhivadh)
Audit and Risk Committee Chairman
February 20, 2018

Board of Directors' Responsibility for the Company's Financial Statements

The Board of Directors is responsible for the Company's financial statements including the notes to the financial statements.

In its review of the financial statements, the Board of Directors has relied upon the reports and work performed by the Company's external auditors, EY Office Limited, and the Company's Audit and Risk Committee which has carried out extensive discussions with management of the Company. The Board has also satisfied itself that there is no material weaknesses in the Company's internal accounting controls, internal control system and standard operating procedures.

The Board of Directors is therefore able to conclude that the financial statements for the year ended 2017 have been prudently prepared in accordance with generally accepted accounting principles to give a correct and complete presentation, in all material aspects, the financial position of the Company.



Mr. Ho KwonPing
Chairman of the Board



Mr. Ho Ren Hua
Chief Executive Officer



Thai Wah Public Company Limited
Report and consolidated financial statements
31 December 2017

Independent Auditor's Report

To the Shareholders of Thai Wah Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Thai Wah 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 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 Thai Wah 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 Thai Wah Public Company Limited and its subsidiaries and of Thai Wah 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

The revenue from sales is the significant amount in the statement of comprehensive income and is also the key indicator of business performance on which the users of financial statements focus. In addition, the Company has a large customer base. There is therefore a risk of the Company recognising revenue that has not actually occurred.

I have examined the revenue recognition of the Company by

- Assessing and testing the Company's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select sales documents to assess whether revenue recognition was consistent with the conditions of sales, and whether it was in compliance with the Company's policy.
- On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes that the Company issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period.

Goodwill and trademarks

I have focused my audit on the consideration of the impairment of goodwill and intangible assets (trademarks) with infinite useful lives, as discussed in Notes 18 and 17, respectively, to the financial statements, because the assessment of impairment of goodwill and intangible assets is a significant accounting estimate requiring management to exercise a high degree of judgment 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 values of goodwill and trademarks. 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. In addition, I 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 judgment in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the moving average finance costs of the Company 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 growth rates. Moreover, I reviewed the disclosures made with respect to the impairment assessment for goodwill and intangible assets, as well as sensitivity of the impact of changes in key assumptions to the cash flow projections.

Allowance for impairment of investments in subsidiaries

I have focused my audit on the consideration of the impairment of investments in subsidiaries as discussed in Note 13 to the financial statements, because the impairment assessment on investments in subsidiaries

is a significant accounting estimate requiring the management to exercise a high degree of judgment in identifying and estimating the recoverable amounts that are expected to be generated from those investments in subsidiaries. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use. Moreover, the amount of the allowance for impairment of investments in subsidiaries is a significant account presented in the statement of financial position. There is thus a risk with respect to the valuation of investments in subsidiaries.

I assessed the identification of the financial models selected by management by gaining an understanding of management's decision-making process. In addition, I tested the significant assumptions applied by management in preparing estimates of the recoverable amounts that are expected to be generated from the investments in subsidiaries, 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 judgment in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the average costs of the subsidiaries and of the industry, tested the calculation of the realisable values of the investments in subsidiaries 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 growth rates.

Business combination

As discussed in Note 2.2 to the financial statements, in October 2017, Thai Wah Bio Power Limited (TWBP), the subsidiary, purchased ordinary shares of Tapioca Development Corporation Limited (TDC) accounting for 33.34% of the total issued and paid up shares of TDC, or a total of Baht 219.89 million. As a result of the transaction, the group's investment proportion in TDC increased from 33.33% to 66.67%. The Company changed the recording of the investment in TDC from investment in associated company to investment in subsidiary since the investment date. As at the date of acquisition, the Company recognised and measured the assets acquired and liabilities assumed at their fair value and recognised gain on the purchase of business at a price lower than fair value from the business combination by applying the acquisition method. I have focused on this business acquisition since it is material to the financial statements as a whole, and management was required to exercise substantial judgment when appraising the fair value of the assets acquired and liabilities assumed. Therefore, there is a risk with respect to the recognition and measurement of the assets acquired and liabilities assumed, including recognised gain on the purchase of business at a price lower than fair value.

I reviewed the terms and conditions of the agreement and inquired with management as to the nature and objectives of the acquisition in order to evaluate whether the acquisition meets the definition of a business combination under Thai Financial Reporting Standard 3, Business Combinations. In addition, I checked the value of the acquisition to supporting documents and related payments to assess whether it reflected the fair value of the consideration transferred and did not include acquisition-related costs. I also assessed the fair value of assets acquired and liabilities assumed specified in the documentation of measurement under the acquisition method as prepared by independent valuation specialists, by considering the methods and significant assumptions used by the independent valuation specialists in calculating the fair value of assets and liabilities, reviewing the components of the financial model, comparing significant assumptions with the company's historical information and industry and related economic information such as interest rate and tax rate, comparing discount rate with the company's financial costs and industry and evaluating the expertise, ability and independence of the independent valuation specialist. I also reviewed the disclosures related to the business combination in the notes to financial statements.

Other Information

Management is responsible for the other information. The other information comprises 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:

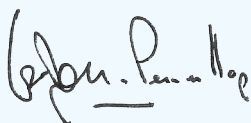
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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.



Sophon Permsirivallop
Certified Public Accountant (Thailand) No. 3182

EY Office Limited
Bangkok: 22 February 2018

Thai Wah Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	7	827,073,163	315,326,452	211,226,805	134,656,805
Current investments	8	460,155,171	940,956,617	428,719,822	940,956,617
Current portion of other long-term investments	14	160,619,722	70,688,095	160,619,722	70,688,095
Trade and other receivables	6, 9	740,422,247	655,889,409	570,937,467	572,983,648
Short-term loans to related parties	6	-	-	405,475,287	84,675,287
Current portion of long-term loans to related party	6	-	-	35,000,000	-
Inventories	10	839,814,963	703,597,398	379,273,678	392,005,803
Current tax assets		4,090,656	24,754	-	-
Other current assets		115,865,936	110,564,063	69,019,049	54,653,629
Total current assets		3,148,041,858	2,797,046,788	2,260,271,830	2,250,619,884
Non-current assets					
Restricted bank deposits	11	65,533,405	9,659,000	-	-
Investments in associates	12	33,552,287	278,659,734	31,600,000	86,350,700
Investments in subsidiaries	13	-	-	579,083,481	455,612,973
Other long-term investments					
- net of current portion	14	484,509,742	514,994,877	484,509,742	514,994,877
Investment properties	15	160,812,811	147,552,330	504,000	504,000
Property, plant and equipment	16	2,561,421,255	2,007,490,890	1,373,041,959	1,333,229,893
Intangible assets	17, 18	543,300,872	529,444,028	504,262,120	526,460,964
Goodwill	18	100,678,428	100,678,428	100,678,428	100,678,428
Deferred tax assets	27	3,364,484	1,057,437	-	-
Other non-current assets		15,267,693	16,427,653	3,935,040	3,910,832
Total non-current assets		3,968,440,977	3,605,964,377	3,077,614,770	3,021,742,667
Total assets		7,116,482,835	6,403,011,165	5,337,886,600	5,272,362,551

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

Thai Wah Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)					
		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	19	155,950,437	140,561,123	-	-
Trade and other payables	6, 20	529,758,964	454,973,291	443,115,146	475,845,068
Short-term loan and accrued interests from related party	6	2,652,183	2,629,198	-	-
Current portion of finance lease liabilities	21	3,678,577	2,838,751	3,678,577	2,838,751
Current portion of long-term loans from financial institutions	22	30,500,000	30,000,000	-	-
Income tax payable		45,117,100	75,507,948	28,446,365	54,315,848
Other current liabilities		40,810,239	43,664,418	19,758,928	23,735,945
Total current liabilities		808,467,500	750,174,729	494,999,016	556,735,612
Non-current liabilities					
Liabilities under finance lease agreements					
- net of current portion	21	12,099,529	8,801,059	12,099,529	8,801,059
Long-term loans from financial institutions					
- net of current portion	22	-	-	-	-
Provision for long-term employee benefits	23	220,529,857	155,525,774	165,115,769	135,135,453
Deferred tax liabilities	27	157,470,257	133,476,793	125,054,902	133,935,829
Other non-current liabilities		11,804,290	10,282,184	3,047,962	626,500
Total non-current liabilities		401,903,933	308,085,810	305,318,162	278,498,841
Total liabilities		1,210,371,433	1,058,260,539	800,317,178	835,234,453

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

Thai Wah Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2017

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Shareholders' equity					
Share capital					
Registered					
880,420,930 ordinary shares of Baht 1 each		880,420,930	880,420,930	880,420,930	880,420,930
Issued and fully paid up					
880,420,930 ordinary shares of Baht 1 each		880,420,930	880,420,930	880,420,930	880,420,930
Share premium		300,740,523	300,740,523	300,740,523	300,740,523
Surplus on the amalgamation		764,866,016	764,866,016	764,866,016	764,866,016
Retained earnings					
Appropriated - statutory reserve	25	89,705,000	89,705,000	89,705,000	89,705,000
Unappropriated		3,452,966,364	3,157,119,218	2,584,670,212	2,483,715,117
Other components of shareholders' equity		(142,367,856)	(93,296,634)	(82,833,259)	(82,319,488)
Equity attributable to owners of the Company		5,346,330,977	5,099,555,053	4,537,569,422	4,437,128,098
Non-controlling interests of the subsidiaries		559,780,425	245,195,573	-	-
Total shareholders' equity		5,906,111,402	5,344,750,626	4,537,569,422	4,437,128,098
Total liabilities and shareholders' equity		7,116,482,835	6,403,011,165	5,337,886,600	5,272,362,551

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

Thai Wah Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit or loss:					
Revenues					
Sales		6,265,082,261	6,163,357,106	4,665,725,733	4,762,152,959
Gain from business acquisition	2.2	118,400,373	-	-	-
Other income		88,448,548	142,144,645	115,558,437	127,866,529
Total revenues		6,471,931,182	6,305,501,751	4,781,284,170	4,890,019,488
Expenses					
Cost of sales		4,881,672,694	4,600,087,183	3,717,418,735	3,686,890,163
Selling expenses		518,623,860	455,045,493	378,040,589	350,682,094
Administrative expenses		419,441,720	344,683,029	327,166,692	289,722,229
Total expenses		5,819,738,274	5,399,815,705	4,422,626,016	4,327,294,486
Profit before share of profit from investments in associates, finance costs and income tax expenses		652,192,908	905,686,046	358,658,154	562,725,002
Share of profit from investments in associates	12	3,303,818	15,640,126	-	-
Profit before finance cost and income tax expenses		655,496,726	921,326,172	358,658,154	562,725,002
Finance cost		(8,264,641)	(8,548,166)	(1,393,273)	(1,777,594)
Profit before income tax expenses		647,232,085	912,778,006	357,264,881	560,947,408
Income tax expenses	27	(106,148,369)	(167,208,054)	(61,010,840)	(99,782,670)
Profit for the year		541,083,716	745,569,952	296,254,041	461,164,738
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period:</i>					
Exchange differences on translation of financial statements in foreign currencies		(62,006,266)	(5,623,835)	-	-
Unrealised gain (loss) on changes in fair value of available-for-sale investments - net of income tax		(513,771)	4,830,927	(513,771)	4,830,927
Share of other comprehensive income from investments in associates - net of income tax	12	(3,316,692)	4,382,944	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent period - net of income tax		(65,836,729)	3,590,036	(513,771)	4,830,927
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent period:</i>					
Actuarial loss - net of income tax	23	(12,140,557)	-	(10,436,685)	-
Share of other comprehensive income from investments in associates - net of income tax	12	(61,646)	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent period - net of income tax		(12,202,203)	-	(10,436,685)	-
Other comprehensive income for the year		(78,038,932)	3,590,036	(10,950,456)	4,830,927
Total comprehensive income for the year		463,044,784	749,159,988	285,303,585	465,995,665

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

Thai Wah Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Profit attributable to:					
Equity holders of the Company		492,911,610	669,044,074	296,254,041	461,164,738
Non-controlling interests of the subsidiaries		48,172,106	76,525,878		
		<u>541,083,716</u>	<u>745,569,952</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		431,638,185	674,069,886	285,303,585	465,995,665
Non-controlling interests of the subsidiaries		31,406,599	75,090,102		
		<u>463,044,784</u>	<u>749,159,988</u>		
Basic earnings per share	29				
Profit attributable to equity holders of the Company		<u>0.56</u>	<u>0.76</u>	<u>0.34</u>	<u>0.52</u>

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

Thai Wah Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2017

(Unit: Baht)

Consolidated financial statements										
Equity attributable to owners of the Company										
	Other components of equity									
	Other comprehensive income									
	Unrealised gain (loss) on changes in fair value of available-for-sale investments	Exchange differences on translation of financial statements in foreign currencies	Total other components of shareholders' equity	Equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total	Equity attributable to non-controlling interests of the subsidiaries	Total	Equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries
Balance as at 1 January 2016										
Issued and fully paid-up share capital	880,420,930	300,740,523	764,866,016	89,705,000	2,804,374,214	(87,118,339)	(97,796,497)	4,742,310,186	178,664,225	4,920,974,411
Profit for the year	-	-	-	-	669,044,074	-	-	669,044,074	76,525,878	745,569,952
Other comprehensive income for the year	-	-	-	-	525,949	4,826,724	4,499,863	5,025,812	(1,435,776)	3,590,036
Total comprehensive income for the year	-	-	-	-	669,570,023	4,826,724	4,499,863	674,069,886	75,090,102	749,159,988
Dividend paid (Note 24)	-	-	-	-	(316,825,019)	-	-	(316,825,019)	(8,510,016)	(325,335,035)
Decrease in non-controlling interests from liquidation of a subsidiary	-	-	-	-	-	-	-	-	(48,738)	(48,738)
Balance as at 31 December 2016	880,420,930	300,740,523	764,866,016	89,705,000	3,157,119,218	(82,291,614)	(93,296,634)	5,099,555,053	245,195,573	5,344,750,626
Balance as at 1 January 2017										
Profit for the year	880,420,930	300,740,523	764,866,016	89,705,000	3,157,119,218	(82,291,614)	(93,296,634)	5,099,555,053	245,195,573	5,344,750,626
Other comprehensive income for the year	-	-	-	-	492,911,610	-	-	492,911,610	48,172,106	541,083,716
Total comprehensive income for the year	-	-	-	-	(12,202,203)	(518,116)	(49,071,222)	(61,273,425)	(16,765,507)	(78,038,932)
Dividend paid (Note 24)	-	-	-	-	480,705,407	(518,116)	(49,071,222)	431,636,185	31,406,599	463,042,784
Increase in non-controlling interests from business acquisition (Note 2.2)	-	-	-	-	(184,862,261)	-	-	(184,862,261)	(4,936,200)	(189,798,461)
Decrease in non-controlling interests from liquidation of subsidiaries	-	-	-	-	-	-	-	-	290,099,925	290,099,925
Decrease in non-controlling interests from changes in proportion of investments in subsidiaries	-	-	-	-	-	-	-	-	(1,982,600)	(1,982,600)
Balance as at 31 December 2017	880,420,930	300,740,523	764,866,016	89,705,000	3,452,966,364	(82,809,730)	(142,367,856)	5,346,330,977	559,780,425	5,906,111,402

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

Thai Wah 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)
	Issued and fully paid-up share capital	Share premium	Surplus on the amalgamation	Retained earnings		Other components of equity	
				Appropriated - statutory reserve	Unappropriated	Unrealised gain (loss) on changes in fair value of available-for-sale investments	
Balance as at 1 January 2016	880,420,930	300,740,523	764,866,016	89,705,000	2,339,375,398	(87,150,415)	4,287,957,452
Profit for the year	-	-	-	-	461,164,738	-	461,164,738
Other comprehensive income for the year	-	-	-	-	-	4,830,927	4,830,927
Total comprehensive income for the year	-	-	-	-	461,164,738	4,830,927	465,995,665
Dividend paid (Note 24)	-	-	-	-	(316,825,019)	-	(316,825,019)
Balance as at 31 December 2016	880,420,930	300,740,523	764,866,016	89,705,000	2,483,715,117	(82,319,488)	4,437,128,098
Balance as at 1 January 2017	880,420,930	300,740,523	764,866,016	89,705,000	2,483,715,117	(82,319,488)	4,437,128,098
Profit for the year	-	-	-	-	296,254,041	-	296,254,041
Other comprehensive income for the year	-	-	-	-	(10,436,685)	(513,771)	(10,950,456)
Total comprehensive income for the year	-	-	-	-	285,817,356	(513,771)	285,303,585
Dividend paid (Note 24)	-	-	-	-	(184,862,261)	-	(184,862,261)
Balance as at 31 December 2017	880,420,930	300,740,523	764,866,016	89,705,000	2,584,670,212	(82,833,259)	4,537,569,422

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

Thai Wah Public Company Limited and its subsidiaries

Statement of cash flows

For the year ended 31 December 2017

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit before tax	647,232,085	912,778,006	357,264,881	560,947,408
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	192,582,504	144,248,124	129,995,563	105,682,821
Amortisation of premium on other long-term investments	7,088,941	5,802,877	7,088,941	5,802,877
Bad debt and increase (decrease) in allowance for doubtful accounts	(14,550)	137,888	1,336,487	961,088
Decrease in allowance for impairment on investments in subsidiaries	-	-	(14,754,984)	(411,267)
Increase (decrease) in allowance for reducing cost of inventories to net realisable value	(480,880)	(1,635,027)	334,400	(865,330)
Increase in allowance for impairment on machinery	2,625,305	-	2,625,305	-
Loss (gain) on sales of property, plant and equipment	(713,996)	621,786	(44,374)	916,181
Loss on write-off of property, plant and equipment	119,279	5,347,845	-	4,192,505
Loss on sales of intangible assets	1,088	-	-	-
Reversal of allowance for impairments on investment properties	(13,260,481)	-	-	-
Gain on sales of investment properties	-	(56,775,474)	-	-
Gain on earlier termination of finance lease agreements	(1,338,619)	-	(1,338,619)	-
Gain on sales of current investments	(8,466,820)	(862,407)	(8,466,820)	(862,407)
Loss (gain) on liquidation of the subsidiaries	-	18,462	(10,153,247)	(876,624)
Gain from business acquisition	(118,400,343)	-	-	-
Unrealised loss (gain) on exchange rates	1,536,495	(689,189)	1,509,605	(673,586)
Provision for long-term employee benefits	24,885,174	21,241,101	21,526,205	19,012,643
Actuarial loss from other long-term employee benefits	6,364,595	-	4,175,183	-
Interest income	(26,214,836)	(27,613,527)	(33,147,802)	(26,992,497)
Share of profit from investments in associates	(3,303,818)	(15,640,126)	-	-
Dividend income from related parties	(904,852)	(1,670,496)	(15,582,538)	(52,960,195)
Interest expenses	8,264,641	8,548,166	1,393,219	1,777,595
Profit from operating activities before changes in operating assets and liabilities	717,600,912	993,858,009	443,761,405	615,651,212
Operating assets (increase) decrease				
Trade and other receivables	46,850,800	(114,121,992)	(4,642,651)	(141,318,836)
Inventories	60,494,289	(29,798,672)	12,397,725	160,282,564
Other current assets	6,514,257	(53,355,648)	(14,365,420)	(12,867,326)
Other non-current assets	1,159,960	(2,623,639)	(24,208)	(300,100)
Operating liabilities increase (decrease)				
Trade and other payables	(19,520,065)	43,071,161	(10,311,807)	106,184,701
Other current liabilities	(2,993,186)	21,547,391	(4,111,798)	18,418,453
Other non-current liabilities	1,522,106	301,964	2,421,462	-
Cash flows from operating activities	811,629,073	858,878,574	425,124,708	746,050,668
Cash paid for long-term employee benefits	(10,780,890)	(29,151,096)	(8,766,928)	(26,356,922)
Cash paid for income tax expenses	(146,218,610)	(158,899,652)	(93,023,636)	(100,420,967)
Net cash flows from operating activities	654,629,573	670,827,826	323,334,144	619,272,779

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

Thai Wah Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from investing activities				
Interest received	24,856,839	29,133,337	26,966,628	47,237,161
Increase in short-term loans to related parties	-	-	(320,800,000)	(10,770,115)
Increase in long-term loans to related parties	-	-	(35,000,000)	-
Acquisition of property, plant and equipment	(435,529,009)	(378,117,280)	(163,585,113)	(186,730,172)
Acquisition of intangible assets	(18,906,714)	(30,197,446)	(9,824,994)	(30,053,945)
Acquisition of current investments	(1,499,000,000)	(1,229,000,000)	(1,499,000,000)	(1,229,000,000)
Acquisition of other long-term investments	(140,015,633)	(100,015,250)	(140,015,633)	(100,015,250)
Proceeds from sale of current investments	2,022,541,600	265,768,210	2,022,541,600	265,768,210
Proceeds from redemption of matured other long-term investment	70,000,000	-	70,000,000	-
Acquisition of investment in a subsidiaries	(219,890,000)	-	(68,282,500)	(5,267,000)
Proceed from acquisition of subsidiary	274,865,565	-	-	-
Proceeds from sale of property, plant and equipment	3,401,419	1,594,446	3,205,176	1,293,189
Proceeds from sale of software	99	-	-	-
Proceeds from sale of investment properties	-	90,000,000	-	-
Cash received from liquidation of subsidiaries	-	-	40,341,395	169,792
Decrease in non-controlling interests from liquidation of the subsidiaries	(1,982,600)	-	-	-
Decrease in non-controlling interests from changes in proportion of investments in subsidiaries	(2,872)	(67,200)	-	-
Dividend received from related parties	4,064,852	54,196,796	15,582,538	102,958,495
Net cash flows from (used in) investing activities	84,403,546	(1,296,704,387)	(57,870,903)	(1,144,409,635)
Cash flows from financing activities				
Increase in restricted bank deposits	(874,405)	-	-	-
Increase in short-term loans from financial institutions	15,389,314	60,561,123	-	-
Cash paid under finance lease agreements	(2,772,543)	(2,494,726)	(2,772,543)	(2,494,726)
Cash received from long-term loans from financial institution	35,000,000	46,302,452	-	-
Repayment of long-term loans from financial institutions	(34,500,000)	(39,812,903)	-	-
Interest paid	(8,241,656)	(8,524,009)	(1,393,219)	(1,777,595)
Dividend paid	(184,727,479)	(316,654,062)	(184,727,479)	(316,654,062)
Dividend paid by the subsidiaries to non-controlling interests	(4,936,200)	(8,510,016)	-	-
Net cash flows used in financing activities	(185,662,969)	(269,132,141)	(188,893,241)	(320,926,383)
Translation adjustments	(41,623,439)	(8,193,320)	-	-
Net increase (decrease) in cash and cash equivalents	511,746,711	(903,202,022)	76,570,000	(846,063,239)
Cash and cash equivalents at beginning of year	315,326,452	1,218,528,474	134,656,805	980,720,044
Cash and cash equivalents at end of year	827,073,163	315,326,452	211,226,805	134,656,805

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

Thai Wah Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2017

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Supplemental cash flows information				
Non-cash items				
Undue installments for acquisition of property, plant and equipment	53,040,725	65,513,907	28,252,567	42,472,044
Undue installments for acquisition of computer software	3,035,727	8,285,654	133,909	8,285,654
Purchase of vehicle under financial lease agreements	16,211,000	-	16,211,000	-
Decrease in vehicle due to termination of finance lease agreements	7,961,542	-	7,961,542	-
Sales of equipment that has not yet been collected	-	-	5,893,451	-
Dividend payable	1,190,650	1,055,868	1,190,650	1,055,868
Decrease in investments in subsidiaries from liquidation	-	-	14,317,676	15,163,640
Decrease in trade and other receivables from bad debts written-off	3,012,830	154,098	3,012,830	-
Unrealised loss (gain) on changes in fair value of current and other long-term investments	(642,214)	6,038,660	(642,214)	6,038,660
Sales of current investments that have yet to be received	-	25,000,000	-	25,000,000
Transfer of investment in associate to investment in subsidiary	241,872,958	-	54,750,700	-
Actuarial loss	(15,175,696)	-	(13,045,856)	-

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

Thai Wah Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2017

1. General information

Thai Wah Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company was listed on the Stock Exchange of Thailand on 1 October 2015. The Company was formed as a result of the amalgamation between Thai Wah Starch Public Company Limited (“TWS”) and Thai Wah Food Products Public Company Limited (“TWFP”). The Company is principally engaged in the manufacture and distribution of vermicelli, tapioca starch and other food products. Its registered address is 21/59, 21/63 and 21/64 Thai Wah Tower 1 Bldg., 20th - 21st Floor, South Sathorn Road, Tungmahamek, Sathorn, 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 Thai Wah Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

(Unit: percent)

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2017	2016
Thai Wah Alpha Starch Company Limited	Manufacture of alpha starch	Thailand	100.00	100.00
DI Company Limited	Manufacture of tapioca starch	Thailand	99.98	99.98
Thai Nam Tapioca Company Limited	Manufacture of tapioca starch	Thailand	70.00	70.00
Tay Ninh Tapioca Joint Stock Company ⁽¹⁾	Manufacture of tapioca starch, glucose and candy	Vietnam	70.00	70.00
Thai Wah International Trade (Shanghai) Company Limited	Distribution of tapioca starch	China	100.00	100.00
TWPC Investment (Cambodia) Company Limited	Manufacture and distribution of related products of tapioca starch	Cambodia	100.00	-
Thai Wah Vietnam Company Limited	Manufacture and distribution of food products (vermicelli and other products)	Vietnam	100.00	-
Tapioca Development Corporation Limited ⁽²⁾	Manufacture and distribution of modified tapioca starch	Thailand	66.67	-
Thai Wah Bio Power Limited	Generation and sale of electricity	Thailand	99.99	99.99
Bangpakong Turakij Company Limited	Landholding	Thailand	100.00	99.99
Chiang Saen Land Company Limited	Landholding	Thailand	100.00	99.99
Thai Wah (6) Company Limited	Landholding	Thailand	100.00	100.00
Bang Thao (6) Company Limited	Landholding	Thailand	100.00	99.99
Tha Thungna Land Company Limited	Landholding	Thailand	100.00	99.99
Thai Sin Tapioca (1989) Company Limited	Landholding	Thailand	100.00	100.00
Thai Ongkarak Company Limited	Dormant	Thailand	-	99.98
Mae Hong Son Land Development Limited	Landholding	Thailand	84.99	84.99

(Unit: percent)

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2017	2016
Thai Nam Tapioca (1) Company Limited	Landholding	Thailand	70.00	70.00
Phang Nga Resorts Limited	Landholding	Thailand	100.00	99.98
Bang Thao (5) Company Limited	Landholding	Thailand	100.00	99.93
Mae Joe Land Company Limited ⁽³⁾	Landholding	Thailand	50.01	50.01
Thai Modified Starch Company Limited	Landholding	Thailand	94.75	94.75
Thai Wah Rice Flour Company Limited	Dormant	Thailand	-	83.33

⁽¹⁾ The percentage of shareholder in Tay Ninh Tapioca Joint Stock Company included indirect holding of 0.01% by a subsidiary of the Company.

⁽²⁾ The percentage of shareholder in Tapioca Development Corporation Limited included indirect holding of 33.34% by a subsidiary of the Company

⁽³⁾ The percentage of shareholder in Mae Joe Land Company Limited included indirect holding of 0.02% by a subsidiary of the Company

Investments in new subsidiaries during the year

On 24 January 2017, the Company registered and established TWPC Investment (Cambodia) Company Limited located in Cambodia with a registered share capital of KHR 4,000 million (USD 1 million) or Baht 33.68 million. This company is principally engaged in the manufacture and distribution of products related to tapioca starch. The Company invests 100% of its shares in this company.

On 7 February 2017, the Company registered and established Thai Wah Vietnam Company Limited located in Vietnam with a registered share capital of VND 22,462 million or Baht 34.60 million. This company is principally engaged in the manufacture and distribution of food products (vermicelli and other products). The Company invests 100% of its shares in this company.

On 2 October 2017, Thai Wah Bio Power Limited (TWBP), the subsidiary, in which the Company is holding 99.99% of the share capital, purchased 166,668 ordinary shares of Tapioca Development Corporation Limited (TDC) (or 33.34% of the total 500,004 issued and paid up shares of TDC), or a total of Baht 219.89 million. As a result of the transaction, the Group's investment proportion in TDC increased from 33.33% to 66.67% (of the total 500,004 issued and paid up shares of TDC). The Company changed the recording of the investments in TDC from investment in associated company to investments in subsidiary since the TWBP investment date.

These consolidated financial statements included the statement of financial position of TDC as at 31 December 2017 and the comprehensive income for the period from the investment date to 31 December 2017. Such company has recorded the net assets acquired at their fair value as of the acquisition date. The remaining excess of the purchase price under the fair value of the net assets acquired has been recorded as gain from business acquisition in consolidated income statement. During the fourth quarter of the current year, the Company already obtained the appraisal report of fair value of assets acquired and liabilities assumed as prepared by an independent valuation specialist.

Details of the fair value for net assets of TDC are as follows:

(Unit: Thousand Baht)

	<u>Fair value</u>
Assets	
Cash and cash equivalents	274,866
Current investments	31,435
Restricted bank deposits	55,000
Trade and other receivables	131,590
Inventories	196,231
Property, plant and equipment	310,400
Customer relationship	25,819
Other assets	17,601
Total assets	<u>1,042,942</u>
Liabilities	
Trade and other payables	106,177
Provision for long-term employee benefits	29,360
Deferred tax liabilities	37,204
Total liabilities	<u>172,741</u>
Net assets value	<u>870,201</u>
Equity of the Company (%)	<u>66.67</u>
Fair value of net asset value attributable to the company's investments	<u>580,163</u>

The Group has recognised the loss on revaluation of previously held investments, related to reclassification of investments in associate to investment in subsidiary and gain on bargain purchase in the consolidated income statement as detailed below, in accordance with related financial reporting standard.

Details of the acquisition are as follows:

	(Unit: Thousand Baht)
Fair value of previously held investments	219,890
Book value of previously held investments in equity method as at acquisition date	(241,873)
Loss from reclassification of investments recognised in the income statement	(21,983)
Consideration paid for additional investments	219,890
Fair value of previously held investments	219,890
Fair value of net assets under interests acquired	(580,163)
Gain on bargain purchase recognised in the income statement	140,383

Total effect from this transaction can be presented as follows:

	(Unit: Thousand Baht)
Loss from reclassification of investments recognised in the income statement	(21,983)
Gain on bargain purchase recognised in the income statement	140,383
Net gain from acquisition recognised in the income statement	118,400

Liquidation of subsidiaries during the year

Thai Wah Rice Flour Company Limited registered the dissolution with the Ministry of Commerce on 30 December 2015. Subsequently on 1 February 2017, the said subsidiary registered the completeness of its liquidation process. The Company received its return on investment approximately Baht 10.31 million on 27 February 2017.

Thai Ongkarak Company Limited registered the dissolution with the Ministry of Commerce on 31 May 2017. Subsequently on 24 July 2017, the said subsidiary registered the completeness of its liquidation process. The Company received its return on investment approximately Baht 14.16 million on 22 August 2017.

- 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 subsidiaries and associate are translated to Baht using the exchange rate prevailing at the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currencies” 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.

2.3 The separate financial statements present investments in subsidiaries and associates 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 these financial reporting standards does not have any significant impact on the Company and its subsidiaries' 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 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 goods return and discounts.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Rental income

Rental income arising from operating leases on properties is accounted for on a straight-line basis over the lease terms and treated as revenue earned in the ordinary course of business.

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.

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 and other accounts receivable

Trade and other 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 weighted average method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

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

4.5 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.

- b) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- c) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- d) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- e) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. 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 reclassifies 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 is recorded in profit or loss or recorded as other components of shareholders' equity, depending on 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).

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 and land improvement 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 plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings and building improvement	5-40 years
Machinery and equipment	5-20 years
Furniture, fixtures and office equipment	3-10 years
Vehicles	5-15 years

Depreciation is included in determining income.

No depreciation is provided on land, land improvements and assets under installation and under construction.

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 interest and other costs that an entity incurs in connection with the borrowing of funds.

4.9 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried 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 for such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Amortisation of intangible assets is calculated by reference to their costs on the straight line basis over the following estimated useful lives:

Leasehold rights on land	30 - 50	years
Customer relationship	4 - 16	years
Computer software	3 - 10	years

No amortisation is provided on intangible assets under installation. Intangible asset with indefinite useful life i.e. trademarks is not amortised, but is tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful life of the intangible assets is reviewed annually.

4.10 Goodwill

Goodwill is initially recorded at cost, which equals 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 on profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment 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 individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

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

4.12 Long-term leases

Leases of property, plant and 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 shorter of the useful life of the asset and the lease period.

Leases of property, plant and 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 of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

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 recognised in determining income.

4.14 Impairment of assets

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

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 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 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 and other long-term employee 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 and other long-term employee benefits

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law and other special retirement benefit when they reach the retirement age in accordance with the group policy and other employee benefit plans. The Company and its subsidiaries treat these severance payment obligations and special benefit as a defined benefit plan. In addition, the Company and its subsidiaries provide other long-term employee benefit plan, namely long service awards.

The obligations under the defined benefit plan and other long-term employee benefit plans are 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.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit or loss.

4.16 Provisions

Provisions are recognised when the Company has 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 current tax 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 they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company 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 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 techniques that are appropriate in the circumstances and maximise 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 categories 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:

Impairment of investments

The Company treats investments in subsidiaries, associates and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

Goodwill and intangible assets from amalgamation

The initial recognition and measurement of goodwill and intangible assets from amalgamation, 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.

Fair value estimation on business combination

The Group estimated the fair value of the net assets acquired under a business combination by engaging a qualified professional valuer, applying an appropriate valuation method based on financial assumptions to derive the fair value of the net assets acquired. These calculations require the use of management judgments.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, gold inflation rate, mortality rate and staff turnover rate.

6. Related party transactions

The relationships between the Company and its related parties are summarised below.

Name of related parties	Relationship
Thai Wah Alpha Starch Company Limited	Subsidiary
DI Company Limited	Subsidiary
Thai Nam Tapioca Company Limited	Subsidiary
Tay Ninh Tapioca Joint Stock Company	Subsidiary
Thai Wah International Trade (Shanghai) Company Limited	Subsidiary
TWPC Investment (Cambodia) Company Limited	Subsidiary
Thai Wah Vietnam Company Limited	Subsidiary
Tapioca Development Corporation Limited*	Subsidiary
Thai Wah Bio Power Limited	Subsidiary
Bangpakong Turakij Company Limited	Subsidiary
Chiang Saen Land Company Limited	Subsidiary
Thai Wah (6) Company Limited	Subsidiary
Bang Thao (6) Company Limited	Subsidiary
Tha Thungna Land Company Limited	Subsidiary
Thai Sin Tapioca (1989) Company Limited	Subsidiary
Thai Ongkarak Company Limited**	Subsidiary

Name of related parties	Relationship
Mae Hong Son Land Development Limited	Subsidiary
Thai Nam Tapioca (1) Company Limited	Subsidiary
Phang Nga Resort Limited	Subsidiary
Bang Thao (5) Company Limited	Subsidiary
Thai Modified Starch Company Limited	Subsidiary
Thai Wah Rice Flour Company Limited**	Subsidiary
Mae Joe Land Company Limited	Subsidiary
Asia Tapioca Products Company Limited	Associate
Vietnam Tapioca Company Limited	Indirect associate
Laguna Resort & Hotels Public Company Limited	Common shareholders and directors
International Commercial Development Company Limited	Shareholder of subsidiary
Thai Wah Tower Company Limited	Common directors
Thai Wah Tower (2) Company Limited	Common directors
Thai Wah Plaza Limited	Common directors
Banyan Tree Holdings Limited	Common directors
Banyan Tree Hotel Management (Beijing) Company Limited	Common directors

* Transfer from investment in associate to investment in subsidiary during the year

** Liquidation during the year

- 6.1 During the year, 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)

	For the year ended 31 December				
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	2017	2016	2017	2016	
<u>Transactions with subsidiaries</u>					
(eliminated from consolidated financial statements)					
Purchases of goods	-	-	1,343.96	1,320.92	Cost plus margin
Sales of goods	-	-	422.87	111.12	Cost plus margin
Dividends received	-	-	11.52	48.76	As declared
Rental and service income	-	-	7.70	6.26	Contract price
Rental and service expenses	-	-	0.80	0.80	Contract price
Interest income	-	-	9.46	2.63	Contract rate
Other income	-	-	1.19	-	Actual charge
Other expenses	-	-	4.08	3.50	Actual charge
<u>Transactions with associates</u>					
Purchases of goods	14.11	72.98	1.14	36.93	Cost plus margin
Sales of goods	15.43	14.52	15.43	14.52	Cost plus margin
Dividends received	-	-	3.16	2.53	As declared
Rental and service income	7.68	9.26	2.98	3.62	Contract price
Other income	0.53	0.64	0.53	0.64	Actual charge
<u>Transactions with related companies</u>					
Sales of goods	0.16	0.19	0.16	0.19	Market price
Dividends received	0.91	1.67	0.91	1.67	As declared
Rental and service income	0.25	0.25	0.25	0.25	Contract price
Rental and service expenses	18.59	14.83	18.29	14.83	Contract price
Interest expenses	0.02	0.02	-	-	Contract rate
Other expenses	6.71	4.02	6.34	4.02	Actual charge

6.2 As at 31 December 2017 and 2016, the balances of the accounts in the statements of financial position between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade and other receivables - related parties (Note 9)				
Subsidiaries	-	-	197,007	152,228
Associates	-	15,955	-	15,955
Related companies	28	157	28	21
Total	28	16,112	197,035	168,204
Less: Allowance for doubtful debts	-	-	(52,676)	(51,325)
Total trade and other receivable - related parties - net	28	16,112	144,359	116,879
Short-term loans to related parties				
Subsidiaries	-	-	413,523	92,723
Less: Allowance for doubtful debts	-	-	(8,048)	(8,048)
Short-term loans to related parties - net	-	-	405,475	84,675
Long-term loans to related parties				
Subsidiaries	-	-	53,000	18,000
Less: Allowance for doubtful debts	-	-	(18,000)	(18,000)
Long-term loans to related parties - net	-	-	35,000	-
Less: Current portion	-	-	(35,000)	-
Long-term loans to related parties - net of current portion	-	-	-	-
Trade and other payables - related parties (Note 20)				
Subsidiaries	-	-	134,610	141,510
Associates	-	11,319	-	11,318
Related companies	209	1,531	206	1,531
Total trade and other payables - related parties	209	12,850	134,816	154,359
Short-term loans and accrued interests from related party				
Related company	2,652	2,629	-	-

6.3 During the year, movements of short-term loans to related parties are as follows:

(Unit: Thousand Baht)

Short-term loans to subsidiaries	Separate financial statements			Balance as at 31 December 2017
	Balance as at 1 January 2017	Increase during the year	Decrease during the year	
DI Company Limited	22,160	88,300	(61,000)	49,460
Thai Wah Bio Power Limited	51,000	293,500	-	344,500
Chiang Saen Land Company Limited	7,755	-	-	7,755
Bang Thao (6) Company Limited	935	-	-	935
Tha Thungna Land Company Limited	390	-	-	390
Mae Hong Son Land Development Limited	1,635	-	-	1,635
Thai Nam Tapioca (1) Company Limited	800	-	-	800
Mae Joe Land Company Limited	8,048	-	-	8,048
Total	92,723	381,800	(61,000)	413,523
Less: Allowance for doubtful debts	(8,048)	-	-	(8,048)
Net	84,675	381,800	(61,000)	405,475

As at 31 December 2017, short-term loans to subsidiaries mature at call and carry interests at a rate of 3.95 percent per annum (31 December 2016: 3.91 percent per annum).

6.4 During the period, movements of long-term loans to related parties are as follows:

(Unit: Thousand Baht)

Long-term loans to subsidiaries	Separate financial statements			Balance as at 31 December 2017
	Balance as at 1 January 2017	Increase during the year	Decrease during the year	
Phang Nga Resorts Limited	11,161	-	-	11,161
Bang Thao (5) Company Limited	6,839	-	-	6,839
Thai Wah Vietnam Company Limited	-	35,000	-	35,000
Total	18,000	35,000	-	53,000
Less: Allowance for doubtful debts	(18,000)	-	-	(18,000)
Net	-	35,000	-	35,000

As at 31 December 2017, long-term loans to subsidiaries mature in December 2018 and carry interests at a rate of 3.95 and 4.00 percent per annum (31 December 2016: 3.91 percent per annum).

- 6.5 During the year, movement of loan and accrued interests from related party is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at			Balance as at
	1 January	Increase during	Decrease	31 December
	2017	the year	during the year	2017
Short-term loan and accrued interests from related party				
International Commercial				
Development Company Limited	2,629	23	-	2,652

As at 31 December 2017, short-term loan from related party mature at call and carry interest at a rate of 1.10% per annum (31 December 2016: 1.10% per annum).

- 6.6 Directors and management's benefits

During the year, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	2017	2016
Short-term employee benefits	44,800	57,480
Post-employment benefits	4,569	2,336
Other long-term benefits	97	15
Total	49,466	59,831

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash	15,999	8,708	654	2,459
Bank deposits	811,074	306,618	210,573	132,198
Total	<u>827,073</u>	<u>315,326</u>	<u>211,227</u>	<u>134,657</u>

As at 31 December 2017, bank deposits in savings accounts and fixed deposits carried interests between 0.125% and 5.20% per annum (2016: 0.125% and 5.00% per annum).

8. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2017		31 December 2016	
	Cost	Fair value	Cost	Fair value
Open ended funds	424,020	<u>428,720</u>	939,095	<u>940,957</u>
Unrealised gain from changes in fair value of investments	4,700		1,862	
Open ended funds - net	428,720		940,957	
Bank deposit	31,435		-	
Total current investments - net	<u>460,155</u>		<u>940,957</u>	

(Unit: Thousand Baht)

	Separate financial statements			
	31 December 2017		31 December 2016	
	Cost	Fair value	Cost	Fair value
Open ended funds	424,020	<u>428,720</u>	939,095	<u>940,957</u>
Unrealised gain from changes in fair value of investments	4,700		1,862	
Open ended funds - net	428,720		940,957	
Bank deposit	-		-	
Total current investments - net	<u>428,720</u>		<u>940,957</u>	

The investments in open ended funds have been classified as investments in available-for-sale securities.

As at 31 December 2017, a local subsidiary had bank deposits amounting to Baht 31.44 million (2016: Nil) which carried interests at the rate of 1.15% per annum.

During the year 2017, the Company sold available-for-sale securities with book value totaling Baht 2,014 million (2016: Baht 290 million) and recognised gains (after tax) on sales in profit or loss, amounting to Baht 6.77 million (2016: Baht 0.69 million).

9. Trade and other receivables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2017	2016	2017	2016
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	13	18	62,165	22,190
Past due				
Up to 3 months	-	3	33,974	33,294
3 - 6 months	-	-	-	8,290
6 - 12 months	-	-	-	1,629
Over 12 months	-	-	-	-
Total trade receivables - related parties	13	21	96,139	65,403
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	546,925	458,189	301,958	337,744
Past due				
Up to 3 months	174,511	145,196	117,621	88,672
3 - 6 months	4,738	551	138	227
6 - 12 months	469	75	14	75
Over 12 months	85	2,977	85	2,977
Total	726,728	606,988	419,816	429,695
Less: Allowance for doubtful debts	(111)	(3,139)	(111)	(3,139)
Total trade receivables - unrelated parties - net	726,617	603,849	419,705	426,556
Total trade receivables - net	726,630	603,870	515,844	491,959

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<u>Other receivables</u>				
Interest receivables	5,878	4,219	5,870	4,206
Other receivables - related parties	15	16,091	100,896	102,801
Other receivables - unrelated parties	7,899	31,709	1,003	25,343
Total	13,792	52,019	107,769	132,350
Less: Allowance for doubtful debts	-	-	(52,676)	(51,325)
Total other receivables - net	13,792	52,019	55,093	81,025
Total trade and other receivables - net	740,422	655,889	570,937	572,984

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Allowance for reducing cost of inventories to net realisable value		Inventories - net	
	2017	2016	2017	2016	2017	2016
Finished goods	465,708	300,542	(13,516)	(5,722)	452,192	294,820
Raw materials	212,196	281,458	-	-	212,196	281,458
Goods in transit	57,229	32,326	-	-	57,229	32,326
Packing materials	46,534	39,232	(150)	(1,382)	46,384	37,850
Factory supplies	68,669	54,433	(723)	(1,110)	67,946	53,323
Other	3,868	6,065	-	(2,245)	3,868	3,820
Total	854,204	714,056	(14,389)	(10,459)	839,815	703,597

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Allowance for reducing cost of inventories to net realisable value		Inventories - net	
	2017	2016	2017	2016	2017	2016
Finished goods	153,996	206,742	(6,861)	(5,694)	147,135	201,048
Raw materials	111,650	94,589	-	-	111,650	94,589
Goods in transit	57,229	32,326	-	-	57,229	32,326
Packing materials	30,979	33,710	(150)	(1,382)	30,829	32,328
Factory supplies	33,035	31,919	(604)	(204)	32,431	31,715
Total	386,889	399,286	(7,615)	(7,280)	379,274	392,006

11. Restricted bank deposits

As at 31 December 2017, fixed deposits which the subsidiaries pledged with the banks to secure credit facilities carried interests at the rate of 0.85% - 6.50% per annum (2016: 0.85% per annum).

12. Investments in associates

12.1 Details of investments in associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2017	2016	2017	2016	2017	2016
			(%)	(%)				
Tapioca Development Corporation Limited	Manufacture and distribution of modified tapioca starch	Thailand	-	33.33	-	54,751	-	239,271
Asia Tapioca Products Company Limited	Holding company	Thailand	30.00	30.00	31,600	31,600	33,552	39,389
Total					31,600	86,351	33,552	278,660

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			2017	2016	2017	2016
			(%)	(%)		
Tapioca Development Corporation Limited	Manufacture and distribution of modified tapioca starch	Thailand	-	33.33	-	54,751
Asia Tapioca Products Company Limited	Holding company	Thailand	30.00	30.00	31,600	31,600
Total					31,600	86,351

12.2 Share of comprehensive income and dividend received

During the year, the Company has recognised share of comprehensive income from investments in associated companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

Associates	(Unit: Thousand Baht)				Separate	
	Consolidated financial statements				financial statements	
	Share of profit from investments in associates during the year		Share of other comprehensive income from investments in associates during the year		Dividend received during the year	
	2017	2016	2017	2016	2017	2016
Tapioca Development Corporation Limited	2,602	11,933	-	526	-	-
Asia Tapioca Products Company Limited	702	3,707	(3,378)	3,857	3,160	2,528
Total	3,304	15,640	(3,378)	4,383	3,160	2,528

12.3 Summarised financial information about material associates

Summarised information about financial position

	(Unit: Million Baht)			
	Tapioca Development Corporation Limited		Asia Tapioca Products Company Limited	
	2017	2016	2017	2016
Current assets	-	617.17	89.94	107.38
Non-current assets	-	225.63	60.94	74.10
Current liabilities	-	(105.85)	(3.49)	(7.29)
Non-current liabilities	-	(25.61)	(4.63)	(3.94)
Less: Non-controlling interests of the subsidiary	-	-	(41.74)	(49.77)
Net assets	-	711.34	(101.02)	120.48
Shareholding percentage (%)	-	33.33	30.00	30.00
Share of net assets	-	237.09	30.31	36.14
Elimination entries	-	2.18	3.24	3.25
Carrying amounts of associates based on equity method	-	239.27	33.55	39.39

Summarised information about comprehensive income for the year ended 31 December 2017 and 2016 is as follows:

(Unit: Million Baht)

	Tapioca Development Corporation Limited		Asia Tapioca Products Company Limited	
	2017	2016	2017	2016
Revenue	-	949.72	313.53	372.50
Profit	-	35.80	5.42	19.71
Total comprehensive income	-	37.38	(10.36)	38.23

On 2 October 2017, Thai Wah Bio Power Limited (TWBP), the subsidiary, in which the Company is holding 99.99% of the share capital, purchased 166,668 ordinary shares of Tapioca Development Corporation Limited (TDC) (or 33.34% of the total 500,004 issued and paid up shares of TDC), or a total of Baht 219.89 million. As a result of the transaction, the Group's investment proportion in TDC increased from 33.33% to 66.67 % (of the total 500,004 issued and paid up shares of TDC). The Company changed the recording of the investment in TDC from investment in associated company to investment in subsidiary since the TWBP investment date.

13. Investments in subsidiaries

13.1 Details of investments in subsidiaries as presented in separate financial statements are as follows:

	Country of incorporation	Paid-up capital		Percentage of shareholding		Investments at cost method	
		2017	2016	2017	2016	2017	2016
		(Million Baht)	(Million Baht)	(%)	(%)	(Thousand Baht)	(Thousand Baht)
<u>Investments in subsidiary companies</u>							
Agricultural business							
Thai Wah Alpha Starch Company Limited	Thailand	18.00	18.00	99.99	99.99	17,999	17,999
DI Company Limited	Thailand	10.00	10.00	99.93	99.93	9,408	9,408
Thai Nam Tapioca Company Limited	Thailand	86.60	86.60	70.00	70.00	60,620	60,620
Tay Ninh Tapioca Joint Stock Company	Vietnam	192.53	192.53	69.99	69.99	86,877	86,877
Thai Wah Rice Flour Company Limited	Thailand	-	30.00	-	83.33	-	24,999
Thai Wah International Trade (Shanghai) Company Limited	China	5.27	5.27	100.00	100.00	5,267	5,267
TWPC Investment (Cambodia) Company Limited	Cambodia	33.68	-	100.00	-	33,683	-
Thai Wah Vietnam Company Limited	Vietnam	34.60	-	100.00	-	34,600	-
Tapioca Development Corporation Limited *	Thailand	50.00	-	33.33	-	54,751	-
Land holding and others							
Thai Wah Bio Power Limited	Thailand	450.00	450.00	99.99	99.99	469,012	469,012
Bangpakong Turakij Company Limited	Thailand	91.00	91.00	99.99	99.99	90,999	90,999
Chiang Saen Land Company Limited	Thailand	75.00	75.00	99.99	99.99	74,999	74,999
Thai Wah (6) Company Limited	Thailand	29.00	29.00	99.99	99.99	28,999	28,999
Bang Thao (6) Company Limited	Thailand	21.50	21.50	99.99	99.99	21,499	21,499
Tha Thungna Land Company Limited	Thailand	15.00	15.00	99.99	99.99	14,999	14,999
Thai Sin Tapioca (1989) Company Limited	Thailand	5.00	5.00	99.99	99.99	4,999	4,999
Thai Ongkarak Company Limited	Thailand	-	4.00	-	99.98	-	3,999
Mae Hong Son Land Development Limited	Thailand	2.00	2.00	84.97	84.97	1,699	1,699
Thai Nam Tapioca (1) Company Limited	Thailand	1.00	1.00	69.95	69.95	700	700
Phang Nga Resorts Limited	Thailand	1.00	1.00	99.93	99.93	999	999
Bang Thao (5) Company Limited	Thailand	0.25	0.25	99.93	99.93	250	250
Thai Modified Starch Company Limited	Thailand	10.00	10.00	94.62	94.62	9,462	9,462
Mae Joe Land Company Limited	Thailand	3.00	3.00	49.99	49.99	1,500	1,500
Total						1,023,321	929,285
Less: Allowance for impairment of investments						(444,238)	(473,672)
Investments in subsidiaries - net						579,083	455,613

* The percentage of shareholder in Tapioca Development Corporation Limited included indirect holding of 33.34% by a subsidiary of the Company

The Company recognised dividend income from subsidiaries in the separate financial statements for the year ended 31 December 2017 and 2016 as follows:

(Unit: Thousand Baht)

	Separate financial statements	
	2017	2016
Thai Nam Tapioca Company Limited	11,518	3,504
Mea Chan Land Company Limited	-	13,999
Thai Wah (6) Company Limited	-	14,500
Tay Ninh Tapioca Joint Stock Company	-	16,759
Total	11,518	48,762

On 15 March 2016, the Company registered and established Thai Wah International Trade (Shanghai) Company Limited in China with a registered share capital of CNY 1 million. On 15 July 2016, the Company made payment of capital investment in the said company of CNY 1 million or Baht 5.27 million (or 100% of the total 1 million issued and paid-up shares at CNY 1 per share). This subsidiary is principally engaged in the distribution of vermicelli, tapioca and other food products and has a period of operation for 30 years starting from 15 March 2016.

On 24 January 2017, the Company registered and established TWPC Investment (Cambodia) Company Limited in Cambodia with a registered share capital of KHR 4,000 million (USD 1 million) or Baht 33.68 million. This company is principally engaged in the manufacture and distribution of related products of tapioca starch. The Company invests 100% of its shares in this company.

On 7 February 2017, the Company registered and established Thai Wah Vietnam Company Limited in Vietnam with a registered share capital of VND 22,462 million or Baht 34.60 million. This company is principally engaged in the manufacture and distribution of food products (vermicelli and other products). The period of operation lasts until 16 December 2054 and can be extended. The Company invests 100% of its shares in this company.

On 2 October 2017, Thai Wah Bio Power Limited (TWBP), the subsidiary, in which the Company is holding 99.99% of the share capital, purchased 166,668 ordinary shares of Tapioca Development Corporation Limited (TDC) (or 33.34% of the total 500,004 issued and paid up shares of TDC), or a total of Baht 219.89 million. As a result of the transaction, the Group's investment proportion in TDC increased from 33.33% to 66.67% (of the total 500,004 issued and paid up shares of TDC). The Company changed the recording of the investment in TDC from investment in associated company to investment in subsidiary since the TWBP investment date, as discussed in Note 12.

Thai Wah Rice Flour Company Limited registered the dissolution with the Ministry of Commerce on 30 December 2015. Subsequently on 1 February 2017, the said subsidiary registered the completeness of its liquidation process. The Company received its return on investment approximately Baht 10.31 million on 27 February 2017.

Mae Chan Land Company Limited registered the dissolution with the Ministry of Commerce on 31 October 2016. Subsequently on 22 December 2016, the said subsidiary registered the completeness of its liquidation process. The Company received its return on investment approximately Baht 15.87 million on 18 January 2017.

Thai Ongkarak Company Limited registered the dissolution with the Ministry of Commerce on 31 May 2017. Subsequently on 24 July 2017, the said subsidiary registered the completeness of its liquidation process. The Company received its return on investment approximately Baht 14.16 million on 22 August 2017.

13.2 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		Profit/loss allocated to non-controlling interests during the year ended		Dividend paid to non-controlling interests during the year ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	(%)	(%)						
Thai Nam Tapioca Company Limited	30.00	30.00	105.04	101.16	8.82	22.48	4.94	1.50
Tay Ninh Tapioca Joint Stock Company	30.00	30.00	183.53	160.07	40.22	53.67	-	7.01
Tapioca Development Corporation Limited	33.33	-	288.12	-	(1.98)	-	-	-

13.3 Summarised financial information based on amounts before inter-company elimination of subsidiaries that have material non-controlling interests.

Summarised information about financial position

(Unit: Million Baht)

	Thai Nam Tapioca Company Limited		Tay Ninh Tapioca Joint Stock Company		Tapioca Development Corporation Limited	
	2017	2016	2017	2016	2017	2016
Current assets	275.66	231.85	460.22	463.45	680.35	-
Non-current assets	325.06	299.95	257.94	206.49	328.54	-
Current liabilities	206.72	188.22	85.54	118.49	84.10	-
Non-current liabilities	50.61	13.14	17.42	14.43	60.47	-

Summarised information of comprehensive income for the year ended 31 December 2017 and 2016.

(Unit: Million Baht)

	Thai Nam Tapioca Company Limited		Tay Ninh Tapioca Joint Stock Company		Tapioca Development Corporation Limited	
	2017	2016	2017	2016	2017	2016
Revenue	1,356.78	1,360.38	1,184.09	1,227.32	903.23	-
Profit	31.39	74.94	134.06	178.90	0.57	-
Total comprehensive income	29.40	74.94	78.17	174.11	(6.28)	-

Summarised information of cash flows for the year ended 31 December 2017 and 2016.

(Unit: Million Baht)

	Thai Nam Tapioca Company Limited		Tay Ninh Tapioca Joint Stock Company		Tapioca Development Corporation Limited	
	2017	2016	2017	2016	2017	2016
Cash flows from operating activities	40.16	38.72	304.47	(11.86)	(27.24)	-
Cash flows from investing activities	(54.19)	(80.24)	(74.36)	(77.44)	(2.40)	-
Cash flows from financing activities	49.22	19.80	(56.58)	12.09	-	-
Net increase (decrease) in cash and cash equivalents	35.19	(21.72)	173.53	(77.21)	(29.64)	-

13.4 Impairment testing of investments in subsidiaries

For the purpose of impairment testing of investments in subsidiaries, the Company determined the recoverable amount of some significant investments in subsidiaries which have events indicating that an asset may be impaired. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use. The estimated future cash flows were determined using cash flow projections covering a five-year period extracted from financial budgets approved by the management

Key assumptions used in the value in use calculations are summarised below:

(Unit: percent per annum)

	2017	2016
Long-term growth rate	-	-
Pre-tax discount rate	11.04 and 11.50	11.54 and 11.55

The management determined the budgeted gross profit margin and growth rate based on historical operating results and expected market growth of those subsidiaries. The discount rate used is pre-tax and reflects specific risks relating to the relevant segments of those subsidiaries.

The growth rate used to extrapolate cash flow projections beyond the period covered by the most recent forecasts does not exceed the long-term average growth rate for the industries in which those subsidiaries operate.

The management determined that allowance for impairment of investments in subsidiaries which were recorded in the statements of financial position as at 31 December 2017 by Baht 444.24 million (2016: Baht 473.67 million) was adequate.

14. Other long-term investments

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	2017	2016
Investments in held-to-maturity debt securities	563,345	500,418
<u>Investments in available-for-sale securities</u>		
Laguna Resorts & Hotels Public Company Limited	174,010	174,010
Less: Unrealised loss on changes in fair value of investments	(92,225)	(88,745)
Total investments in available-for-sale securities - net	81,785	85,265
<u>Other long-term investments</u>		
Tropical Resorts Limited	45,703	45,703
Less: Allowance for impairment of investments	(45,703)	(45,703)
Other long-term investments - net	-	-
Total other long-term investments - net	645,130	585,683
Less: Current portion	(160,620)	(70,688)
Other long-term investments - net of current portion	484,510	514,995
<u>Investments in held-to-maturity debt securities</u>		
Mature in 2017	-	70,688
Mature in 2018	160,620	163,054
Mature in 2019	138,560	140,625
Mature in 2020	41,325	-
Mature in 2021	186,219	126,051
Mature in 2022	36,621	-
Total investments in held-to-maturity debt securities	563,345	500,418

Long-term investments in debt securities carry interest rate at 2.22% to 5.40% per annum (2016: 3.84% to 5.14% per annum).

15. Investment properties

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cost	214,579	214,579	504	504
Less: Allowance for impairment of assets	(53,766)	(67,027)	-	-
Investment properties, net	160,813	147,552	504	504

Movements of the investment properties during the year ended 31 December 2017 and 2016 are as summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net book value as at the beginning of the year	147,552	180,777	504	504
Disposal during the year - net book value	-	(33,225)	-	-
Reversal of allowance for impairment during the year	13,261	-	-	-
Net book value as at 31 December	160,813	147,552	504	504

The investment properties of the Company and its subsidiaries represent land awaiting for sale. Their fair value has been determined based on the valuation performed by an accredited independent valuer, using comparative method. As at 31 December 2017, their fair value is amounting to Baht 485.5 million (2016: Baht 349.5 million) (Separate financial statements: Baht 193.9 million (2016: Baht 147.0 million)).

As at 31 December 2016, the investment properties amounting to approximately Baht 0.4 million (2017: Nil) have been placed as collateral against credit facilities received from financial institutions.

16. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements							
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under installation and under construction	Total
Cost:							
1 January 2016	363,569	745,696	1,565,403	72,967	121,726	343,617	3,212,978
Additions	4,126	1,471	25,022	14,190	19,466	329,799	394,074
Disposals	-	(1,014)	(1,971)	(6,573)	(7,449)	-	(17,007)
Write-off	-	(26,363)	(98,648)	(39)	(1,569)	-	(126,619)
Transfer in (out)	357	218,377	162,419	8,108	2,899	(394,750)	(2,590)
Translation adjustment	-	(281)	(2,426)	(1)	86	490	(2,132)
31 December 2016	368,052	937,886	1,649,799	88,652	135,159	279,156	3,458,704
Increase from acquisition of subsidiary	-	185,721	759,467	24,853	8,412	3,397	981,850
Additions	438	5,798	39,897	14,678	45,901	339,282	445,994
Disposals	-	-	(6,634)	(849)	(4,524)	-	(12,007)
Write-off	-	-	(3,096)	(3,744)	(15,436)	-	(22,726)
Transfer in (out)	-	24,742	137,985	-	439	(164,000)	(834)
Translation adjustment	-	(7,486)	(34,819)	(20)	(2,471)	(5,584)	(50,380)
31 December 2017	368,490	1,146,661	2,542,599	123,570	167,480	452,251	4,801,051
Accumulated depreciation:							
1 January 2016	-	(399,048)	(941,079)	(55,639)	(65,937)	-	(1,461,703)
Depreciation for the year	-	(29,313)	(76,476)	(7,523)	(9,932)	-	(123,244)
Depreciation on disposals	-	1,014	1,937	6,114	5,726	-	14,791
Depreciation on write-off	-	23,934	98,358	-	1,569	-	123,861
Translation adjustment	-	420	1,408	1	78	-	1,907
31 December 2016	-	(402,993)	(915,852)	(57,047)	(68,496)	-	(1,444,388)
Increase from acquisition of subsidiary	-	(85,866)	(558,931)	(20,407)	(6,246)	-	(671,450)
Depreciation for the year	-	(32,612)	(108,727)	(11,726)	(14,517)	-	(167,582)
Depreciation on disposals	-	-	5,526	691	3,103	-	9,320
Depreciation on write-off	-	-	3,012	3,709	7,474	-	14,195
Translation adjustment	-	5,623	22,955	14	1,133	-	29,725
31 December 2017	-	(515,848)	(1,552,017)	(84,766)	(77,549)	-	(2,230,180)
Allowance for impairment:							
1 January 2016	-	(6,825)	-	-	-	-	(6,825)
Increase during the year	-	-	-	-	-	-	-
31 December 2016	-	(6,825)	-	-	-	-	(6,825)
Increase during the year	-	-	-	-	-	(2,625)	(2,625)
31 December 2017	-	(6,825)	-	-	-	(2,625)	(9,450)
Net book value:							
31 December 2016	368,052	528,068	733,947	31,605	66,663	279,156	2,007,491
31 December 2017	368,490	623,988	990,582	38,804	89,931	449,626	2,561,421
Depreciation for the year							
For the year ended 31 December 2016 (Baht 110.6 million included in manufacturing cost, and the balance in administrative expenses)							123,244
For the year ended 31 December 2017 (Baht 127.5 million included in manufacturing cost, and the balance in administrative expenses)							167,582

(Unit: Thousand Baht)

Separate financial statements							
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under installation and under construction	Total
Cost:							
1 January 2016	239,520	558,268	930,897	63,151	76,725	298,239	2,166,800
Additions	4,076	1,043	14,585	13,567	8,289	149,512	191,072
Disposals	-	(1,014)	(1,958)	(6,572)	(6,276)	-	(15,820)
Write-off	-	(26,363)	(20,861)	(10)	(1,570)	-	(48,804)
Transfer in (out)	357	198,245	148,079	8,108	-	(356,495)	(1,706)
31 December 2016	243,953	730,179	1,070,742	78,244	77,168	91,256	2,291,542
Additions	438	1,561	23,741	12,879	34,493	94,447	167,559
Disposals	-	-	(17,019)	(526)	(3,640)	-	(21,185)
Write-off	-	-	-	-	(15,436)	-	(15,436)
Transfer in (out)	-	19,146	23,236	-	291	(44,655)	(1,982)
31 December 2017	244,391	750,886	1,100,700	90,597	92,876	141,048	2,420,498
Accumulated depreciation:							
1 January 2016	-	(293,169)	(557,279)	(47,808)	(34,885)	-	(933,141)
Depreciation for the year	-	(23,493)	(47,549)	(6,795)	(7,262)	-	(85,099)
Depreciation on disposals	-	1,014	1,930	6,114	4,553	-	13,611
Depreciation on write-off	-	23,934	20,813	-	1,570	-	46,317
31 December 2016	-	(291,714)	(582,085)	(48,489)	(36,024)	-	(958,312)
Depreciation for the year	-	(24,163)	(62,154)	(10,565)	(9,241)	-	(106,123)
Depreciation on disposals	-	-	9,538	372	2,220	-	12,130
Depreciation on write-off	-	-	-	-	7,474	-	7,474
31 December 2017	-	(315,877)	(634,701)	(58,682)	(35,571)	-	(1,044,831)
Allowance for impairment:							
1 January 2016	-	-	-	-	-	-	-
Increase during the year	-	-	-	-	-	-	-
31 December 2016	-	-	-	-	-	-	-
Increase during the year	-	-	-	-	-	(2,625)	(2,625)
31 December 2017	-	-	-	-	-	(2,625)	(2,625)
Net book value:							
31 December 2016	243,953	438,465	488,657	29,755	41,144	91,256	1,333,230
31 December 2017	244,391	435,009	465,999	31,915	57,305	138,423	1,373,042
Depreciation for the year							
For the year ended 31 December 2016 (Baht 73.3 million included in manufacturing cost, and the balance in administrative expenses)							85,099
For the year ended 31 December 2017 (Baht 78.8 million included in manufacturing cost, and the balance in administrative expenses)							106,123

As at 31 December 2017, the Company had vehicles under finance lease agreements with net book value amounting to Baht 15.8 million (2016: Baht 10.6 million).

As at 31 December 2017, certain plant, machinery and equipment items of the Company and its subsidiaries were fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 849 million (2016: Baht 873 million) (Separate financial statements: Baht 540 million and 2016: Baht 515 million).

The Company and its subsidiaries have placed some of their land, construction and machinery which the net book value amounting to approximately Baht 68.5 million (2016: Baht 314 million) as collateral against credit facilities received from financial institutions (Separate financial statements: Nil and 2016: Baht 177 million).

17. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements					Total
	Leasehold rights to land	Trademarks	Customer relationship	Computer software	Software under installation	
31 December 2016						
Cost	12,463	264,303	247,223	45,573	-	569,562
Less: Accumulated amortisation	(9,589)	-	(23,908)	(6,621)	-	(40,118)
31 December 2016	<u>2,874</u>	<u>264,303</u>	<u>223,315</u>	<u>38,952</u>	<u>-</u>	<u>529,444</u>
31 December 2017						
Cost	20,460	264,303	273,042	50,008	1,900	609,713
Less: Accumulated amortisation	(9,132)	-	(43,687)	(13,593)	-	(66,412)
31 December 2017	<u>11,328</u>	<u>264,303</u>	<u>229,355</u>	<u>36,415</u>	<u>1,900</u>	<u>543,301</u>

(Unit: Thousand Baht)

	Separate financial statements				
	Leasehold rights to land	Trademarks	Customer relationship	Computer software	Total
31 December 2016					
Cost	600	264,303	247,223	44,997	557,123
Less: Accumulated amortisation	(528)	-	(23,908)	(6,226)	(30,662)
31 December 2016	72	264,303	223,315	38,771	526,461
31 December 2017					
Cost	600	264,303	247,223	46,661	558,787
Less: Accumulated amortisation	(548)	-	(43,041)	(10,936)	(54,525)
31 December 2017	52	264,303	204,182	35,725	504,262

A reconciliation of the net book value of intangible assets is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2016	512,034	508,704
Acquisition during the year	38,483	38,341
Amortisation for the year	(21,004)	(20,584)
Translation adjustment	(69)	-
Net book value as at 31 December 2016	529,444	526,461
Increase from investment in subsidiaries	25,819	-
Acquisition during the year	13,657	1,673
Disposal during the year	(1)	-
Amortisation for the year	(25,001)	(23,872)
Translation adjustment	(617)	-
Net book value as at 31 December 2017	543,301	504,262

18. Goodwill and intangible assets with indefinite useful lives

For the purpose of impairment testing, the Company allocated goodwill acquired in business combinations and trademarks with indefinite useful lives to each of the cash generating units (CGUs), as presented below:

(Unit: Thousand Baht)

	Food Segment	
	2017	2016
Goodwill	100,678	100,678
Trademarks with indefinite useful lives	264,303	264,303

The recoverable amount of each CGU is determined based on a value-in-use calculation, using cash flow projections extracted from financial budgets approved by the management. The cash flow projections cover a five-year period for food segment unit.

Key assumptions used in value in use calculations are summarised below:

(Unit: percent per annum)

	2017	2016
Long-term growth rate	2.00	2.00
Pre-tax discount rate	11.06	11.09

The management determined the budgeted gross profit margin and long-term growth rate based on past performance and its expectations of market development. The discount rate used is pre-tax and reflects specific risks relating to the relevant segments.

The long-term growth rate used to extrapolate cash flow projections beyond the period covered by the most recent forecasts does not exceed the long-term average growth rate for the industry in which the CGU operates.

Increase in the discount rate of 0.5% per annum (2016: 1% per annum) or decrease in the long-term growth rate of 1% per annum (2016: 1.5% per annum) would result in recoverable amounts that are equal to the carrying amounts. The management considered and concluded that goodwill and trademarks with indefinite useful lives did not impair.

19. Short-term loans from financial institutions

	Interest rate		(Unit: Thousand Baht)	
	(percent per annum)		Consolidated financial	
	2017	2016	2017	2016
Promissory note	3.90	3.90	150,000	80,000
Short-term loans	VNIBOR+0.5%	4.80	5,950	60,561
Total			155,950	140,561

20. Trade and other payables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2017	2016	2017	2016
Trade payables - related parties	-	11,319	133,526	152,828
Trade payables - unrelated parties	267,668	165,030	145,865	109,684
Other payables - related parties	209	1,531	1,290	1,531
Payables for purchase of fixed assets	46,903	73,800	28,386	50,758
Payables for electricity charges	30,401	23,675	13,129	13,277
Accrued factory expenses	34,038	20,315	13,205	12,431
Accrued expenses	150,540	159,303	107,714	135,336
Total trade and other payables	529,759	454,973	443,115	475,845

21. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	2017	2016
Liabilities under finance lease agreements	18,031	14,760
Less : Deferred interest expenses	(2,253)	(3,120)
Total	15,778	11,640
Less : Portion due within one year	(3,678)	(2,839)
Liabilities under finance lease agreements - net of current portion	12,100	8,801

The Company has entered into the finance lease agreements with leasing companies for rental of vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 4 - 5 years.

Future minimum lease payments required under the finance lease agreements are as follows:

(Unit: Thousand Baht)

	Consolidated / Separate financial statements					
	Less than 1 year		1 - 5 years		Total	
	2017	2016	2017	2016	2017	2016
Future minimum lease payments	4,663	4,253	13,368	10,507	18,031	14,760
Deferred interest expenses	(985)	(1,414)	(1,268)	(1,706)	(2,253)	(3,120)
Present value of future minimum lease payments	<u>3,678</u>	<u>2,839</u>	<u>12,100</u>	<u>8,801</u>	<u>15,778</u>	<u>11,640</u>

22. Long-term loans from financial institutions

(Unit: Thousand Baht)

Loan	Interest rate (percent per annum)	Repayment schedule	Consolidated financial statements	
			2017	2016
1 MLR-1.90		Monthly	30,500	30,000
Less: Current portion			(30,500)	(30,000)
Long-term loans from financial institutions - net of current portion			<u>-</u>	<u>-</u>

A long-term loan of a local subsidiary company under credit facilities of Baht 100 million is monthly repaid within 36 installments. There is a grace period of 6 months from the date of the first drawdown. The loan carries interest at a rate of MLR-1.90% per annum. The loan is secured by mortgage of the subsidiary's land and construction thereon. The long-term credit facilities of this subsidiary which have not yet been drawn down amounted to Baht 35 million (2016: Baht 70 million).

23. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2017 and 2016 is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Provision for compensation on employees' retirement	165,168	117,094	125,603	102,118
Provision for special retirement benefits	3,692	-	2,791	-
Provision for long service awards	51,670	38,432	36,722	33,017
Total	220,530	155,526	165,116	135,135

Provision for long-term employee benefits are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	2017			2016		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Provision for long-term employee benefits as at the beginning of year	115,993	39,533	155,526	123,330	40,106	163,436
Increase from acquisition of subsidiary	22,120	7,240	29,360	-	-	-
Current service cost	16,698	3,211	19,909	14,190	2,669	16,859
Interest cost	3,650	1,326	4,976	3,157	1,225	4,382
Actuarial (gain) loss arising from						
Demographic assumptions changes	2,906	317	3,223	-	-	-
Financial assumptions changes	(8,590)	4,830	(3,760)	-	-	-
Experience adjustments	20,858	1,218	22,076	-	-	-
Benefits paid during the year	(4,775)	(6,005)	(10,780)	(23,583)	(5,568)	(29,151)
Provision for long-term employee benefits as at 31 December	168,860	51,670	220,530	117,094	38,432	155,526

(Unit: Thousand Baht)

	Separate financial statements					
	2017			2016		
	Post-employment benefits	Other long- term benefits	Total	Post-employment benefits	Other long- term benefits	Total
Provision for long-term employee						
benefits as at the beginning of year	102,118	33,017	135,135	108,103	34,377	142,480
Current service cost	13,971	3,514	17,485	13,167	2,136	15,303
Interest cost	3,091	950	4,041	2,783	926	3,709
Actuarial (gain) loss arising from						
Demographic assumptions changes	2,499	299	2,798	-	-	-
Financial assumptions changes	(3,867)	3,794	(73)	-	-	-
Experience adjustments	14,414	82	14,496	-	-	-
Benefits paid during the year	(3,832)	(4,934)	(8,766)	(21,935)	(4,422)	(26,357)
Provision for long-term employee						
benefits as at 31 December	128,394	36,722	165,116	102,118	33,017	135,135

Long-term employee benefit expenses included in the profit or loss for the year ended 31 December 2017 and 2016 consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Current service cost	19,909	16,859	17,485	15,303
Interest cost	4,976	4,382	4,041	3,709
Actuarial loss of other long-term benefits	6,365	-	4,175	-
Total expenses recognised in profit or loss	31,250	21,241	25,701	19,012
Line items in profit or loss under which such expenses are included				
Cost of sales	11,876	9,208	8,956	7,249
Selling and administrative expenses	19,374	12,033	16,745	11,763

Actuarial losses arising from provision for defined benefit plans which were recognised in other comprehensive income of the Company and its subsidiaries in the year 2017 amounted to Baht 15.18 million (Separate financial statements: Baht 13.05 million) (2016: Nil).

The Company and its subsidiaries expect to pay Baht 16.40 million of long-term employee benefits during the next year (2016: Baht 7.06 million) (Separate financial statements: Baht 10.00 million and 2016: Baht 6.05 million).

As at 31 December 2017 the weighted average duration of the liabilities for long-term employee benefit is 10 years (2016: 8 years) (Separate financial statements: 10 years and 2016: 8 years).

Significant actuarial assumptions at the valuation date are summarised below:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Discount rate (% per annum)	2.50 (Thailand) 5.25 (Vietnam)	3 (Thailand) 7 (Vietnam)	2.50	3
Salary increase rate (% per annum)	4 - 8	4 - 8	4 - 7	4 - 8
Turnover rate (% per annum)	2 - 23	2 - 23	2 - 23	2 - 23
Gold price (Baht)	20,500	19,000	20,500	19,000

The results 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: Thousand Baht)

	As at 31 December 2017			
	Consolidated financial		Separate financial	
	statements		statements	
	Increase	Decrease	Increase	Decrease
Discount rate (+/- 0.50%)	(9,429)	10,149	(7,354)	7,926
Salary increase rate (+/- 1.00%)	17,768	(15,522)	14,006	(12,205)
Turnover rate (+/- 1.00%)	(6,116)	4,501	(4,758)	5,072
Gold price (+/- Baht 1,000)	2,695	(4,552)	1,922	(1,922)

(Unit: Thousand Baht)

As at 31 December 2016

	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
Discount rate (+/- 0.50%)	(6,834)	7,361	(6,045)	6,516
Salary increase rate (+/-1.00%)	13,239	(11,523)	11,739	(10,207)

24. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividends from retained earnings as at 31 December 2016	Annual General Meeting of the shareholders on 20 April 2017	184,862	0.21
Total dividends for 2017		184,862	0.21
Dividends from retained earnings as at 31 December 2015	Annual General Meeting of the shareholders on 26 April 2016	237,599	0.27
Dividend from retained earnings as at 30 June 2016	Board of Directors Meeting on 10 August 2016	79,226	0.09
Total dividends for 2016		316,825	0.36

25. Statutory reserve

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

26. Expenses by nature

Significant expenses classified by nature for the year ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Salaries, wages and other employee benefits	937,993	792,193	633,451	628,316
Depreciation	167,582	123,244	106,123	85,099
Amortisation	25,001	21,004	23,872	20,584
Rental and service expenses from operating lease agreements	55,485	19,187	23,490	16,971
Raw materials and consumables used	4,027,013	3,840,208	1,550,623	1,647,338
Changes in inventories of finished goods	165,166	89,475	(52,746)	126,467

27. Income tax

Income tax expenses for the year ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Current income tax:				
Current income tax charge	112,788	164,932	67,155	100,161
Deferred tax:				
Temporary differences relating to origination and reversal	(6,483)	2,310	(6,144)	(378)
Translation adjustment	(157)	(34)	-	-
Income tax expenses reported in the statements of comprehensive income	106,148	167,208	61,011	99,783

The amounts of income tax relating to each component of other comprehensive income for the year ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deferred tax related to unrealised loss from the change in fair value of investments in available-for-sale securities	(128)	(1,208)	(128)	(1,208)
Deferred tax related to actuarial loss	(3,035)	(131)	(2,609)	-
Total	(3,163)	(1,339)	(2,737)	(1,208)

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Accounting profit before tax	647,232	912,778	357,265	560,947
Applicable tax rate	15%, 20% and 25%	15%, 20% and 25%	20%	20%
Accounting profit before tax multiplied by income tax rate	128,574	180,500	71,453	112,189
Adjustment in respect of current income tax at previous year	(589)	(2,603)	(673)	(354)
Effects of:				
Non-deductible expenses (reversal)	(25,133)	2,858	(5,179)	1,641
Additional expense deductions allowed	(2,209)	(8,014)	(1,546)	(3,156)
Unutilised tax losses (used during the year)	5,378	(2,241)	-	-
Unused tax losses which may not utilise	1,599	234	-	-
Share of profit from investments in associates	(661)	(3,128)	-	-
Dividend income	(181)	(334)	(3,117)	(10,592)
Translation adjustment	(703)	(119)	-	-
Others	73	55	73	55
Total	(21,837)	(10,689)	(9,769)	(12,052)
Income tax expenses reported in the statement of comprehensive income	106,148	167,208	61,011	99,783

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deferred tax assets				
Provision for long-term employee benefits	44,106	31,105	33,023	27,027
Liabilities under finance lease agreements	3,156	2,328	3,156	2,328
Allowance for reducing cost of inventories to net realisable value	1,519	1,355	1,515	1,195
Unrealised loss on changes in fair value of available-for-sale investments	5,632	4,936	5,632	4,936
Others	9,670	8,530	4,908	4,639
Total	64,083	48,254	48,234	40,125
Deferred tax liabilities				
Accumulated depreciation - building and equipment	30,193	25,766	21,902	19,164
Vehicles under finance lease agreements	3,088	2,127	3,088	2,127
Surplus of fair value from the amalgamation	147,359	152,397	147,359	152,397
Surplus of fair value from acquisition of subsidiary	36,609	-	-	-
Others	940	384	940	373
Total	218,189	180,674	173,289	174,061
Net deferred tax liabilities	(154,106)	(132,420)	(125,055)	(133,936)
Presented in the statements of financial position as follows:				
Deferred tax assets	3,364	1,057	-	-
Deferred tax liabilities	(157,470)	(133,477)	(125,055)	(133,936)
Net deferred tax liabilities	(154,106)	(132,420)	(125,055)	(133,936)

As at 31 December 2017, the subsidiaries had unused tax losses totaling Baht 30.42 million (2016: Baht 25.76 million), on which deferred tax assets have not been recognised as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses of the subsidiaries amounting to Baht 30.42 million (2016: Baht 25.76 million) will expire by 2022 (2016: 2021).

28. Promotional privileges

The Company received promotional privileges from the Board of Investment for the manufacture of producing dried rice noodles, pursuant to the investment promotion certificate No. 59-0098-0-00-1-2 issued on 20 January 2016. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues, to the extent that the amount of tax exempted does not exceed 100% of investment capital exclusive of land and working capital.

During the year, the subsidiary company received promotional privileges from the Board of Investment for the production of biogas and electricity, pursuant to the investment promotion certificate No. 60-0077-1-00-1-0 issued on 23 January 2017. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues, to the extent that the amount of tax exempted does not exceed 100% of investment capital, exclusive of land and working capital.

As at 31 December 2017, the Company and the subsidiary have not started this promoted operation yet.

29. Basic earnings per share

Basic earnings per share is calculated by dividing profit for the year ended 31 December 2017 and 2016 (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Profit for the year (Thousand Baht)	492,912	669,044	296,254	461,165
Number of ordinary shares (shares)	880,420,930	880,420,930	880,420,930	880,420,930
Earnings per share (Baht/share)	0.56	0.76	0.34	0.52

30. 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.

For management purposes, the Company and its subsidiaries are organised into business units based on their products and services and have two reportable segments as follows:

- the manufacture and distribution of starch and other agricultural products
- the manufacture and distribution of vermicelli and other food products

No operating segments 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, total assets and total liabilities and on a basis consistent with that used to measure operating profit or loss, total assets and total liabilities in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit, total assets and total liabilities information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2017 and 2016.

(Unit: Thousand Baht)

For the year ended 31 December 2017

	Starch	Food	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Sales	4,886,230	1,378,852	6,265,082	-	6,265,082
Interest revenue	9,386	16,829	26,215	-	26,215
Interest expense	(6,872)	(1,393)	(8,265)	-	(8,265)
Depreciation and amortisation	(122,346)	(70,237)	(192,583)	-	(192,583)
Gain from business acquisition	118,400	-	118,400	-	118,400
Reversal of allowance for impairment on investment properties	13,260	-	13,260	-	13,260
Gain on sale of current investments	5,911	2,556	8,467	-	8,467
Share of profit from investments in associates	-	3,304	3,304	-	3,304
Income tax expenses	(77,435)	(28,713)	(106,148)	-	(106,148)
Segment profit	449,312	91,772	541,084	-	541,084
Segment total assets	4,216,965	2,942,512	7,159,477	(42,994)	7,116,483
Investments in associates accounted for by the equity method	-	33,552	33,552	-	33,552
Additions to non-current assets other than financial instruments and deferred tax assets	556,310	23,578	579,888	-	579,888
Segment total liabilities	709,180	544,185	1,253,365	(42,994)	1,210,371

(Unit: Thousand Baht)

	For the year ended 31 December 2016				
	Starch	Food	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Sales	4,838,213	1,325,144	6,163,357	-	6,163,357
Interest revenue	9,400	18,214	27,614	-	27,614
Interest expense	(6,790)	(1,758)	(8,548)	-	(8,548)
Depreciation and amortisation	(80,047)	(64,201)	(144,248)	-	(144,248)
Share of profit from investments in associates	-	15,640	15,640	-	15,640
Income tax expenses	(136,707)	(30,501)	(167,208)	-	(167,208)
Segment profit	605,247	140,323	745,570	-	745,570
Segment total assets	3,587,282	2,836,448	6,423,730	(20,719)	6,403,011
Investments in associates accounted for by the equity method	-	278,660	278,660	-	278,660
Additions to non-current assets other than financial instruments and deferred tax assets	238,150	11,700	249,850	-	249,850
Segment total liabilities	589,545	489,435	1,078,980	(20,719)	1,058,261

Revenue from external customers is based on locations of the Company and its subsidiaries.

(Unit: Thousand Baht)

	Consolidated financial statements	
	2017	2016
Sales		
Thailand	4,729,176	4,880,910
Vietnam	1,182,496	1,227,320
China	353,410	55,127
Total	6,265,082	6,163,357

Major customers

During the year, the Company and its subsidiaries have revenue from one major customer in amount of Baht 713 million, arising from sales by the starch segment (2016: Baht 629 million, arising from sales by the starch segment).

31. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contributed to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by MFC Asset Management Public Company Limited, will be paid to the employees upon termination in accordance with the fund rules. During the year, the Company and its subsidiaries contributed Baht 10.46 million (2016: Baht 9.16 million) (Separate financial statements: Baht 9.44 million and 2016: Baht 8.22 million) to the fund.

32. Commitments and contingent liabilities

32.1 Investment commitment

As at 31 December 2017, the Company was committed to pay uncalled portions of its investment in an associate, approximately of Baht 10.43 million (31 December 2016: Baht 10.43 million).

32.2 Capital commitments

The Company and its subsidiaries had commitments related to the construction of buildings and the purchases of machinery, equipment and computer software as follows:

(Unit: Million)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Baht	160.97	130.62	114.62	35.87
Vietnam Dong	20,203.79	26,206.46	-	-
US Dollar	0.06	-	-	-

32.3 Purchase of raw material commitments

As at 31 December 2017, the Company had outstanding future payment commitments of approximately USD 2.03 million and Baht 28.58 million (2016: USD 1.68 million and Baht 8.19 million) in respect of agreements to purchase raw materials.

32.4 Commitment on purchase price guarantee for tapioca root program

The Company has guaranteed the minimum purchase price for tapioca trading during 1 June 2017 - 31 March 2018. However, if the market price is higher than the minimum guarantee price, the Company will purchase the tapioca at the market price at the time of purchase. As at 31 December 2017, the Company had commitments of approximately Baht 76.83 million (2016: Baht 76.83 million), relating to this purchase price guarantee for raw materials.

32.5 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land, office building space and office equipment. The terms of the agreements are generally 1-9 years. Operating lease agreements are non-cancellable.

Future minimum lease payments required under these non-cancellable operating leases are as follows:

(Unit: Million)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Baht				
Within 1 year	20.24	10.71	20.62	11.36
1 to 2 years	1.25	9.24	1.25	9.62
Total	21.49	19.95	21.87	20.98
Vietnam Dong				
Within 1 year	5,231.03	5,712.04	-	4,066.04
1 to 5 years	19,526.89	10,769.69	-	10,571.69
More than 5 years	16,095.07	-	-	-
Total	40,852.99	16,481.73	-	14,637.73

32.6 Service agreements commitments

	(Unit: Million)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Service agreements				
Baht	7.19	17.60	7.19	17.60
US Dollar	-	0.05	-	0.05
Vietnam Dong	148.04	441.41	-	325.85
Advertising agreements				
Baht	-	0.02	-	0.02
Vietnam Dong	2,378.5	-	-	-

32.7 Guarantees

As at 31 December 2017, there were outstanding bank guarantees of approximately Baht 28.87 million (2016: Baht 27.92 million) (Separate financial statements: Baht 16.00 million and 2016: Baht 15.89 million) issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business.

33. Financial instruments

33.1 Financial risk management and policies

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

Credit Risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade account receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statements of financial position.

Interest rate risk

The Company's and its subsidiaries' exposure to interest rate risk relates primarily to its deposits with financial institutions and short-term and long-term loans to related parties. However, since most of the financial assets bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets 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 rate			Non -		Effective
	within	1 - 5	Floating	interest		
	1 year	years	interest rate	bearing	Total	interest rate
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	811.07	16.00	827.07	0.125 - 5.20
Current investments	31.44	-	-	428.72	460.16	1.15
Other long-term investments	160.62	402.73	-	81.79	645.14	2.22 - 5.40
Trade and other receivables	-	-	-	740.42	740.42	-
Restricted bank deposits	65.53	-	-	-	65.53	0.85 - 6.50
	257.59	402.73	811.07	1,266.93	2,738.32	
Financial liabilities						
Short-term loans from financial institutions	150.00	-	5.95	-	155.95	3.90, VNIBOR+0.5%
Trade and other payables	-	-	-	529.76	529.76	-
Short-term loan and accrued interests from related party	-	-	2.65	-	2.65	1.10
Finance lease liabilities	3.68	12.10	-	-	15.78	7.05
Long-term loans from financial institutions	-	-	30.50	-	30.50	MLR - 1.90
	159.63	12.10	33.15	529.76	734.64	

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2016

	Fixed interest rate		Floating interest rate	Non - interest bearing	Total	Effective interest rate (% per annum)
	within 1 year	1 - 5 years				
Financial assets						
Cash and cash equivalents	36.26	-	267.20	11.87	315.33	0.125 - 5.00
Current investments	-	-	-	940.96	940.96	-
Other long-term investments	70.69	429.73	-	85.26	585.68	3.84 - 5.14
Trade and other receivables	-	-	-	655.89	655.89	-
Restricted deposit	9.66	-	-	-	9.66	0.85 - 0.95
	116.61	429.73	267.20	1,693.98	2,507.52	
Financial liabilities						
Short-term loans from financial institutions	80.00	-	60.56	-	140.56	3.90 - 4.80
Trade and other payables	-	-	-	454.97	454.97	-
Short-term loan and accrued interests from related party	-	-	2.63	-	2.63	2.83 - 3.91
Finance lease liabilities	2.84	8.80	-	-	11.64	11.30 - 21.97
Long-term loans from financial institutions	-	-	30.00	-	30.00	MLR - 1.90
	82.84	8.80	93.19	454.97	639.80	

(Unit: Million Baht)

Separate financial statements

As at 31 December 2017

	Fixed interest rate		Floating interest rate	Non - interest bearing	Total	Effective interest rate (% per annum)
	within 1 year	1 - 5 years				
Financial assets						
Cash and cash equivalents	-	-	210.57	0.65	211.22	0.125 - 0.50
Current investments	-	-	-	428.72	428.72	-
Other long-term investments	160.62	402.73	-	81.79	645.14	2.22 - 5.40
Trade and other receivables	-	-	-	570.94	570.94	-
Short-term loan to related parties	-	-	405.48	-	405.48	3.95
Long-term loan to related parties	35.00	-	-	-	35.00	3.95 - 4.00
	195.62	402.73	616.05	1,082.10	2,296.50	
Financial liabilities						
Trade and other payables	-	-	-	443.12	443.12	-
Finance lease liabilities	3.68	12.10	-	-	15.78	7.05
	3.68	12.10	-	443.12	458.90	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2016						
	Fixed interest rate			Non -		Effective
	within	1 - 5	Floating	interest		interest rate
	1 year	years	interest rate	bearing	Total	(% per annum)
<u>Financial assets</u>						
Cash and cash equivalents	-	-	129.90	4.76	134.66	0.125 - 1.85
Current investments	-	-	-	940.96	940.96	-
Other long-term investments	70.69	429.73	-	85.26	585.68	3.84 - 5.14
Trade and other receivables	-	-	-	572.98	572.98	-
Short-term loans to related parties	-	-	84.68	-	84.68	2.38 - 3.91
	70.69	429.73	214.58	1,603.96	2,318.96	
<u>Financial liabilities</u>						
Trade and other payables	-	-	-	475.85	475.85	-
Finance lease liabilities	2.84	8.80	-	-	11.64	11.30 - 21.97
	2.84	8.80	-	475.85	487.49	

Foreign currency risk

The Company's and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The significant balances of financial assets and liabilities denominated in foreign currencies of the Company and its subsidiaries at 31 December 2017 and 2016 are summarised below.

Currencies	Financial assets		Financial liabilities		Average exchange rate	
	2017	2016	2017	2016	2017	2016
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	10.13	8.65	1.84	0.94	32.68	35.83
EUR	0.18	0.50	0.02	0.02	39.03	37.76
GBP	-	-	-	0.02	43.99	44.04
CNY	-	-	-	-	5.01	5.15
SGD	-	-	-	0.01	24.45	24.80

As at 31 December 2017, foreign exchange contracts outstanding are summarised below.

31 December 2017			
Foreign currency	Sold amount (Thousand)	Contractual exchange rate	
		Sold amount	Contractual maturity date
USD	9,724	32.37 - 32.75 Baht against USD	18 January 2018 - 5 July 2018

As at 31 December 2016, the Company and its subsidiaries had no outstanding foreign exchange forward contracts.

33.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position except investments in held-to-maturity debts securities and derivative.

The estimated fair value of financial instruments, in comparison with the related amounts carried in the statement of financial position, is as follows:

(Unit: Million Baht)		
Consolidated / Separate		
financial statements		
As at 31 December 2017		
	Carrying amount	Fair value
Financial assets		
Investments in held-to-maturity debts securities	563.35	572.53
Derivatives: Gain (loss)		
Forward exchange contracts	-	(0.49)

The methods used by the Company in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable and short-term loans to, accounts payable and short-term loans from, their carrying amounts in the statement of financial position approximate their fair value.
- b) For debts securities, their fair value is generally derived from quoted market prices as announced by the Thai Bond Market Association.
- c) For equity securities and open ended funds, their fair value is generally derived from quoted market prices.
- d) For long-term loan carrying interest which approximate to the market rate, its carrying amount in the statement of financial position approximates its fair value.
- e) For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies and interest rate yield curves. The Company considered counterparty credit risk when determining the fair value of derivatives

During the current year, there were no transfers within the fair value hierarchy.

34. Fair value hierarchy

As at 31 December 2017 and 2016, the Company and its subsidiaries had the assets and liabilities that were measured and disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

As at 31 December 2017

Consolidated financial statements

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investments in available-for-sale securities	510.51	-	-	510.51
Assets for which fair value is disclosed				
Investments in held-to-maturity debts securities	-	572.53	-	572.53
Investment properties	-	485.50	-	485.50
Foreign currency forward contracts (loss)	-	(0.40)	-	(0.40)

(Unit: Million Baht)

As at 31 December 2016

Consolidated financial statements

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investments in available-for-sale securities	1,026.23	-	-	1,026.23
Assets for which fair value is disclosed				
Investment properties	-	349.50	-	349.50

(Unit: Million Baht)

As at 31 December 2017

Separate financial statements

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investments in available-for-sale securities	510.51	-	-	510.51
Assets for which fair value is disclosed				
Investments in held-to-maturity debts securities	-	572.53	-	572.53
Investment properties	-	193.90	-	193.90
Foreign currency forward contracts (loss)	-	(0.40)	-	(0.40)

(Unit: Million Baht)

	As at 31 December 2016			
	Separate financial statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investments in available-for-sale securities	1,026.23	-	-	1,026.23
Assets for which fair value are disclosed				
Investment properties	-	147.00	-	147.00

35. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that they have appropriate capital structure in order to support their businesses and to maximise shareholder value. As at 31 December 2017, the Company's and its subsidiaries' debt-to-equity ratio was 0.20:1 (2016: 0.20:1) (Separate financial statements: 0.18:1 and 2016: 0.19:1).

36. Event after the reporting period

On 22 February 2018, the meeting of the Company's Board of Directors passed the following resolutions to propose to Annual General Meeting of the Company's shareholders for approval.

- Approval for a dividend payment from the retained earnings as at 31 December 2017, to be paid in cash at a rate of Baht 0.32 per share. Payment of this dividend is dependent on approval being granted by the shareholders.
- Approval for the Company to issue up to Baht 1,000 million of Thai Baht denominated debentures to support future investment plans and operations.

On 22 February 2018, a meeting of the Company's Board of Directors approved an increase in the registered capital of Thai Wah Vietnam Company Limited by USD 1 million, from the existing registered capital of USD 1 million to USD 2 million. The Company will continue to hold 100% of the shares of this company.

37. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2018.

Related Party Transactions

Transactions between the Company or the subsidiaries and its related parties which may give rise to a conflict of interest are made under normal commercial terms, determined **at fair price and at arm's length basis**, details as follows:

Sales and Purchase of Goods

Payee	Payer	Detail of Transactions/ Contract	Pricing Policy	Amount (million Baht)	Name of Persons with Mutual Interest	Relationship	Necessity and Reasonableness of Transactions
TWPC	TWPL	Sales of goods	Market price	0.16	LRH	Common-shareholder	Sales of goods in the ordinary course of business
					KCH	Common-director	The price is based on normal commercial terms and at arms' length basis
					CSH	Common-director	

Rental and Service Expenses

Payee	Payer	Detail of Transactions/ Contract	Pricing Policy	Amount (million Baht)	Name of Persons with Mutual Interest	Relationship	Necessity and Reasonableness of Transactions
TWPL	TWPC	Rental and service expenses for office at Bangkok and document storage (total area of 2,264 sqm.) at Thai Wah Tower 1.	Rental and services expenses at the rate of Baht 105-578/sqm./month. Rental rate and service expenses are in line with market rate as compared with other buildings in a similar location, Terms and conditions are similar to those applied to other tenants	18.29	LRH KCH CSH	Common-shareholder Common-director Common-director	Rental of the Group corporate head office. The building is well located and has good amenities
Lease Agreement for 3 years from October 1, 2015 to September 30, 2018 and January 1, 2016 to December 31, 2018							
		Public utility expenses	Public utility expenses are charged as actual, similar to those charged to other tenants	4.34			Convenience of payment
		Outstanding balance		0.03			
TWPL	TWPC	Other service expenses	Actual charge at market price	1.72	LRH KCH CSH	Common-shareholder Common-director Common-director	To facilitate the business operations of the Company

Financial Assistance (Loan and Interest)

Lender	Borrower	Principal		Interest Income (million Baht)	Interest Rate per Annum	Name of Persons with Mutual Interest	Relationship	Necessity and Reasonableness of Transactions
		Amount (million Baht)	Increase (Decrease)					
TWPC	MJ	8.05	-	0.32	Average cost of fund plus 1% per annum	TWPC US	Major shareholder Common-director	The Company granted loan to MJ in the past since the Company foresaw an opportunity to generate profit in the future. The Company held 49.99% shareholdings in MJ. After MJ disposed its land in 2003, MJ had partially settled its debts to the Company.
								The Company has constantly reminded MJ to settle its outstanding debts owed to the Company. Unfortunately, MJ has experienced financial difficulties and does not have any other assets which could be sold to repay its outstanding debts owed to the Company. Apart from this, MJ's shareholders' equity is in negative. Therefore, the Company has set aside an allowance for doubtful debt in respect of MJ's total outstanding debts owed to the Company.

Procedures for Approving Related Party Transactions

Transactions between the Company or the subsidiaries and its related parties which may give rise to a conflict of interest are scrutinized by the Management and proposed to the Audit and Risk Committee to opine on the transactions. Once recommended by the Audit and Risk Committee, the transactions will be proposed to the Board of Directors or the Board of Directors and the shareholders for approval depending on the nature and size of transactions in accordance with the provisions of the Capital Market Supervisory Board. Any director or management who has an interest in, or is related to, such transaction will not participate in the decision making process.

Such transactions have to be made under normal commercial terms, determined at fair price and at arm's length basis.

Abbreviations

LRH	=	Laguna Resorts & Hotels Public Company Limited
MJ	=	Mae Joe Land Company Limited
TWPC	=	Thai Wah Public Company Limited
TWPL	=	Thai Wah Plaza Limited
KCH	=	Mr. Ho KwonCjan
US	=	Mr. Umnad Sukprasongphol
CSH	=	Mr. Shankar Chandran

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