



THAI WAH
PUBLIC COMPANY LIMITED



2018 Annual Report

Thai Wah Public Company Limited



Vision

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

Mission

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 operation excellence.

Core Values

*Pride
Integrity
Consistency*



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Message from the Chief Executive Officer

Amidst the backdrop of global economic uncertainty, Thai Wah Public Company Limited continues to grow in 2018 in terms of scale and scope in pursuit of our vision to be a regional leader in starch and food related products.

In 2018, the tapioca industry saw a 50 percent decline in supply mainly due the onset of the Cassava Mosaic Virus and the lack of harvesting crop in Thailand, Cambodia and Vietnam. As such, raw material prices increase faster than selling prices, resulting in a drop in earnings compared to previous years.

We have addressed this volatility by significantly improving and strengthening our supply chain through farm development, partnerships and embarking on new projects working with contract and small holder farmers, as well as expanding our portfolio of crop raw material including other starches such as Sweet Potato, Rice, Mung Bean and Arrowroot. Secondly, the acquisition and consolidation of TDC (Tapioca Development Corporation Limited) represents a continuing shift towards higher value starch derivatives, such as modified starch used for a range of growing categories such as bakery, dairy, yoghurt and mixes.

Despite these short term headwinds, we remain focused on operational excellence and delivering value for our customers. Our Rose brand remains the number 1 brand for food-grade tapioca starch in China and Taiwan and ASEAN markets, and we continue to develop the brand and export globally to over 20 markets. Thai Wah participated in several international trade fairs such as Food Ingredients Asia (FI Asia) and International Fair of Tourism (IFT), and our China office continues to do well as a direct channel to our key Chinese customers. Customer and brand loyalty is one of our key competencies that we continue to relentlessly defend and differentiate ourselves.

Our food business witness strong double digit growth in categories such as rice noodle and channels such as Modern Trade. Within the Indo China and CLMV region, our food and noodle products are now on the shelves across Vietnam, Cambodia and Myanmar. Thai Wah Vietnam opened in 2018 and our sales have doubled, where we now serve over 1000 point of sales in Southern Vietnam. We are at the beginning phase of a long term strategy to win in the food business in Vietnam for our relevant categories.

Innovation and Sustainability remain at the core of our long term vision. In 2018, we signed 3 partnerships and MOU with local and overseas research institutions for long term research and development work in starch technology, processing and new formulations. We continue to have a healthy and robust innovation pipeline,



having launched 4 new products in 2018 and will continue to keep up this healthy momentum into the near term. The future of starch and food products is a secular long term growth trend, given rising demand for food products from different markets and dynamics consumer shifts in tastes and textures.

Although net profit decreased in 2018 compared to previous year, we remain a strong net cash position. 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 focused on improving operating cash flow as one of our 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 2018 based on its consolidated financial statements amounted to Baht 197 million (Baht 0.24/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, 2018 which is subject to shareholders' approval at the Company's Annual General Meeting on 26 April 2019.

We are also happy to share and announce that TWPC was selected as one of the Outstanding Investor Relation Awards at the 2018 SET awards as well as granted the Collective Action Against Corruption (CAC) certificate, in recognition of our commitment towards good corporate governance, transparency and disclosure. What motivates our team at Thai Wah every day is doing the right thing for our stakeholders - farmers, customers, associates and partners.

We remain focused, disciplined and passionate for the long term and in relentless pursuit of creating value from Farm to Shelf. We thank you for your continued support.

Mr. Ho Ren Hua
Chief Executive Officer

Financial Highlights

(Unit : Million Baht)

	2018	2017	2016
Total current assets	3,158	3,148	2,797
Total non-current assets	3,914	3,968	3,606
Total Assets	7,072	7,116	6,403
Total current liabilities	794	808	750
Total non-current liabilities	412	402	308
Total Liabilities	1,206	1,210	1,058
Total Shareholders' equity	5,866	5,906	5,345
Sales	7,248	6,265	6,163
Dividend income	1	1	2
Gain on debt restructuring	-	-	-
Share of gain from investments in associated companies	(2)	3	16
Total revenues	7,327	6,475	6,321
Reversal of an impairment loss for investment property	-	-	-
Cost of sales	6,063	4,881	4,600
Total expenses	7,047	5,820	5,400
Operating profit	288	513	875
EBITDA	559	855	1,071
Earnings before finance cost and income tax expense	280	655	921
Finance cost	7	8	8
Income tax expense	58	106	167
Net profit for the year	214	541	746
Net profit attributable to non-controlling interest	17	48	77
Net profit attributable to equity holders of the Company	197	493	669
Other information			
Earnings Per Share (Baht)	0.22	0.56	0.76
Dividend Per Share (Baht)	*0.32	0.32	0.30
Book Value Per Share (Baht)	6.66	6.71	6.07

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

	2016	2017	2018
Profitability ratio			
Gross profit margin (%)	25	22	16
Operating profit ratio (%)	14	8	4
Other income ratio (%)	1.18	0.06	(0.01)
Cash to operating profit ratio (%)	77	128	71
Return on Total Revenue (%)	12	8	3
Return on Total Equity (%)	15	10	4
Efficiency ratio			
Return on Total Assets (%)	12	8	3
Return on fixed assets ratio (%)	46	31	17
Assets turnover ratio (times)	1.03	0.96	1.03
Liquidity ratio			
Liquidity ratio (times)	4	4	4
Quick liquidity ratio (times)	3	3	3
Cash flow liquidity ratio (times)	1.02	0.84	0.26
Average collection period (day)	33	39	37
Average sale period (day)	27	28	35
Average payment period (day)	16	20	20
Cash cycle (day)	43	46	52
Financial policy ratio			
Debt to equity ratio (times)	0.20	0.20	0.21
Interest coverage ratio (times)	97	97	41
Repayment ability ratio (cash basis) (times)	0.32	0.28	0.09
Dividend payout ratio (%)	39	54	143

Management Discussion and Analysis

Business Overall

2018 was a challenging year for tapioca industry as cassava shortage spread in Thailand, Vietnam, and Cambodia. The significant drop of cassava prices in Thailand at the end of 2016 prompted the farmers to opt for cultivation of other crops that yield better benefits, such as sugar canes, attributed to the shortage of cassava roots. In additions the outbreak of Cassava Mosaic Disease at the end of 2017 in Vietnam and Cambodia, the 2nd largest cassava exporters after Thailand, also had adverse impact on raw material costs, which resulted in the significant hike of fresh cassava root prices, and tapioca starch export prices. However, price trend for cassava roots and tapioca starch is expected to adjust along the same direction in the long run.

The tapioca starch industry continued to be challenged by a number of factors during the past year, especially from the increase of cassava root prices which reached the highest in 10 years at 3.01 Baht/kg in April 2018, an increase of over 80 percent from the lowest point the previous year. Nevertheless, demand for tapioca starch is also constantly rising, particularly from China, and Taiwan.

In 2018, however, the gross profit margins of tapioca starch business declined driven by 2 main factors : raw material cost increase higher than the increase of average cost of goods sold and depreciation of U.S. dollar against Thai Baht. Since tapioca starch business accounts for Thai Wah's highest sales, followed by food business, the Company's net profits has, thus, decreased by 60 percent, comparing to the previous year that the Company had a one-time gain in 2017 from the amalgamation and recognition of the subsidiary, to 197 million Baht. Nevertheless, domestic cassava production has started to recuperate, with the increase of volume during the new harvesting season (starting the 4th quarter of 2018).

Key factors that have affected the Company's performances in 2018 are:

1) Significant increase of tapioca starch export prices

Figure 1: Starch Export Prices over the Last Three Years

Unit: USD per ton



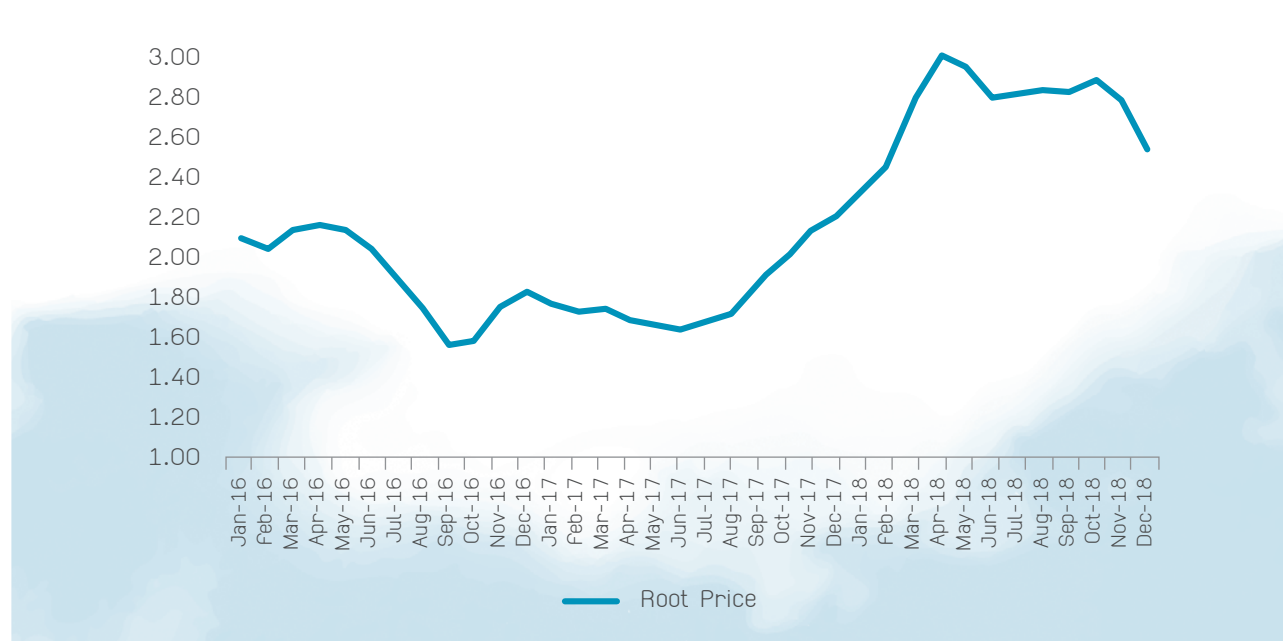
Management Discussion and Analysis

Average export prices of tapioca starch exhibited an upward trend throughout 2018, from the lowest point at US\$445/ton in January 2018 to the highest, US\$553, in May 2018, an increase of 24 percent, before declining to US\$455 toward the end of the year in December 2018. As a result, Thai tapioca starch industry has been put under pressure by the average cost of goods sold having increased in a ratio that is less than the increase in the average cost of cassava roots as raw materials.

In 2018, Thailand's tapioca starch industry has seen 7 percent decrease in the export volume, from 3.1 million tons in 2017 to 2.8 million tons in 2018 due to the shortage root supply in Thailand. However, the Company was able to sustain sales volume, compared to the previous year.

2) Significant increase of raw material costs (cassava roots)

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



In 2018, cost of domestic cassava roots significantly increased and continued an upward trend throughout the year, from the lowest point at Baht 1.64/kg in mid-2017 to the highest Baht 3.01/kg in April 2018, the highest in 10 years. Two major factor contributed to the shortage of cassava roots in Thailand, Vietnam, and Cambodia was the outbreak of Cassava Mosaic Disease in the latter two countries and farmers in Thailand opted for cultivation of other crops that yield better benefits, such as sugar canes.

According to the survey on cassava crops in Thailand conducted by 4 tapioca trade associations, approximately 43-44 million tons of cassava were produced in the CLMV countries during the harvesting year of 2017/2018, a significant decrease from the previous year. Thailand produced 27 million tons, from 30-32 million tons the year before, while Vietnam produced 8 million tons, a decrease from 10 million in the previous year, and Cambodia 9 million tons, also a decrease from 13 million in the previous year, due to the outbreak of Cassava

Management Discussion and Analysis

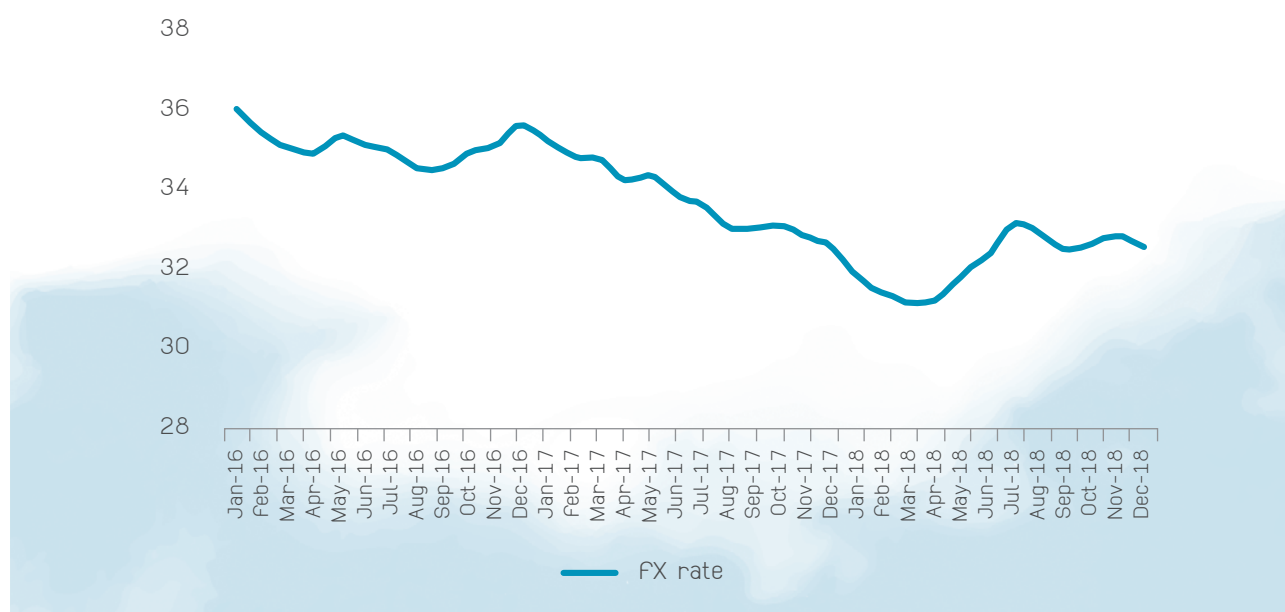
Mosaic Disease. The 4 tapioca trade associations, however, forecasted that cassava production in Thailand in 2018/2019 will recover to a normal condition, with the volume of approximately 30 million tons per year.

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 turned TDC, formerly an associated company, into an indirect subsidiary of the Company and TDC was consolidated into the Company's financial statements starting from Q4/2017.

4) Fluctuation in Foreign Currency Exchange Rate

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



The exchange rate for Thai Baht to US Dollar currency at the end of 2018 was at THB 32.70 per US Dollar. The strongest was in March 2018 when Thai Baht appreciated approximately 4 percent against the US Dollar to THB 31.26 per US Dollar, comparing to THB 32.67 per US Dollar, the closing rate at the end of 2017. Since over 58 percent of Thai Wah's sales revenue is denominated in foreign currencies, the Company has strived to implement a policy to efficiently mitigate foreign currency risks.



Management Discussion and Analysis

The Operating Results 2018



The year 2018 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, fluctuations in tapioca starch export price, and appreciation of the Thai baht currency exchange rate against the US dollar. The total sales was THB 7,248 million, which increased by THB 983 million or 16 percent from the total sales last year, comprising the revenue from the starch business of THB 3,272 million or 44 percent; revenue from the high value-added products business of THB 2,560 million or 36 percent; and revenue from the food business of THB 1,452 million or 20 percent. The Company recorded a net profit of THB 197 million, 63 percent of which was attributable to the combined profit from the tapioca starch business and the high value-added products business; and 37 percent of which was attributed to the food business. The gross profit margin was 16 percent, which is less than the gross profit margin of 22 percent recorded in 2017. The net profit margin was 4 percent, which is less than the net profit margin of 8 percent recorded in 2017. The operating results are shown according to each business as follows:

	2016		2017		2018	
	M. Baht	%	M. Baht	%	M. Baht	%
THAILAND						
Native starch	2,898	47	2,504	40	2,151	30
High value added product	655	10	833	13	1,703	23
Food	1,325	22	1,379	22	1,444	20
Other	3	0	13	0	84	1
Total revenue from Thailand	4,881	79	4,729	75	5,382	74
INTERNATIONAL						
Native starch	344	6	625	10	1,026	14
High value added product	921	15	886	14	821	11
Food	-	-	-	-	8	0
Other	17	0	25	0	11	0
Total revenue from International	1,282	21	1,536	25	1,866	26
TOTAL SALES	6,163	100	6,265	100	7,248	100

Remark: The revenue are shown by distribution channels, which has eliminated the transaction between the tapioca starch business and the food business.

Management Discussion and Analysis

Revenue from Starch Business

The tapioca starch business recorded total sales of THB 3,272 million, an increase of 3 percent from THB 3,168 million in the previous year, while the high value-added (HVA) products business recorded sales of THB 2,560 million, an increase of 49 percent from THB 1,718 million in the previous year. The increase in sales was mainly because the average export price of tapioca starch in 2018 was USD 497 per ton, a significant increase from the previous year to the highest point of USD 553 per ton in mid-2018. The export of tapioca starch industry was pressured by the high price of raw material costs caused by the shortage of cassava root supply nationwide, with the decrease in export volume by 7 percent, from 3.1 million tons in 2017 to 2.8 million tons in 2018.

Despite the tapioca starch price significantly increased and continued an upward trend throughout the year 2018, the local selling price was THB 13.50-16.50 per kilogram and the export price was USD 445 per ton in January 2018, and reached the peak at USD 553 per ton or increased 24 percent in May 2018. As a result, the exporters of tapioca starch were unable to adjust their prices within a short period in such a highly competitive conditions at the beginning of the harvest season, while the demand of tapioca starch products continued to grow. Therefore, the export price of tapioca starch products has increased throughout the year, resulting in revenue of the Company still having the ability to maintain sales growth, which slightly increased from the previous year.

In addition, the revenue of high value added products (HVA) of the Company in 2018 has a high growth rate due to the acquisition of TDC, a manufacturer and distributor of modified tapioca starch. Due to the needs of customers in the tapioca starch continued growing, the Company plans to continuously increase production in 2019 in order to support customer needs in the future.

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 1,452, an increase of 5 percent from THB 1,379 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 for the dry vermicelli and fresh vermicelli segment. Domestic sales of rice noodle products grew by 28 percent as a result of the distribution growth through van sales channels. At present, the Company has a total of nine hubs 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 has adopted a strategy for sustainable growth and 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.



Management Discussion and Analysis

Financial Analysis

Income Statements

Unit: Million Baht

	2016		2017		2018	
	M. Baht	%	M. Baht	%	M. Baht	%
Sales	6,163	100	6,265	100	7,248	100
Cost of sales	4,595	75	4,874	78	6,047	83
Gross profit	1,568	25	1,390	22	1,201	17
Selling and admin expense	771	13	916	15	945	13
Other profit	78	1	22	0	41	1
Operation profit	875	14	496	8	297	4
Other income not derived from the ordinary business	58	0	181	3	27	0
Share of profits from associates	16	0	3	0	(2)	0
Earning before interest and tax	949	15	680	11	322	4
Finance cost	(8)	0	(8)	0	(7)	0
Tax expense	(173)	(3)	(112)	(2)	(66)	1
Net profit	768	12	560	9	249	3
Net profit of controlling interests of subsidiaries	(77)	(1)	(48)	(1)	(17)	0
Adjusted from non-cash-items	(22)	0	(19)	0	(35)	0
Net profit attributable to shareholders	669	11	493	8	197	3

Sales

The Company recorded the highest sales in its history of THB 7,248 million in the year 2018, an increase of THB 983 million, or 16 percent, from THB 6,265 million in the previous year. The tapioca starch business accounted for the largest sales contribution at 44 percent, a decrease from 51 percent in 2017. The high value-added products business sales contribution maintained its high growth, with an increase to 36 percent from 28 percent in 2017, while the food business sales contribution remained stable at 20 percent, a decrease from 22 percent in 2017.

In the year 2017, the sales from subsidiary companies outside Thailand accounted for 26 percent of the total sales, an improvement on the 25 percent for the year 2017, mainly due to the acquisition of TDC and growth in Subsidiaries Company in China, in order to expand tapioca starch's customer base.

Gross Profit

The 2018 gross profit margin of the group was 16 percent, a decrease from 22 percent in the year 2017. The decrease was driven by pressure from various factors; the upward trend of the price of cassava roots throughout the year significantly; the fluctuation in the export price of tapioca starch; the appreciation of the Thai Baht against the US Dollar. Although a decrease in productivity of fresh tapioca roots in Thailand, Vietnam, and Cambodia by more than 20 percent, the Company was able to improve more efficient management of supply sourcing strategies, and, accordingly, the production volume in Thailand was decreased by 14 percent.

Management Discussion and Analysis

In the year 2018, the gross profit margin of the tapioca starch business in Thailand decreased to 17 percent from 20 percent in 2017 while the gross profit of the food business in 2018 decreased to 31 percent from 34 percent in 2017, mainly due to the growth in rice noodle, which has lower gross profit margin than vermicelli noodle, and the pre-operating expenses of the new factory in Vietnam.

Sales and Administrative Expenses

In 2018, the sales and administrative expenses increased by 3 percent or THB 29 million, driven mainly by the increase in administrative expenses for the two new overseas companies of THB 73 million, net with the decrease in selling expenses 61 million baht which is in line with the lower sales volume of the starch business.

Earnings before Interest and Tax

The profit before income tax and finance cost margin in 2018 was 4 percent, a decrease by 11 percent compared to 2017, mainly due to; a decrease in gross profit of THB 189 million or 14 percent; and the Company had a one-time gain in 2017 from the amalgamation and recognition of profit and loss of THB 118 million as a result of re-classed this company from associated company to subsidiary. As a result, the Company's profit before income tax and finance cost was THB 322 million, a decrease by 53 percent from the year 2017.

Net Profit Attributable to Shareholders

The net profit of the Company and its subsidiaries in 2018 was THB 197 million, a decrease of THB 296 million, or 60 percent, compared to that of 2017. The decrease was mainly due to the declining in the gross profit margin resulted from the costs of raw materials that increased throughout the year, there was no one-time gain from mergers and acquisitions, despite an increase in sales volume of tapioca starch. As a result, the Company's net profit in 2018 was 3 percent, a decrease by 8 percent in 2017.

Financial Position

Assets

Total assets as at 31 December 2018 amounted to Baht 7,072 million, a decrease of Baht 44 million. The main reasons for the decrease were:

- Cash and cash equivalents decreased by THB 148 million, or 18 percent, from the previous year. 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 730 million, with a decrease of trade accounts receivable of THB 11 million from the previous year. The average debt collection period was 37 days, which had more ability to collect debt faster than the previous year with an average debt collection period of 39 days. The Company had recording the allowance for doubtful debts that may occur to the debtors who lack the ability to pay debts in compliance with the financial reporting standards.
- Net inventory increased by THB 148 million, or 18 percent, compared to the previous year, in line with a strategy of the Company produced to stock up the finished goods to lock the peak selling prices with the average sale period of 35 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 2,959 million, increased by THB 237 million from the previous year. This was due to the capacity expansion of the starch business and the food business. Meanwhile, the Company has an existing property, plant and equipment, which have been fully depreciated.



Management Discussion and Analysis

Sources of funds

Items	2016	2017	2018
Debt to equity ratio	0.20	0.20	0.21
Interest-bearing debts to equity ratio	0.03	0.03	0.04

Total liabilities as of 31 December 2018 amounted to Baht 1,206 million, a decrease of Baht 4 million. Debt to equity ratio was 0.21, almost unchanged from the previous year, and the repayment ability ratio was 0.09 representing a strong financial performance. Moreover, interest-bearing debt to equity ratio was 0.04. The increase in total liabilities arose mainly due to the reasons below:

- Trade and other payables decreased by Baht 37 million or 7 percent from the previous year, as a result outstanding creditors from investment in fixed assets decreased from the previous year. The Company has average payment period ratio in 2018 of 20 days. A lower number of trade payables days resulted from the main material of starch production, the cassava roots, which were bought from the farmers on cash terms.
- The provision for long-term employee benefits: the provision for compensation on employees' retirement increased by THB 7 million and other provision for compensation on employees increased by THB 2 million.

Shareholders' Equity

Equity attributable to shareholders of the Company as at 31 December 2018 amounted to Baht 5,866 million, a decrease of Baht 40 million, or 1 percent, from the previous year. The calculation of this decrease can be shown as:

- Total comprehensive income for the year gained from profits for the year of Baht 197 million with a deduction of the dividend payment of Baht 282 million during the year.

Liquidity

Cash Flow

(Unit : million baht)

Items	2016	2017	2018
Cash flow from operating activities	671	655	205
Cash flow from investing activities	(1,297)	84	56
Cash flow from (used in) financing activities	(269)	186	(271)
Translation adjustments	(8)	(42)	(25)
Net increase (decrease) in cash and cash equivalents	(903)	512	(148)

Cash and cash equivalents as at 31 December 2018 of the Company amounted to Baht 679 million, a decrease from Baht 148 million from Cash and cash equivalents as at 31 December 2017. The main reasons are as follows:

- Net cash flow from operating activities was Baht 205 million calculated using the operating profit of the Company of Baht 297 million or 69 percent, as an improve working capital management used in operations is remain good.
- Net cash flow used for investing activities was Baht 56 million, derived mainly from gain from trading current and long-term investments of Baht 422 million, net with an increase in land, plant and equipment for factory expansion totaling Baht 508 million.
- Net cash flow used in financing activities was Baht 271 million, mainly due to dividend payments totaling Baht 282 million.

Management Discussion and Analysis

Key Liquidity Ratio

Total current assets of the Company as at 31 December 2018 were Baht 3,158 million, while total current liabilities were Baht 794 million. The liquidity ratio and the quick ratio was 4, almost unchanged from the previous year, indicating that the Company is able to maintain its high liquidity level cash, current investment and debt instrument as well as a stable financial position.

Commitments, Contingencies and Off-Balance Sheet Arrangements

The group has commitments and contingent liabilities, please refer to the Notes to consolidated financial statements 2018, number 33.

Future Prospect and Action Plan of the Starch Business

According to the survey on cassava crops, conducted by 4 tapioca trade associations (Thai Tapioca Trade Association, Thai Tapioca Products Factory Association, North Eastern Tapioca Trade Association, and Thai Tapioca Starch Association), cassava production volume in the harvesting season of 2018/2019 is expected at approximately 29.97 million tons, an increase of 7% from the harvesting season of 2017/2018. Cultivation area is also expected to increase as attractive cassava prices will lure farmers to switch from cultivating sugar cane, maize, and rubber, or from deserting their farmlands, to cassava cultivation. With the suitable climate and rainfall for cassava growth, coupling with attractive cassava prices that prompt farmers to carefully maintain their cultivation plots, it is expected that the average yield per rai will also increase.

Nevertheless, the rise in cassava prices in 2018 instigated some farmers to harvest too early, which has affected cassava yields and potency, resulting in defective breeds, and cassavas being prone to disease outbreak. Cassava Mosaic Disease that had affected Vietnam and Cambodia was also reported in Thailand. Although the disease outbreak has not yet have adversely impact on Thai tapioca starch business, both the public and private sectors have undertaken preventive and precaution measures to promptly cope with possible epidemic of Cassava Mosaic Disease.

Tapioca export prices are expected to be rather stable, and the Chinese policy to destock their corns, and the increase in volume of cassava production as well as the lower price of tapioca starch in the previous year starting to stabilize from both supply and demand. In light of the above, with the damage done by cassava disease outbreak in Vietnam and Cambodia, which resulted in the decrease of cassava root production volume, and the impact on cassava prices, and tapioca starch prices and products, Thai Wah has been collaborating with a number of cassava processing facilities located near the cultivation areas to ensure that raw materials are constantly supplied at the Company's plants. The Company's own cassava processing facilities are also established at strategic spots near the cultivation areas in order for the Company to be able to buy cassava directly from the farmers, especially those who live far from the plants to save time and transportation cost. Thai Wah has also considered appropriate forward exchange contracts, if necessary, to mitigate foreign currency risks as continued appreciation of Thai Baht is expected to adversely impact the Company's price competitiveness in the global market, as well as volatile exchange rates, since most of Thai Wah's export sales revenue is denominated in US Dollar.

Future Prospect and Action Plan of the Food Business in 2019

In 2019, the Company expects continuous growth by implementing the following three strategies: (1) expansion of current business; (2) development of innovative products and penetration of new markets; and (3)



Management Discussion and Analysis

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 2019 due to (1) recovery from shortage of tapioca raw materials in Thailand; (2) effective cost control measures; and (3) effective growth from merger and acquisition.

In its pursuit for sustainable growth in the long term and maintaining the industry leadership, the Company committed to sustainable sourcing of raw materials especially for cassava roots at a reasonable price and in sufficient quantities for the production. The Company is driven by a strategy as well as the sourcing supply chain management to be efficient and sufficient for the production capability of the factory. Although, raw material prices are volatile and are affected by various factors, such as changes in supply and demand both regional and global, weather condition, Ministry of Commerce's regulation, and customs policy, the Company is confident to maintain the growth of export volume continuously due to the continuous increase in demand for tapioca starch, especially from the China and Taiwan markets.

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 the third quarter of 2018, the Company started operating the first fresh vermicelli factory in Ho Chi Minh City, Vietnam through the "Double Dragon" vermicelli brand, 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 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 the Company investment strategy that the target company must create synergy in enhancing the existing businesses.

In 2019, 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 shortage of tapioca raw materials, 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, the Company has set the 2 years capex of approximately Baht 2,000 million. The investment budget is allocated for annual maintenance, investment for power plants in the factories in Kalasin and Nakhon Ratchasima, the tapioca starch factory project phase 2 in Cambodia, expansion of production capacity in high value added products, and acquisitions or M&A opportunities for the purpose of continuous development and improvement of current operations in order to maintain the gross margin at a high level. The acquisitions or M&A opportunities should create positive synergies for the core business of the Company both domestic and international for the Company's sustainable growth in the long term focus and commitment to be "a regional leader in tapioca starch & starch-related food products". With prudent management in the changing business environment, in addition, the Company is able to maintain generous business profit and pay dividend to the shareholders on a regular basis.

Board of Directors



Mr. Ho KwonPing

Chairman of the Board

Age 66 Years

Appointed • October 1, 2015 • April 26, 2016 (re-elected)

Percentage of Shareholding in the Company : 6.50% (57,194,534 shares) (also including total no. of shares held by spouse)

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)

Family Relation between Management

- Mr. Ho KwonPing's elder brother and Mr. Ho Ren Hua's father

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, Laguna Resorts & Hotels Public Company Limited
- Executive Chairman and Director, Banyan Tree Holdings Limited
- Non-Executive Director, Audit Committee Member, Nomination Committee Member and Remuneration Committee Member, Diageo 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

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.
- 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



Board of Directors



Mr. Surapon Supratya

Director

Age 66 Years

Appointed • October 1, 2015
• April 26, 2016 (re-elected)

Percentage of Shareholding in the Company : None

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

Family Relation between Management

- No relation

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



Mr. Ariel P Vera

Director

Age 66 Years

Appointed • October 1, 2015
• April 26, 2016 (re-elected)

Percentage of Shareholding in the Company : 0.11% (926,105 shares)

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

Family Relation between Management

- No relation

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

Board of Directors



Mr. Ho Ren Hua *

Director

Age 36 Years

Appointed • October 1, 2015
• April 20, 2017 (re-elected)

Percentage of Shareholding in the Company :
0.51% (4,474,724 shares)

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

Family Relation between Management

- Mr. Ho KwonPing's son and Mr. Ho KwonCjan's Nephew

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
- Director, Rocket International Investments Limited
- Director, Bibace Management Company Limited

Apr 2016 – May 2017

- Director, Asia Tapioca Products Company Limited



Board of Directors



Mr. Ho KwonCjan

Director

Age 63 Years

Appointed • October 1, 2015
• April 20, 2017 (re-elected)

Percentage of Shareholding in the Company :

3.91% (34,416,488 shares)

Highest Educational Background/Director Certificate Program

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

Family Relation between Management

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

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 65 Years

Appointed • October 1, 2015
• April 20, 2017 (re-elected)

Percentage of Shareholding in the Company :

0.27% (2,344,029 shares)

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

Family Relation between Management

- No relation

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

Board of Directors



Mr. Umnad Sukprasongphol *

Director

Age 56 Years

Appointed • October 1, 2015
• April 27, 2018 (re-elected)

Percentage of Shareholding in the Company : 0.01%
(107,240 shares) (also including total no. of shares held by spouse)

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

Family Relation between Management

- No relation

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
- 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 56 Years

Appointed • December 25, 2016
• April 27, 2018 (re-elected)

Percentage of Shareholding in the Company : None

Highest Educational Background/Director Certificate Program

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

Family Relation between Management

- No relation

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



Board of Directors



Mr. Vudhiphol Suriyabhivadh

Independent Director

Age 74 Years

Appointed • October 1, 2015
• April 26, 2016 (re-elected)

Percentage of Shareholding in the Company :

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

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

Family Relation between Management

- No relation

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, Vice Chairman of the Board, L.P.N. Development Public Company Limited
- Independent Director and Audit Committee Chairman, Bangkok Ranch Public Company Limited

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 76 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)

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

Family Relation between Management

- No relation

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 and 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

Board of Directors



Mr. Subhak Siwaraksa

Independent Director

Age 62 Years

Appointed • February 21, 2017
• April 27, 2018 (re-elected)

Percentage of Shareholding in the Company : None

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
- Financial Institutions Governance Program (FGP 3/2011), Thai Institute of Directors Association
- Directors Certification Program (DCP 72/2006), Thai Institute of Directors Association
- Directors Accreditation Program (DAP 42/2005), Thai Institute of Directors Association

Family Relation between Management

- No relation

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
- Independent Director and Audit Committee Member, Samitivej Public Company Limited

2009 - 2016

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

In Non-Listed Companies

Present

- Monetary Policy Committee Member, Bank of Thailand
- Country Chairman, Jardine Matheson Group in Thailand

2016 - 2018

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



Mr. Chanin Archjananun

Independent Director

Age 55 Years

Appointed • October 1, 2015
• April 27, 2018 (re-elected)

Percentage of Shareholding in the Company : None

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

Family Relation between Management

- No relation

Working Experiences for the Past 5 Years

In Listed Companies

Present

- Independent Director, Thai Wah Public Company Limited

In Non-Listed Companies

Present

- Consultant, Masan Consumer (Thailand) Ltd.
- Director, A-Best Co., Ltd.
- Director, Wanli Packing Enterprise Co., Ltd.
- Director, Natura Harvest Co., Ltd.



Board of Directors



Ms. Parnsiree Amatayakul **

Independent Director

Age 49 Years

Appointed • April 27, 2018

Percentage of Shareholding in the Company : None

Highest Educational Background/Director Certificate Program

- Master of Business Administration, Anderson School of Management at UCLA, Los Angeles
- Bachelor of Business Administration, Chulalongkorn University
- Directors Certification Program (DCP 99/2008), Thai Institute of Directors Association

Family Relation between Management

- No relation

Working Experiences for the Past 5 Years

In Listed Companies

Present

- Independent Director, Thai Wah Public Company Limited

In Non-Listed Companies

Present

- General Manager, Sales, Enterprise and Commercial, IBM ASEAN

Sep - Dec 2018

- General Manager, Commercial and Digital Business Group, IBM ASEAN

Jan 2011 - Aug 2018

- Managing Director, IBM Thailand Co., Ltd.



Mr. Prateep Lertvatanakijkul *,**

Director

Age 55 Years

Appointed • April 27, 2018

Percentage of Shareholding in the Company : 0.01% (50,000 shares)

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
- Directors Certification Program (DCP 267/2018), Thai Institute of Directors Association

Family Relation between Management

- No relation

Working Experiences for the Past 5 Years

In Listed Companies

Present

- Director and 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
- Director, Thai Wah International Trade (Shanghai) Company Limited
- Chairman, Thai Wah Vietnam Company Limited

Jan 2010 - Sep 2016

- Managing Director, Tapioca Development Corporation Limited

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

* Authorized directors of the Company are Mr. Ho Ren Hua and Mr. Umnad Sukprasongphol or Mr. Ho Ren Hua and Mr. Prateep Lertvatanakijkul can jointly sign with the Company's seal affixed in accordance with the Affidavit

** The Annual General Meeting held on April 27, 2018 approved the appointment of two new directors, namely Ms. Parnsiree Amatayakul as an Independent Director and Mr. Prateep Lertvatanakijkul as a Director and increasing the total number of directors of the board from 12 to 14 directors.

Management

Name	Position	Profile
Management		
1. Mr. Ho Ren Hua	Chief Executive Officer appointed on October 1, 2015	Profile as shown in the section of Board of Directors as at December 31, 2018
2. Mr. Umnad Sukprasongphol	Managing Director (Starch Business) appointed on October 1, 2015	
3. Mr. Prateep Lertvatanakijkul	Managing Director (Food Business) appointed on January 1, 2017	
4. Ms. Naruemon Srisuma	Group Head of Research & Development appointed on October 1, 2016	Age (Years) • 60 Highest Educational Background/Director Certificate Program • Doctor of Philosophy (Food Science and Human Nutrition), Michigan State University, USA Percentage of Shareholding In the Company • None Family Relation between Management • No relation 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



Name	Position	Profile
5. Ms. Orn-A-Nong Witchucharn	Group Chief Financial Officer appointed on January 1, 2019	Age (Years) • 46 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 Percentage of Shareholding In the Company • 0.00% (10,000 shares) Family Relation between Management • No relation Working Experiences for the Past 5 Years In Listed Companies Present • Group Chief Finance Officer, Thai Wah Public Company Limited 2017-20178 • Chief Financial Officer, Thai Wah Public Company Limited 2015-2017 • 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
Company Secretary Ms. Manee Lueprasert	Company Secretary appointed on October 1, 2015	Age (Years) • 53 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 • Corporate Governance Code (CG Code), PWC Thailand • Enhancing Good Corporate Governance based on CGR Score Card, Thai Institute of Directors Association Percentage of Shareholding In the Company • 0.05% (479,409 shares) Family Relation between Management • No relation 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

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

Details of Position of Directors and Management

Name	TWPC	Subsidiaries														Associated Companies								
		BPT	BT5	BT6	CSL	DI	MHSL	MJ	PNR	TMS	TN	TN1	TNT	TS1989	TTL	TW6	TWAS	TWBP	TWIT	TWIC	TWVC	TDC	ATP	VTC
Mr. Ho KwonPing	X	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Surapon Supratya	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Ariel P Vera	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Ho KwonCjan	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Ho Ren Hua	/, CEO,€	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	X	/	-	-	-	-
Dr. Sretsei Saittagaroon	XX	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-
Mr. Ummad Sukprasongphol	/, ///,€	/	/	/	/	/	/	/	/	/	/	MBOM	/	-	/	/	/	-	/	X	/	/	-	MBOM
Mr. Shankar Chandran	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Vudhiphol Suriyabhivadh	ID, ARCC, NRC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dr. Jingjai Hanchanlash	ID, ARC, NRCC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Subhak Siwaraksa	ID, ARC, NRC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Chanin Archjananun	ID	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Parnisree Amatayaku	ID	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Prateep Lertvatanakijkul	///, €	-	-	-	-	-	-	-	-	-	-	MBOM	-	-	/	-	-	-	/	-	X	/	-	MBOM
Ms. Naruemon Srisuma	€	-	-	-	-	-	-	-	-	-	-	MBOM	-	-	-	-	-	-	-	-	-	/	-	-
Ms. Orn-A-Nong Witchucharn	€	/	/	/	/	/	/	/	/	/	/	CBOM	/	-	/	/	/	/	/	/	/	/	-	-
Ms. Manee Lueprasert	-	/	/	/	/	/	/	/	/	/	/	MBOM	/	-	/	/	/	-	-	-	-	-	-	-
Mr. Nam Chitdechchai	-	-	-	-	-	-	-	-	-	/	/	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Orawan Charoenpatchayakul	-	-	-	-	-	-	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Banda Janpirak	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	GD
Mr. Chalernkeit Chalernprongkit	-	-	-	-	-	-	-	-	-	-	-	MBOM	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Dhitirat Makepoowadol	-	-	-	-	-	-	-	-	-	-	-	HSB	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Komkai Srisathaporn	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-
Mr. Nguyen Quoc Viet	-	-	-	-	-	-	-	-	-	-	-	MBOM	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Nguyen Thanh Ngu	-	-	-	-	-	-	-	-	-	-	-	VBOM	-	-	-	-	-	-	-	-	-	-	-	VBOM
Mr. Nguyen Xuan Quang	-	-	-	-	-	-	-	-	-	-	-	MBOM, VGD	-	-	-	-	-	-	-	-	-	-	-	-



Details of Position of Directors and Management (Continued)

Name	TWPC	Subsidiaries													Associated Companies									
		BPT	BT5	BT6	CSL	DI	MHSL	MJ	PNR	TMS	TN	TN1	TNT	TS1989	TTL	TW6	TWAS	TWBP	TWIT	TWIC	TWVC	TDC	ATP	VTC
Ms. Vo Thi Linh Phuong	-	-	-	-	-	-	-	-	-	-	-	GD	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Phu Thi Diem Chi	-	-	-	-	-	-	-	-	-	-	-	MSB	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Dao Duy Thi	-	-	-	-	-	-	-	-	-	-	-	MSB	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Hiroshige Murase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-
Mr. Soichiro Kurachi	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-
Mr. Takashi Terasaka	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-
Mr. Surachart Thananitayaudom	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	CBOM
Mr. Pinai Kiatteppawan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	MBOM
Ms. Attaya Pitawanich	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	MBOM
Mr. Suwit Chuensunthorn	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	MBOM
Mr. Vicharn Sriratanalai	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	MBOM
Mr. Pham Van Minh	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	MBOM, VGD
Mr. Nguyen Phuong Phu	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	MBOM

Remarks :	X	=	Chairman of the Board	ARCC	=	Audit and Risk Committee Chairman	HSB	=	Head of Supervisory Board
	XX	=	Deputy Chairman of the Board	ARC	=	Audit and Risk Committee Member	MSB	=	Member of Supervisory Board
	CEO	=	Chief Executive Officer	NRCC	=	Nomination and Remuneration Committee Chairman	CBOM	=	Chairman of Board of Management
	/	=	Director	NRC	=	Nomination and Remuneration Committee Member	VBOM	=	Vice Chairman of Board of Management
	//	=	Managing Director	E	=	Management according to the definition of the Securities Exchange Commission	MBOM	=	Board of Management
	ID	=	Independent Director	-	=	None	VGD	=	Vice General Director
							GD	=	General Director

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
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
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”) has 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

October 1, 2015	March 15, 2016	January 24, 2017	February 7, 2017	October 2, 2017
TWS and TWFP amalgamated and formed “Thai Wah Public Company Limited” (TWPC).	Thai Wah International Trade (Shanghai) Company Limited, a wholly owned subsidiary by TWPC, was established in China for trading the Company’s products.	TWPC Investment (Cambodia) Company Limited, a wholly owned subsidiary of TWPC, was established for manufacturing tapioca chips and tapioca starch.	Thai Wah Vietnam Company Limited, a wholly owned subsidiary of TWPC, was established for manufacturing and distributing of food products (Vermicelli and others).	Thai Wha Bio Power Limited, a subsidiary company of TWPC, acquired 166,668 shares or 33.33 percent of the total shares of Tapioca Development Corporation Limited from Tate & Lyle Plc.

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



For the year 2018, the Board of Directors had reviewed and approved the Company's vision, missions, and business strategies. Moreover this year, TWPC and subsidiaries remained committed to its vision in becoming a regional leader of starch and starch-related food products.

The Board of Directors regularly reviews and monitors the strategy and objectives of the Company and also promote innovation to enhance competitiveness, respond to stakeholder concerns and expectations, and meet social and environmental responsibilities. The Board of Directors ensures that effective communication of the Company's vision, mission, strategy etc. are made throughout the Company and that the Company's business model can create value to the Company as well as the stakeholders.

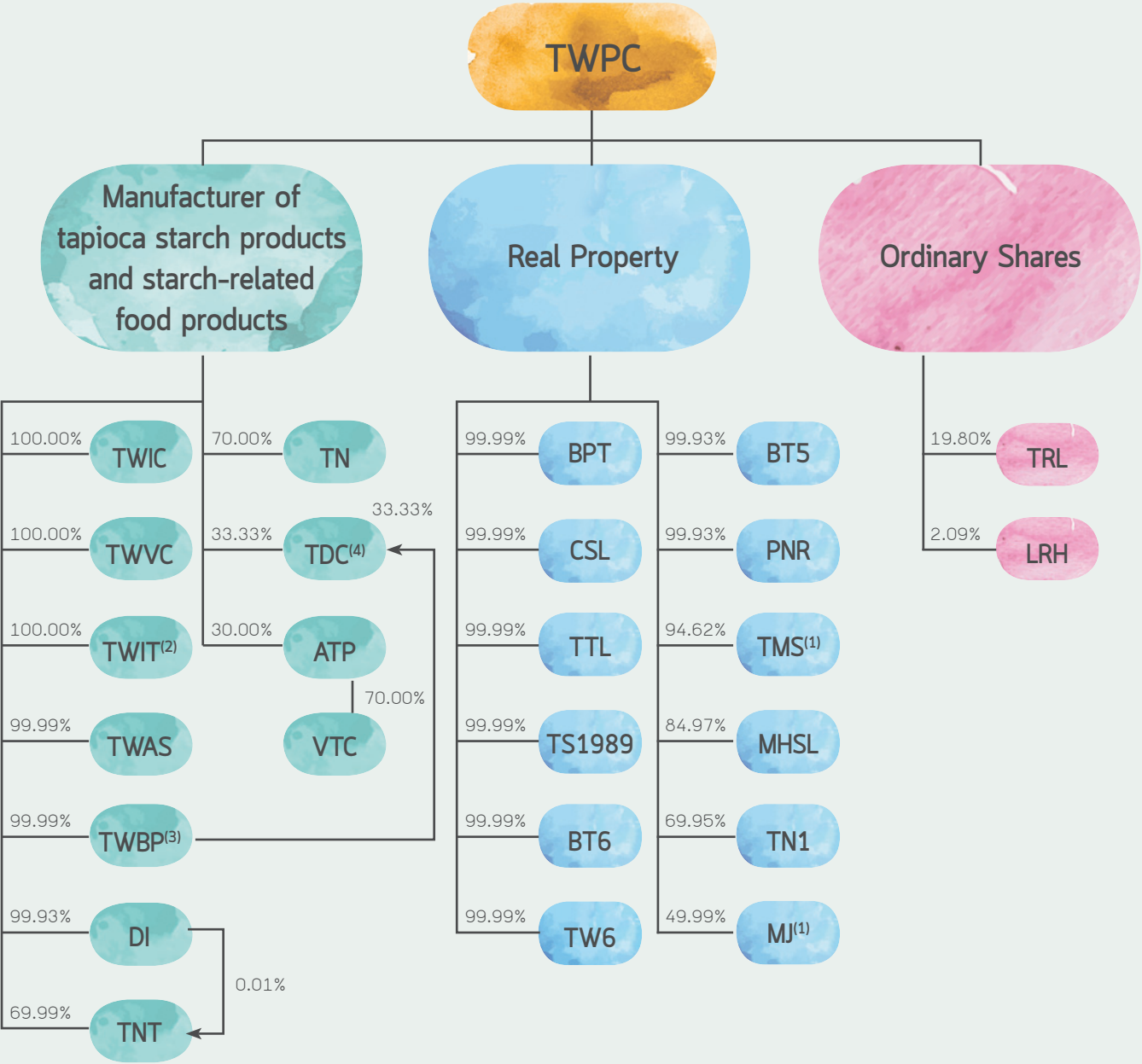
The Board of Directors ensures that the Company's business are conducted in a manner that creates value to the Company, the stakeholders and the society. During the previous year, management had developed a CSV (Creating shared value) framework where the main focus would be on creating shared value across the entire value chain of the Company starting from the farmers to manufacturing to the final consumers. The Company's goal is to deliver starch and starch related products for "modern life" while adding value to the agricultural sector with the ambition to create sustainable plant and raw material sources while helping in developing thriving, resilient communities with zero environmental impact in order to enable healthier modern life.

Key Developments

-N/A-

Policy and Business Overview

Shareholding Structure of the Company



Remarks : (1) = Dormant
(2) = Type of business : Trading of goods (Tapioca starch and related products)
(3) = 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
(4) = 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 45,262,000,000	-	VND 45,262,000,000	100.00
TWPC Investment (Cambodia) Company Limited Osrâmâ 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, 4 th Floor, 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 2 285 0040 Fax. +66 2 285 0271	Manufacture of alpha starch	18,000,000	100	18,000,000	99.99
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 2 285 0040 Fax. +66 2 285 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 2 285 0040 Fax. +66 2 285 0271	Landholding	75,000,000	100	75,000,000	99.99

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 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
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 2 285 0040 Fax. +66 2 285 0271	Manufacture, transmission and supply of electricity	450,000,000	1,000	29,000,000	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 2 285 0040 Fax. +66 2 285 0271	Landholding	29,000,000	100	29,000,000	99.99
D I 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	Manufacture of tapioca starch	10,000,000	1,000	10,000,000	99.93

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) (%)
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 2 285 0040 Fax. +66 2 285 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 2 285 0040 Fax. +66 2 285 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 2 285 0040 Fax. +66 2 285 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 2 285 0040 Fax. +66 2 285 0271	Landholding	2,000,000	100	2,000,000	84.97
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 2 285 0040 Fax. +66 2 285 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

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 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 2 285 0040 Fax. +66 2 285 0271	Landholding	1,000,000	100	1,000,000	69.95
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 2 285 0040 Fax. +66 2 285 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 2 677 4466 Fax. +66 2 285 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 2 286 8554 Fax. +66 2 286 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 -	USD 5,000,000	21.00
Tropical Resorts Limited 22 nd 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	2018 Revenue		2017 Revenue		2016 Revenue	
	million Baht	%	million Baht	%	million Baht	%
Starch business revenue						
• Tapioca Starch	3,177	43	3,129	48	3,242	52
• Coarse Starch	537	7	390	6	380	6
• Modified Starch	985	14	295	5	71	1
• Pearl	289	4	230	4	236	4
• Glucose	713	10	804	12	889	14
• By products and other	95	1	38	1	20	-
Total Starch business revenue	5,796	79	4,886	76	4,838	77
Food business revenue						
• Vermicelli and Bean Sheet	1,272	17	1,231	19	1,206	19
• Rice Noodle and Rice Vermicelli	123	2	97	1	98	2
• Mong starch and other starch	45	1	46	1	17	-
• By products and other	11	-	5	-	4	-
Total Food business revenue	1,452	20	1,379	21	1,325	21
Investment in securities						
• Share of gain from investments in associates	-	-	3	-	16	-
• Gain from business acquisition	-	-	118	2	-	-
Investment properties						
• Rental income	-	-	3	-	9	-
• Gain on sale of investment property	-	-	-	-	57	1
• Reversal of loss on devalue of investment property	-	-	13	-	-	-
Other income						
• Claim refund from the fire	10	-	-	-	-	-
• Gain on exchange	11	-	-	-	13	-
• Interest income	20	-	24	-	23	-
• Other income	41	1	49	1	40	1
Total	7,329	100	6,475	100	6,321	100

Nature of Business

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: 2015, ISO 14000 : 2015, GMP (Good Manufacturing Practices), HACCP (Hazard Analysis and Critical Control Points), USDA (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 standard, NOP and EU for organic products.



Nature of Business

- **Modified starch**

The Company has also invested in Tapioca Development Corporation (TDC) which is a joint venture with Japan Corn Starch Co., Ltd. (Japan) in which the Company has a 33.33 percent shareholding and Thai Wah Bio Power Company Limited, a subsidiary company in which the Company holds 99.99 percent of the share capital, has a 33.33 percent shareholding in TDC. As a result the status of Tapioca Development Corporation Limited was changed from an associated company to an indirect subsidiary of the Company. The Company directly and indirectly holds 66.67 percent shares in Tapioca Development Corporation Limited.



TDC 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.

- **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 : 2015, 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.



Nature of Business

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. The alpha starch production factory also received ISO 9001: 2015 quality management system certification, GMP standard and HALAL mark.



- 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 Seaweed Cut sheet type: a high-quality product offering 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 and packing sacks for sale to industrial plants and leading restaurants that uses in large quantities.



Nature of Business

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

- a. **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 exported to other Asian countries, while the remaining 30 percent are sold within the country.
- **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.



Nature of Business

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.

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, cash vans, 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 and Cambodia 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 did not improve while the economy growth in China was slow. The demand for tapioca starch in China was steady, along with the price of tapioca starch that had increased to USD 550-555 / ton FOB Bangkok during mid of 2018 when compared to mid of 2017 which was only USD 325-330 / ton. This was due to cassava shortage and

Nature of Business

China's continuous release of corn starch stock at a lower price to the market in 2018 that resulted in the export volume of Thai tapioca starch to decrease by 4 percent or 3.96 million tons from 2017 where the export volume was approximately 4.14 million tons. However the export sale of tapioca starch in 2018 had increased by approximately 23 percent compared to 2017.

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 Billion 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 generally trust 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.



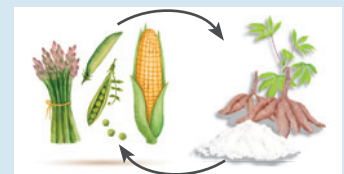
Creating new market segment

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



Nature of Business

year or for value of approximately Baht 15 billion. This is 10 times more volume than vermicelli, and approximately 5 times more 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, convenient to consume and can be easily purchased at leading supermarkets are used as the foundation of its marketing. At present the Company has also received BRC certification, making it the first company to manufacture fresh noodles and fresh vermicelli in Thailand that meets the standard.

- **Mung bean starch noodle (Shanghai noodle)**

The selling point are the unique texture of mung bean starch noodles and beautifully-curved 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.

Nature of Business

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 2 are located in Socialist Republic of Vietnam, out of which one of them is an associated company. The factories in Thailand are located in Nakhon Ratchasima, Kalasin, Udon Thani, and Kamphaeng Phet with an aggregate production capacity of 438,000 tons per year for producing tapioca starch, coarse flour and tapioca pearls 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 2018, the average purchase price of fresh cassava roots for the group in Thailand was Baht 2,470 - 3,150 per ton while the price paid by the group in Vietnam was Baht 3,350 - 4,250 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 is 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 required 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.



Nature of Business

Environmental Impacts

a. Tapioca starch products

During the manufacturing of tapioca starch, waste water are resulted from the washing of the fresh cassava roots and starch. Discharge of these 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 developing and improving its waste water treatment system.

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 Tay Ninh 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 has been improving the wastewater treatment system in order to achieve high production standard whereby the factory located in Nakhon Ratchasima and Kalasin province has started to test run the system since October and November 2018 accordingly. The subsidiary's factory located in Udon Thani are in the process of improving the system and expect to commence during the second quarter of 2019.

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 had started operation during April 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 has 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 has entered into a joint venture to conduct the tapioca business in Vietnam and Cambodia. 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 Cambodia 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 Cambodia 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, these 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



Risk Factors

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 the spread of plant diseases and pests

During the previous year, areas cultivating tapioca roots experienced minor epidemics of mealybugs, pests or other plant diseases. However for Cassava Mosaic Virus (CMV) which had spread vigorously in Vietnam and Cambodia, a result of which impacted the tapioca industry as there was raw materials shortage and affected the occupation and income of the farmers. Thailand experienced only minor epidemics of the CMV.

Ministry of Agriculture and Cooperatives, Ministry of Commerce, Thai Tapioca Development Institute, 4 Thai Tapioca Associations and the related private sector including the Company had co-operated by taking measures in preventing the epidemics of CMV in Thailand such as area survey, outbreak surveillance, tracking and gathering outbreak data, publicity, dissemination of knowledge, supporting the farmers who were impacted by the disease, enforcement of relevant inspection and control laws in importing tapioca products, development of cooperation networks to prevent the outbreak including development of tapioca stems. The Company's team attended the training seminars in order to disseminate the knowledge to farmers so that they could monitor further.

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 increasing or decreasing in China, may affect the prices of tapioca starch 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 (tapioca roots)

The survey results of cassava cultivation from 4 associations (The Thai Tapioca Trade Association, Thai Tapioca Products Factory Association, Northeastern Tapioca Trade Association and Thai Tapioca Starch Association) together with the Office of Agricultural Economics, Department of Agricultural Extension had forecasted that the output of tapioca roots in the year 2018/2019 would be 7 percent higher compared to 2017/2018. This would be positive for the entrepreneurs who uses tapioca as raw materials for supplying to their factories. Due to the high price of cassava in the year 2018, This may cause the farmers to shift towards cultivating more tapioca plants. The average production per rai was expected to increase due favorable weather conditions and rainfalls that was suitable for the growth of cassava plants.

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

Risk Factors

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 is the manufacturer and distributor of tapioca starch products. Cassava roots are the key raw material and accounts for approximately 70-80 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 is a large supply and prices are low. In 2017, the Company will 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 is 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 are pea starch, potato starch and rice which are 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



Risk Factors

stock-up raw materials to ensure that there is 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 is always 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 is 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 offers 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 are mainly exported to other countries, most of its income is principally linked to the US dollar. As such, the Company may face risk relating to the fluctuation in the foreign exchange rate, which is 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 2017, is resulting in an disadvantage for the Thai exports over its significant international competitors, such as Vietnam, which the currency is weak and is relatively stable exchange rates against the US Dollar.

The Company can partially manage its foreign exchange risk through the natural hedge which means that the Company can 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 are from exported starch while the Company's main foreign-currency expenditures are from imported pea starch and potato starch, which are the main raw materials for producing vermicelli.

Since the portion of export proceeds is greater than that of import expenditures, the Company is 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.

General Information and Other Key Information

General Information

Issuing Company

The Issuing Company	: Thai Wah Public Company Limited
Security Code	: TWPC
Head Office	: Thai Wah Tower I, 20 th - 21 st Floor, No. 21/59, 21/63-64, South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand
Telephone	: +66 2 285 0040
Facsimile	: +66 2 285 0268 and +66 2 285 0270-1
Website	: www.thaiwah.com

Branch Office:

1 st Branch	Thai Wah Tower 1, 6 th - 7 th Floor, No. 21/10, 21/12A and 21/17A South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand, Telephone +66 2 285 0031 and +66 2 285 0315-20, Facsimile +66 2 285 0485
2 nd Branch	No. 76 Moo 3, Sukhumvit Road (Old Line), Takham Sub-District, Bangpakong District, Chachoengsao Province 24130, Thailand, Telephone +66 38 573 973, Facsimile +66 38 573 365
3 rd Branch	No. 87 Moo 3, Sukhumvit Road (Old Line), Takham Sub-District, Bangpakong District, Chachoengsao Province 24130, Thailand, Telephone +66 38 573 975-6, Facsimile +66 38 573 329
4 th Branch	No. 2, Moo 2, Sukhumvit Road (Old Line), Takham Sub-District, Bangpakong District, Chachoengsao Province 24130, Thailand, Telephone +66 38 573 003
5 th Branch	No. 301, Moo 8, Pimai-Huay Thalaeng Road, Naimueang Sub-District, Pimai District, Nakhon Ratchasima Province 30110, Thailand, Telephone +66 44 471 368-9, Facsimile +66 44 471 789
6 th Branch	No. 136, Moo 12, Natal Sub-District, Thakhantho District, Kalasin Province 46190, Thailand, Telephone +66 43 877 087 and +66 43 877 053, Facsimile +66 43 877 032
7 th Branch	No. 2, Moo 1, Banglane-Dontoom Road, Banglane Sub-District, Banglane District, Nakorn Pathom Province 73130, Thailand, Telephone +66 34 391 011-4, Facsimile +66 34 391 015
8 th Branch*	No. 222 Moo 5, Udon - Nong Bua Lam Phu Road, Nikhom Songkhro Sub-District, Mueang Udon Thani District, Udon Thani Province 41000, Thailand, Telephone +66 89 618 9083
9 th Branch	B Tower, 1 st Floor, No. 8 and 9, No. 308 Moo 1, Middle Ring Road, Nong Phueng Sub-District, Saraphi District, Chiang Mai Province 50140, Thailand, Telephone +66 91 778 7934
10 th Branch	No. 141, 142 Moo 16, Liang Mueang Road, Roab Mueang Sub-District, Mueang Roi Et District, Roi Et Province 45000, Thailand, Telephone +66 97 139 0691
11 th Branch	No. 999/96, 2 nd Floor, Mittraphap Road, Naimueang Sub-District, Mueang Phitsanulok District, Phitsanulok Province 65000, Thailand, Telephone +66 84 660 5725

General Information and Other Key Information

12 th Branch	No. 45/95 North Bangsaen Sai 4 Road, Saen Suk Sub-District, Mueang Chon Buri District, Chon Buri Province 20000, Thailand, Telephone +66 91 824 8008
13 th Branch	No. 32/18, Warehouse (No.6), Moo 3, Watpradoo Sub-District, Mueang Surat Thani District, Surat Thani Province 84000, Thailand, Telephone +66 84 837 5405
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 +66 84 837 5405
15 th Branch	Thai Wah Tower 1, 5 th Floor, No. 21/74, 21/76-77 South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand, Telephone +66 2 285 0040
16 th Branch	No. 779/4, 1 st Floor, Charoen Nakhon Road, Bukkhalo, Thon Buri, Bangkok 10600, Thailand, Telephone +66 91 778 7934
17 th Branch	No. 234, Moo 6, Tungkanaen Sub-District, Soidao District, Chanthaburi Province 22180, Thailand, Telephone +66 39 480 571-3
18 th Branch	No. 199, Moo 10, Hua Nakham Sub-District, Sithat District, Udon Thani Province 41230 Thailand, Telephone +66 83 812 6942
19 th Branch	No. 105, Moo 19, Nonrang Sub-District, Chumpuang District, Nakhon Ratchasima Province 30270 Thailand, Telephone +66 44 471 368
20 th Branch	No. 194, Moo 8, Mae Kasa Sub-District, Maesot District, Tak Province 63110 Thailand, Telephone +66 55 508 852

Remarks: * Moved to the new branch in January 2019

** Registered the branch in February 2019

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	: -N/A-
Trust Fund	
No. of Employees	: 2,351 employees (Only employees employed by the Company as at December 31, 2018)

General Information and Other Key Information

References

Regulator for Issuing Company:

Securities and Exchange Commission, Thailand (SEC)

Securities and Exchange Commission Building,

No. 333/3 Viphavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok 10900, Thailand

Telephone : +66 2 033 9999 Facsimile : +66 2 033 9660

SEC Help Center : 1207 Email : 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,

No. 93 Ratchadapisek Road, Din Daeng, Din Daeng, Bangkok 10400, Thailand

Telephone : +66 2 009 9000 Facsimile : +66 2 009 9991

SET Contact Center : +66 2 009 9000 Email : SETContactCenter@set.or.th Website : www.set.or.th

Registrar:

Thailand Securities Depository Co., Ltd.

The Stock Exchange of Thailand Building,

No. 93 Ratchadapisek Road, Din Daeng, Din Daeng, Bangkok 10400, Thailand

Telephone : +66 2 00 9000 Facsimile : +66 2 009 9991

SET Contact Center : +66 2 009 9000 Email : SETContactCenter@set.or.th Website : www.set.or.th/tsd

Auditor:

EY Office Limited by

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

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Legal Counselor:

Weerawong, Chinnavat & Partners Ltd.

Mercury Tower, 22nd floor,

No. 540 Ploenchit Road, Lumpini, Patumwan, Bangkok 10330, Thailand

Telephone : +66 2 264 8000 Facsimile : +66 2 657 2222



General Information and Other Key Information

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

TMB Bank Public Company Limited, Head Office

Other Key Information

-N/A-

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

Shareholders

Major Shareholders as at December 28, 2018*

Name of Shareholders	No. of Shares Held	Total No. of Shares Held	% of 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	42,144,267	42,144,267	4.79
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. Bualuang Basic Dividend LTF	37,260,200	37,260,200	4.23
8. Deutsche Bank AG, Singapore (DCS) A/C Pangolin Asia Fund ⁽⁶⁾	35,890,316	35,890,316	4.08
9. Bualuang Siriphol Corporate Governance Fund	14,776,000	14,776,000	1.68
10. Bualuang Basic RMF	14,712,400	14,712,400	1.67
Other Minority Shareholders	346,743,074	346,743,074	39.38
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



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



Management Structure

Board of Directors

The Board of Directors comprises of directors who are knowledgeable and experienced in diverse fields relevant to Thai Wah's business. The Board of Directors consists of 14 directors, 5 independent directors or 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. 6 non-executive directors and 3 executive directors. Details of the Board members are as follows:

No.	Name	Position	Date of Appointment	Number of Attendances in 2018/Meeting
1.	Mr. Ho KwonPing	Chairman of the Board	October 1, 2015, April 26, 2016 (re-elected)	4/5
2.	Dr. Sretsei Saittagaroon	Deputy Chairman of the Board	October 1, 2015, April 20, 2017 (re-elected)	5/5
3.	Mr. Surapon Supratya	Director	October 1, 2015, April 26, 2016 (re-elected)	4/5
4.	Mr. Ariel P Vera	Director	October 1, 2015, April 26, 2016 (re-elected)	4/5
5.	Mr. Ho KwonCjan	Director	October 1, 2015, April 20, 2017 (re-elected)	5/5
6.	Mr. Ho Ren Hua ^(a)	Director	October 1, 2015, April 20, 2017 (re-elected)	4/5
7.	Mr. Umnad Sukprasongphol ^(a)	Director	October 1, 2015 April 27, 2018 (re-elected)	5/5
8.	Mr. Shankar Chandran	Director	December 25, 2016 April 27, 2018 (re-elected)	4/5
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)	5/5
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)	5/5
11.	Mr. Subhak Siwaraksa	Independent Director, ^(b) Audit and Risk Committee Member and Nomination and Remuneration Committee Member	February 21, 2017 April 27, 2018 (re-elected)	5/5
12.	Mr. Chanin Archjananun	Independent Director ^(b)	October 1, 2015 April 27, 2018 (re-elected)	5/5
13.	Ms. Parnsiree Amatayakul ^(c)	Independent Director ^(b)	April 27, 2018	3/5
14.	Mr. Prateep Lertvatanakijkul ^{(a),(c)}	Director	April 27, 2018	3/5

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

(a) Authorized directors of the Company are Mr. Ho Ren Hua and Mr. Umnad Sukprasongphol or Mr. Ho Ren Hua and Mr. Prateep Lertvatanakijkul can jointly sign with the Company's seal affixed in accordance with the Affidavit

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

(c) The 2018 Annual General Meeting held on April 27, 2018 approved the appointment of two new directors, namely Ms. Parnsiree Amatayakul as an Independent Director and Mr. Prateep Lertvatanakijkul as a Director, and increasing the total number of directors of the board from 12 to 14 directors.

Management Structure

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

1. Overseeing the Company in managing the business for the benefits of shareholders by observing the following four practices:
 - 1.1 Performing its duties with responsibility and all due circumspection and caution (Duty of Care).
 - 1.2 Performing its duties with faithfulness and honesty (Duty of Loyalty).
 - 1.3 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).
 - 1.4 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.
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.



Management Structure

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 consist of members in the number that is suitable for the size and business strategy of the Company, but shall be no less than 5 members. 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

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.

Management Structure

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.



Management Structure

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 2018/Meeting
1.	Mr. Vudhiphol Suriyabhivadh	Chairman	October 1, 2015, October 1, 2017 (re-elected)	4/4
2.	Mr. Subhak Siwaraksa	Member	February 21, 2017, October 1, 2017 (re-elected)	4/4
3.	Dr. Jingjai Hanchanlash	Member	October 1, 2015, October 1, 2017 (re-elected)	4/4

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 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;

Management Structure

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 be fulfilled, the Audit and Risk Committee shall have the following power:



Management Structure

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.

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 2018/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)	3/3
3.	Mr. Subhak Siwaraksa	Member	February 21, 2017, October 1, 2017 (re-elected)	3/3

Management Structure

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; and
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.

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 Structure

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	Group Chief Financial Officer

Remarks : Profile is detailed in Attachment 1 to Form 56-1 under the heading “Management and Company Secretary” in the Company’s Annual Report

Duties and Responsibilities of the Chief Executive Officer

The Chief Executive Officer has the following roles and responsibilities:

1. To be in charge of the daily business operations of the Company, supervise and manage the works and operations of the Company for complying with the policy, vision, mission, values, strategy and goals, both in terms of financial and non-financial, as well as to drive the business plan to be able to achieve financial budget as approved by the Board of Directors;
2. To employ, appoint, transfer, dismiss, and terminate employees in all levels, except the appointment, transfer and dismissal of the Head of Internal Audit, which shall also be approved by the Audit and Risk Committee;
3. To determine the salary and remuneration, adjust the salary, bonus, reward and welfare of all employees of the Company, including the senior executives in correspondence with the remuneration mechanism and welfare as approved by the Nomination and Remuneration Committee;
4. To issue internal order, policies, announcement and memo of the Company to ensure that the operations of the Company are in compliance with the policy and the interest of the Company, including to maintain the organizational disciplinary;
5. To perform other tasks as assigned by the Board of Directors and to perform any other acts as stipulated by laws and regulations of the authorities;

Risk Management Committee

The Board of Directors assigned the Audit and Risk Management Committee to set up the Risk Management Committee in order to evaluate and determine measures to mitigate or prevent the risk of the Company.

The Risk Management Committee has a total of 10 members, comprising of Mr. Ho Ren Hua as the Chairman and other senior management of the Company as the Directors/Members of the Risk Management Committee.

Management Structure

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 under the heading "Management and Company Secretary" in the Company's Annual Report

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) 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

No.	Name	Position	No. of shares held as at December 31, 2017	No. of shares changed in 2018 Increase / (Decrease)	No. of shares held as at December 31, 2017	Shareholding in the Company (%)
1.	Mr. Ho KwonPing Spouse and Minor child	Chairman of the Board	56,740,573 453,961	- -	56,740,573 453,961	6.45% 0.05%
2.	Dr. Sretsei Saittagaroon Spouse and Minor child	Deputy Chairman of the Board	2,544,029 -	(200,000) -	2,344,029 -	0.27% -
3.	Mr. Surapon Supratya Spouse and Minor child	Director	- -	- -	- -	- -
4.	Mr. Ariel P Vera Spouse and Minor child	Director	1,973,183 -	(1,047,078) -	296,105 -	0.11% -
5.	Mr. Ho KwonCjan Spouse and Minor child	Director	34,416,488 -	- -	34,416,488 -	3.91% -
6.	Mr. Ho Ren Hua Spouse and Minor child	Director and Chief Executive Officer	3,830,524 -	644,200 -	4,474,724 -	0.51% -
7.	Mr. Umnad Sukprasongphol Spouse and Minor child	Director and Managing Director (Starch Business)	300,226 7,014	(200,000) -	100,226 7,014	0.01% 0.00%
8.	Mr. Shankar Chandran Spouse and Minor child	Director	- -	- -	- -	- -
9.	Mr. Vudhiphol Suriyabhivadh Spouse and Minor child	Independent Director, Audit and Risk Committee Chairman and Nomination and Remuneration Committee Member	- 213,053	- -	- 213,053	- 0.02%
10.	Dr. Jingjai Hanchanlash Spouse and Minor child	Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Chairman	- 2,643,039	- -	- 2,643,039	- 0.30%
11.	Mr. Subhak Siwaraksa Spouse and Minor child	Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Member	- -	- -	- -	- -
12.	Mr. Chanin Archjananun Spouse and Minor child	Independent Director	- -	- -	- -	- -
13.	Ms. Parnsiree Amatayakul* Spouse and Minor child	Independent Director	- -	- -	- -	- -
14.	Mr. Prateep Lertvatanakijkul* Spouse and Minor child	Director and Managing Director (Food Business)	50,000 -	- -	50,000 -	0.01% -
15.	Ms. Naruemon Srisuma Spouse and Minor child	Group Head of Research & Development	- -	- -	- -	- -
16.	Ms. Orn-A-Nong Witchucharn Spouse and Minor child	Chief Financial Officer	10,000 -	- -	10,000 -	0.00% -

Remarks: * The 2018 Annual General Meeting held on April 27, 2018 approved the appointment of two new directors, namely Ms. Parnsiree Amatayakul as an Independent Director and Mr. Prateep Lertvatanakijkul as a Director, and increasing the total number of directors of the board from 12 to 14 directors.

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

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 shareholders 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 2018 Annual General Meeting of the Company as at 27 April 2018.

Monetary remuneration for the Directors, both Non-Executive Directors and Executive Directors, in 2018 was in the total amount of Baht 13,334,000. Details as shown in the section “Remuneration and Other Benefits of the Directors during the Year 2018”.

- **Management**

Monetary remuneration for 5 management in 2018 was in the total amount of Baht 39,269,618.08 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 2018 were in the total amount of Baht 5,965,520.32.

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



Remuneration for the Directors and Management

Remuneration and Other Benefits of the Directors during the Year 2018

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	1,325,000 / -	- / -	- / -	1,325,000
2.	Dr. Sretsei Saittagaroon	Deputy Chairman of the Board	900,000 / -	- / -	- / -	900,000
3.	Mr. Surapon Supratya	Director	900,000 / -	- / -	- / -	900,000
4.	Mr. Ariel P Vera	Director	900,000 / -	- / -	- / -	900,000
5.	Mr. Ho KwonCjan	Director	900,000 / -	- / -	- / -	900,000
6.	Mr. Ho Ren Hua	Director	795,000 / -	- / -	- / -	795,000
7.	Mr. Umnad Sukprasongphol	Director	795,000 / -	- / -	- / -	795,000
8.	Mr. Shankar Chandran	Director	900,000 / -	- / -	- / -	900,000
9.	Mr. Vudhiphol Suriyabhivadh	Independent Director, Audit and Risk Committee Chairman and Nomination and Remuneration Committee Member	900,000 / -	360,000 / -	144,000 / -	1,404,000
10.	Dr. Jingjai Hanchanlash	Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Chairman	900,000 / -	192,000 / -	270,000 / -	1,362,000
11.	Mr. Subhak Siwaraksa	Independent Director, Audit and Risk Committee Member and Nomination and Remuneration Committee Member	900,000 / -	192,000 / -	144,000 / -	1,236,000
12.	Mr. Chanin Archjananun	Independent Director	900,000 / -	- / -	- / -	900,000
13.	Ms. Parnsiree Amatayakul*	Independent Director	540,000 / -	- / -	- / -	540,000
14.	Mr. Prateep Lertvatanakijkul*	Director	477,000 / -	- / -	- / -	477,000
Total			12,032,000	744,000	558,000	13,334,000

Remarks : * The 2018 Annual General Meeting held on April 27, 2018 approved the appointment of two new directors namely Ms. Parnsiree Amatayakul as an Independent Director and Mr. Prateep Lertvatanakijkul as a Director, and increasing the total number of directors of the board from 12 to 14 directors.

Remuneration for the Directors and Management

Human Resources

As at December 31, 2018 there were 2,351 employees in the Company as follows:

	Starch business	Vermicelli and Noodle business	Subsidiaries*	Total
Direct labor (person)	894	894	1,027	2,815
Indirect labor (person)	106	164	182	452
Head office employee (person)	84	209	37	330
Total (person)	1,084	1,267	1,246	3,597

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 (Shanglai) 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, 2018 was Baht 942,936,593 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.

Report of the Nomination and Remuneration Committee

The NRC met thrice in 2018 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 and on the re-nomination of directors. Apart from this, the NRC had also recommended to the Board on the appointment of two new directors and increasing the total number of directors of the board from 12 to 14 directors. The NRC had also conducted its self-evaluation (as a whole) for the year 2018, results of which was reported to the Board of Directors as well as disclosed in the Company's annual report.



Dr. Jingjai Hanchanlash

Nomination and Remuneration Committee Chairman

14 January 2019

Corporate Governance

The Company is committed towards maintaining high standards of good Corporate Governance within the Company in order to protect and enhance long-term shareholders' value. The Company has adopted and continuously developed a set of good corporate governance practices and policies that are modeled on the principles or sub-principles of Corporate Governance for listed companies in 2017 (CG Code) that has been reviewed by the Board of Directors' Meeting No. 5/2018 held on November 8, 2018. For the principles or sub-principles that cannot be applied or are not applicable, the Board of Directors has considered and reviewed those CG codes and recorded the reasons for not applying into the Board's resolution.

The Company's corporate governance are as per the details set out in the following sections:

1. Rights of Shareholders

The Company recognizes the importance of shareholders' rights as the investors and the owner of the Company. All shareholders are encourage to exercise their fundamental rights, e.g. trading or transferring of shares, sharing of profits, receiving adequate information, whether via the Company's website, the Stock Exchange of Thailand's website or through other channels, attending shareholders' meetings to acknowledge the Company's annual performance and casting votes at the shareholders' meetings to approve significant matters as specified by laws, such as the appointment or removal directors, the determination of directors' remuneration, the appointment of auditor and the determination of audit fee, the dividend payment or suspension of dividend payment, and the capital increase and the issuance of new securities, including making enquiries or comments on matters that the Board of Directors presents to or requests for approval at the shareholders' meetings.

Apart from the abovementioned rights of shareholders, the Company has made additional efforts to encourage and facilitate shareholders to exercise their rights as follows:

- 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 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. In addition, any shareholders who arrive at the meeting after the meeting has begun are still entitled to vote on the agenda items that are still under consideration and have not been voted upon.
- 1.3 The Company has invited the shareholders to propose 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.thaiwah.com).

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.

Corporate Governance

- 1.4 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.thaiwaha.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.

- 1.5 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.
- 1.6 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 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.thaiwaha.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.
- 1.7 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@thaiwaha.com) or fax them to +66 2 285 0268.
- 1.8 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



Corporate Governance

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 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.

- 1.9 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 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 previous year.
- 2.4 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 2.6 hereof "Supervision on the Use of Inside Information". There is no violation of the policy found during the previous year.

Corporate Governance

- 2.5 The Company provides the opportunity for such shareholders who hold shares of the Company representing at least 5 percent of the total voting rights of the Company to propose AGM agenda items 30 days in advance prior to the end of the Company's accounting period which will be reviewed by the Audit and Risk Committee and then presented to the Board of Directors for consideration. If the nomination constitutes an agenda, the Company will declare it in the notification letter as a shareholder-proposed agenda. In the event that the Board of directors disapproves including the nomination in the agenda, the Company will declare its rational at the Annual General Meeting.

In the previous year, the Company did not provide financial assistance to any company which is not a subsidiary of the Company.

The Company provides channels for minor shareholders to give suggestions, express opinions or file complaints by submitting the actual evidence or signed statement to the company secretary via postal mail to the Company's address or via phone at +66 2285 0040 ext. 1501.

- 2.6 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.

Apart from the above, 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.

In addition, the Board of Directors shall monitor all required actions in accordance with related measures. Any changes in the shareholding of a directors or executives shall be reported in the Board of Directors' meeting and disclosed in the annual report.



Corporate Governance

2.7 Preventing conflicts of interest

The Board has established policies and measures regarding conflicts of interest as follows:

- a. Shareholding structures of the Company and its subsidiaries shall be disclosed in the Annual report for transparency.
- b. Directors and executives shall file a report stating their own and their related persons' interest in the management of the Company or subsidiaries to the Company Secretary. The Company Secretary shall deliver a copy of such report to the Chairman and the Chairman of the Audit and Risk Committee within 7 days upon receipt of the report.
- c. In case any directors or executives has a vested interest in any agenda items under consideration, such a person shall not attend the meeting or shall abstain from voting on such an agenda item. This is to ensure that the Board and executives make decisions in a fair manner for the utmost benefit of shareholders.
- d. The Company has established the use of inside information policy as shown in the business code of conduct, whereby if an executive or employee disclose the internal information to the public or use it for their own benefit, disciplinary actions would be taken.

3. Role of Stakeholders

The Company pays close attention to the importance of the roles and rights of all groups of stakeholders by ensuring that they are treated properly, equitably and fairly. The Company believes that maintaining good relationships with all group of stakeholders is significant. The Company has established various guidelines for each stakeholders, details as shown in the Company's website (www.thaiwah.com) under the heading Code of business conduct.

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 regularly review the compensation and welfare benefits to all its employees to be in a competitive rate 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. 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. The Company has also monitored, evaluated, controlled the risks and developed a safety guidelines and a hygienic work environment. 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.

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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.
Community : & Society	The Company gives importance to the rights of stakeholders by not violating the rights of other people who live in the community and society, including cooperating with various agencies for developing and supporting the community activities that can create the public's interest. The Company has a policy to improve the quality of life for the people within the community which includes the development of farmers' careers, technological supporting, knowledge and tools or equipment for farming.
Environment:	The Company operates under various laws, standards and regulations in regard to the environmental issues by taking into account the impact on natural resources and the environment. The Company is determine to protect the environment by establishing environmental management system, controlling waste disposal or pollution released from the production process, including using effective technology and closely monitoring the system regularly. The Company also supports and encouraged energy conservation, using alternative energy, development of environmental management system that can reduce greenhouse gas emissions. The Company also promotes and develop effective and sustainable water resource in order to reduce the conflict of using water with the local community, to also include cooperation in the development, rehabilitation and conservation of water resources in the community.
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.

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Innovations: The Company is committed to promote a corporate culture that embraces innovation and ensure management's inclusion of innovation in operating development plan and corporate strategy.

The Company also promotes innovation in order to enhance long-term value creation for the business in a changing environment. Such innovation may include designing innovative business models, products or services, promoting research, improving production and operation processes, and collaborating with partners/suppliers.

There were no violations of laws in relation to labour, employment, consumers, competitors, or environment found in the previous year. 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 2018.

3.3 Anti – Corruption and Anti – Bribery Policy and Guidelines

The Company has established and adhered firmly and consistently to its 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. 1/2018 on February 21, 2018, 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. 4/2018 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

Corporate Governance

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.



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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.

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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, 2018

The Company also held an anti-corruption workshop in order to educate the staffs on the anti-corruption policy and practices. In the year 2018, few employees attended the Thai Institute of Directors Association training course on Ethical 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.

The Company joined Thailand’s Private Sector Collective Action Coalition Against Corruption (“CAC”) and has been certified to be a full member of the CAC on August 21, 2018.

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 2 285 0040



Facsimile: +66 2 285 0268



Email: 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.



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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.

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- 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.thaiwaha.com).
- 4.3 Individual investors, shareholders, stock analysts and state agencies may contact the Company through the Company Secretary at telephone number +66 2 285 0040 or +66 2 285 0315 - 20 or at Investor Relations Department (ir@thaiwaha.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 2018, the Company's financial statements were certified unconditionally from the auditor.
- 4.5 In the year 2018, 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 2018 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 2.6 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



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“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 2018” in the Company’s Form 56-1 and in the Company’s Annual Report.

4.7 In 2018, 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 14 members, 5 of whom are independent Directors, 3 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 5 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.

5.1.2 Consecutive terms of office of an independent director

Consecutive terms of an independent director may serve no more than 3 consecutive terms, and the end of each term on the date of the Annual General Meeting of Shareholders in which they are due to retire by rotation. The Board of Directors may nominate their names to be re-elected at the Annual General Meeting of Shareholders as deemed fit, in which case they will no longer be considered independent.

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

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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.

5.1.3 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



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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.

5.1.4 Nomination of Board members

The Nomination and Remuneration Committee will be responsible for the nomination of new directors. The Nomination and Remuneration Committee will search for potential candidates and propose the same to the Board of Directors' or the shareholders' meeting (as the case may be) for consideration and appointment. The following matters will be taken into consideration as part of the selection criteria: the structure of the Board of Directors, which shall consist of members in the number that is suitable for the size and business strategy of the Company, the diversity in the structure of the Board of Directors (Board Diversity), including but not limited to, race, religion, national origin and gender, the appropriateness of the qualifications and skills of the director(s) that are necessary but lacking in the Board of Directors. The Board Skill Matrix will be used to identify the required qualifications.

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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 have been disclosed under the heading "Method of Appointment and Removal of Directors as included in the Company's Articles of Association".

5.1.5 Nomination Procedures

The Nomination and Remuneration Committee will select candidates for the position of director(s) of the Company from the recommendation of other directors, the nomination by the shareholders of the Company, the service of external professional search firms, or the directors' pools of various agencies, or other nomination procedures as the Nomination and Remuneration Committee considers appropriate.

5.1.6 Role of Chairman of the Board

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

5.1.7 Role of Chief Executive Officer

Details in regard to the roles and responsibilities of the Chief Executive Officer of the Board have been disclosed under the heading "Management Structure" of Form 56-1 and the Company's Annual Report.

5.1.8 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.

5.1.9 Succession Plan

The Board of Directors places importance on having an effective and efficient management as well as the continuance of its business operations, which are essential factors to the sustainable growth of the organization. Thus, the Company is required to prepare a succession plan for the positions of Chief Executive Officer, Managing Directors, and other senior executive positions, and to review every 3 years in order to ensure that there will be competent senior executives for the succession of these key positions in the organization.

5.1.10 External Directorship Policy

The Board of Directors has set a policy to limit the number of listed companies in which each director may hold a directorship. This policy aims to protect the Company's best interests because it helps to ensure that directors have sufficient time to handle their duties efficiently. The Board of Directors has agreed to set the policy prescribing that each director should hold directorship of a maximum of 5 other listed companies.

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In addition, the Company has a guideline in case the Chief Executive Officer is appointed as director in another company, the matter has to be proposed to the Nomination and Remuneration Committee's meeting for approval. While for the executive level up, it must be approved by the Managing Director or Chief Executive Officer.

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

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

5.3.2 Corporate Governance Policy

On November 8, 2019, the Board of Directors' meeting No. 5/2018 had approved the Corporate Governance Policy and the Code of Business Conduct (revised edition). The Board had also assigned the management to promote and monitor the implementation of the policy and code of business conduct of the Company. Details of Corporate Governance Policy and the Code of Business Conduct have been posted on the Company's website under the Corporate Governance section. 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.

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During the previous year, 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.thaiwaha.com).

During the previous year, 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 Company has a management structure that clearly defines the separation of power, duties and responsibilities of the Board of Directors and the Management. The Board of Directors, as the policy supervisor, has the duties to define the Company's vision, mission, values, strategy and long-term goals, including overseeing monitoring, and evaluating the performance of the Management. Management, as the executives, has the duties to perform day-to-day operations to be efficient, effective and in compliance with the defined policies, vision, mission, values, strategy and long-term goals and report its performance to the Board of Directors on a regular basis.

The delegation of authority between the Board and management/ Chief Executive Officer 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 ranging from 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.



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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.

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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. In the year 2018, the Company had conducted a total of 5 Board meetings and encourages each director to attend the Board of Directors' meeting at least 75 percent of the total number of meetings in each fiscal year, except in case of necessity and emergency. In the past year, the board of directors had attended the meeting, which accounted for 91.91 percent. The Company had provided the meeting materials to the directors in advance at least 5 days prior to the meeting to allow the directors to have sufficient time to study the information beforehand.

The Company encourages that at the time of Board's decision, the quorum of the meeting should not be lesser than two-thirds of total number of directors.

Attendance of all directors as shown below.

No.	Name	Number of Attendances in 2018/Meeting
1.	Mr. Ho KwonPing	4/5
2.	Dr. Sretsei Saittagaroon	5/5
3.	Mr. Surapon Supratya	4/5
4.	Mr. Ariel P Vera	4/5
5.	Mr. Ho KwonCjan	5/5
6.	Mr. Ho Ren Hua	4/5
7.	Mr. Umnad Sukprasongphol	5/5
8.	Mr. Shankar Chandran	4/5
9.	Mr. Vudhiphol Suriyabhivadh	5/5
10.	Dr. Jingjai Hanchanlash	5/5
11.	Mr. Subhak Siwaraksa	5/5
12.	Mr. Chanin Archjananun	5/5
13.	Ms. Parnsiree Amatayakul ^(a)	3/5
14.	Mr. Prateep Lertvatanakijkul ^(a)	3/5

Remarks : ^(a) The 2018 Annual General Meeting held on April 27, 2018 approved the appointment of two new directors namely Ms. Parnsiree Amatayakul as an Independent Director and Mr. Prateep Lertvatanakijkul as a Director and increasing the total number of directors of the board from 12 to 14 directors.

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



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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 2018/Meeting
1.	Mr. Vudhiphol Suriyabhivadh	4/4
2.	Mr. Subhak Siwaraksa	4/4
3.	Dr. Jingjai Hanchantash	4/4

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 2018/Meeting
1.	Dr. Jingjai Hanchantash	3/3
2.	Mr. Vudhiphol Suriyabhivadh	3/3
3.	Mr. Subhak Siwaraksa	3/3

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.

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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 2018, Directors, Management and Company Secretary attended the training and seminar courses as follows:

Name	Position	Course
Mr. Prateep Lertvatanakijkul	Director and Managing Director (Food Business)	Directors Certification Program (DCP 267/2018) Thai Institute of Directors Association
Ms. Manee Lueprasert	Company Secretary	- Corporate Governance Code (CG Code), Organized by PWC Thailand - Enhancing Good Corporate Governance based on CGR Scorecard, 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 Assessment of the Performance

5.8.1 Board of Directors

The Board of Directors conducts an assessment of its annual performance through group evaluation based on the assessment form developed from the Stock Exchange of Thailand. The purpose was to review the performance outcome, problems and obstacles in the business operation in the past year so as to improve the work efficiency.



Corporate Governance

The assessment criteria covered 4 assessment subjects, i.e., 1) Board structure and qualifications, 2) The Board of Directors' Meetings, 3) Roles, Duties and Responsibilities of the Board of Directors and 4) Others.

The assessment procedure:

1. The Company secretary will submit the form as approved by the Board of Directors to all the board of directors to assess their performances;
2. After each director has completed the self-assessment form of the Board of Directors (Group Evaluation), the Company Secretary Officer will calculate the scores and provide a summary of these scores to the Board of Directors;
3. The Board of Directors' meeting will jointly consider and find a solution in order to improve the unsatisfactory scores and use it as a guideline for their performance in the following year, including considering and reviewing the comments and suggestions raised by each director.

5.8.2 Sub-committees

The Company's Corporate Governance Policy stipulates that the Board of Directors assigns all subcommittees to conduct self-assessment in order to consider performance and problems for further improvements and report the assessment result to the Board of Directors on an annual basis.

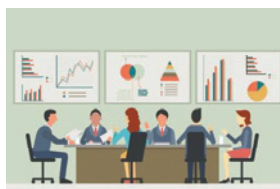
The assessment procedure:

1. The secretary of the sub-committee will submit the form as approved by the Board of Directors to all the members to assess their performances;
2. After each director has completed the self-assessment form of the sub-committee as a whole, the Company Secretary Officer will calculate the scores and provide a summary of these scores to the sub-committees' meeting;
3. The Company Secretary will present the results of the self-assessment (as a whole) to the Board of Directors meeting for further consideration.

The assessment results of Board of Directors and the sub-committees for the year 2018 were as follows:



Board of Directors



Audit and Risk
Committee



Nomination and
Remuneration Committee

89.27%

97.33%

92.98%

Corporate Governance

5.9 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.

5.10 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.

6. Auditors' Remuneration

6.1 Audit Fees

The Company and subsidiary companies paid the audit fees to the audit firm for the year 2018 for a total amount of Baht 6,600,000 and for a total amount of Baht 1,645,992 for 4 of its subsidiaries based abroad, details as follows:

Company	Auditors' remuneration
The Company	2,400,000 Baht
1 associated company*	234,000 Baht
Subsidiary companies	
- 17 companies in Thailand	3,966,000 Baht
- 2 companies in Vietnam	340,000,000 VND (approximately Baht 475,864)
- 1 company in China	160,000 Yuan (approximately Baht 782,400)
- 1 company in Cambodia	12,000 USD (approximately Baht 387,728)

Note: * The audit fee of the associated companies includes fees for the quarterly review of interim financial statements of associated companies amounting to Baht 71,000 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 improve the Company's accuracy in the accounting for the share of results of these companies under the equity method.



Corporate Governance

In addition, the Company also absorbed Baht 163,000 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 2 285 0040 Ext. 1109 e-mail ir@thaiwah.com or through Company website, which provides both Thai and English versions along with the updated information. In the year 2018, the Company provided 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
Analyst Meeting	4
Opportunity Day	3
Outbound Roadshow	4
Inbound Roadshow	6
Conference Call	3
Company Visit	16

Corporate Social Responsibility

Details of the Corporate Social Responsibilities have been disclosed in the Company's Sustainability report and on the Company's website (www.thaiwah.com) under the heading Sustainability.

Internal Control and Risk Management

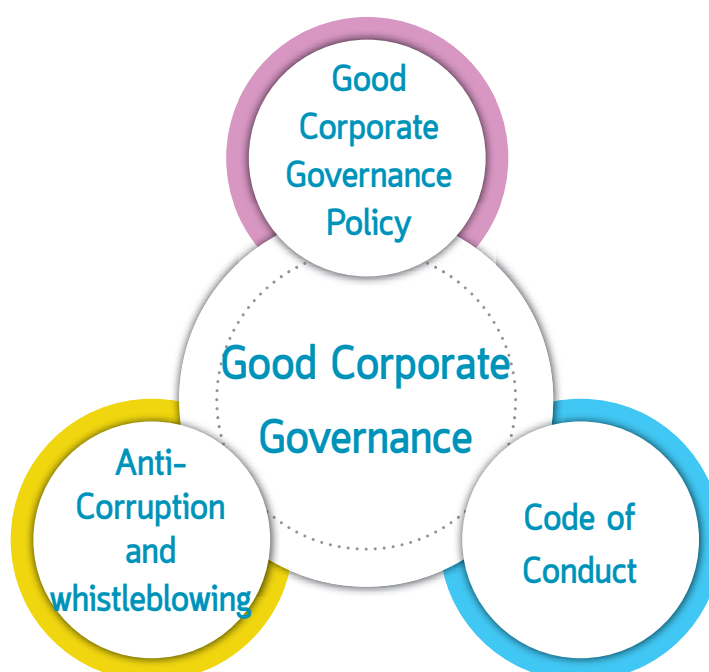
The Company's Board of Directors recognizes the importance of internal controls and risk management systems that are key fundamental to drive company's sustainable growth with added value to Company's stakeholders. The Board of Directors have set up clear company guideline to employees for internal control 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. These 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 Tradeway Commission - Enterprise Risk Management ("COSO-ERM"). The internal audit department and risk management department are 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 and risk management 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 is as followed;



Internal Control and Risk Management

Objective Setting

Board of Directors have determined the objectives to departments, factory and staff about the strategies that including the implementation policy, rules and regulations. These objectives and goals has been communicated to staff, departments and factory to align with the overall Company's mission.

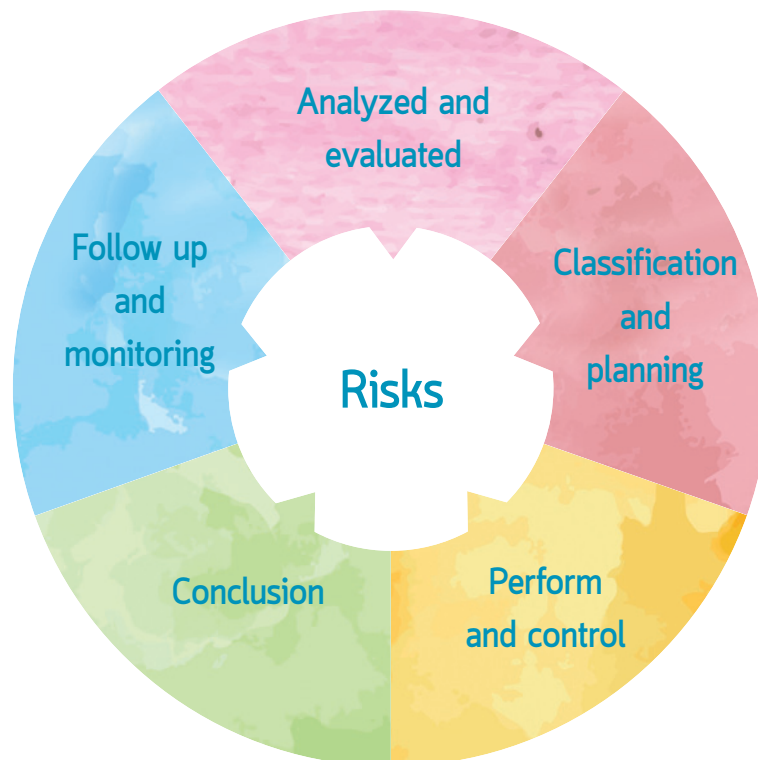
Event Identification or Risk Factors

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:



Internal Control and Risk Management

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. Risk management department and internal audit department have been coordinated with other departments and factories for preparing follow up report to management person, Board of Directors and Audit and Risk Committee at least every quarterly.

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:

Preventive Control

- Standard Operating Policies and Procedures,
- Segregation of duty,
- Verify, review and approve.

Detective Control

- Assigned internal audit department to evaluate and audit.
- Analytical financial data and ratio.

Corrective Control

- Summarize audit issues, deficiencies and weaknesses for set up policy and procedure to implementation.

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. During year 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 that have to be corrected by used the performance evaluation system helped to evaluated and monitored that there is accordance with the objectives of the Company.

Internal Control and Risk Management

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. He attended several training courses of internal audit by the Institute of Internal Auditors of Thailand. He also has experiences in auditing and reviewing financial statements of other enterprises which can be applied in practice. He has full understanding of the Company's processes and procedures. Overall, the Audit and Risk Committee is satisfied with the appointment of Mr. Narupon Wuttichai 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. Further details on his qualifications of the head of internal audit as follows:

Profile of the Head of Internal Audit Unit

Name :	Mr. Narupon Wuttichai
Age :	36 Years
Education background :	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 CRM by Function • Fraud Risk Management • Anti-Corruption: The Practical Guide • IT Audit • 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 2018 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 2018, 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 2018 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 2019.

All members of the Audit and Risk Committee attended the meetings convened in 2018.

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 2019 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



Report of the Audit and Risk Committee

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.

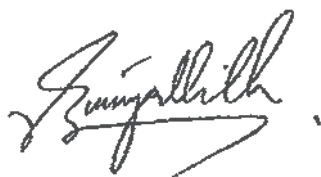
The Audit and Risk Committee also reviewed the connected transactions that required the Board of Directors or Shareholders' approval in compliance with the Stock Exchange of Thailand and Securities and Exchange Commission regulations as well as the disclosure of the Company's connected transactions. 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 had also conducted its self-evaluation (as a whole) for the year 2018, results of which was reported to the Board of Directors as well as disclosed in the Company's annual report.

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 Manithakajohnkit, 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 2019 with the recommended auditing fee of Baht 2,500,000. 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 15, 2019

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 2018 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



2018

Report and

Consolidated Financial Statements

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 2018, 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 2018, 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.



Independent Auditor's Report

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 19 and 18, to the financial statements, respectively, 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.

Independent Auditor's Report

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 14 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.

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.



Independent Auditor's Report

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.

Independent Auditor's Report

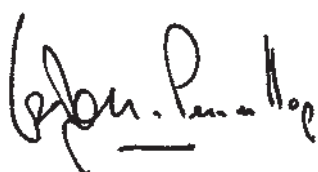
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding 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: 19 February 2019

Statement of Financial Position

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	8	678,620,456	827,073,163	233,300,237	211,226,805
Current investments	9	610,876,536	460,155,171	579,078,333	428,719,822
Current portion of other long-term investments	15	-	160,619,722	-	160,619,722
Trade and other receivables	7, 10	729,695,619	740,422,247	575,036,779	570,937,467
Short-term loans to related parties	7	-	-	546,561,000	405,475,287
Current portion of long-term loans to related parties	7	-	-	11,514,287	35,000,000
Inventories	11	987,773,770	839,814,963	408,454,325	379,273,678
Current tax assets		3,816,022	4,090,656	-	-
Other current assets		147,051,256	115,865,936	105,229,756	69,019,049
Total current assets		3,157,833,659	3,148,041,858	2,459,174,717	2,260,271,830
Non-current assets					
Restricted bank deposits	12	65,558,177	65,533,405	-	-
Investments in associates	13	32,356,010	33,552,287	31,600,000	31,600,000
Investments in subsidiaries	14	-	-	612,261,944	579,083,481
Other long-term investments					
- net of current portion	15	169,659,750	484,509,742	169,659,750	484,509,742
Long-term loans to related parties					
- net of current portion	7	-	-	-	-
Investment properties	16	131,455,030	160,812,811	504,000	504,000
Property, plant and equipment	17	2,827,657,299	2,561,421,255	1,545,966,905	1,373,041,959
Intangible assets	18, 19	528,040,458	543,300,872	485,902,640	504,262,120
Goodwill	19	100,678,428	100,678,428	100,678,428	100,678,428
Deferred tax assets	28	9,700,621	3,364,484	-	-
Other non-current assets		49,638,897	15,267,693	34,673,539	3,935,040
Total non-current assets		3,914,744,670	3,968,440,977	2,981,247,206	3,077,614,770
Total assets		7,072,578,329	7,116,482,835	5,440,421,923	5,337,886,600

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

Statement of Financial Position (continued)

As at 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	20	220,000,000	155,950,437	-	-
Trade and other payables	7,21	492,985,466	529,758,964	369,032,748	443,115,146
Short-term loans and accrued interests					
from related parties	7	2,675,167	2,652,183	175,600,000	-
Current portion of finance lease liabilities	22	4,071,836	3,678,577	4,071,836	3,678,577
Current portion of long-term loans from					
financial institutions	23	-	30,500,000	-	-
Income tax payable		28,209,354	45,117,100	23,768,216	28,446,365
Other current liabilities		46,138,388	40,810,239	26,558,955	19,758,928
Total current liabilities		794,080,211	808,467,500	599,031,755	494,999,016
Non-current liabilities					
Liabilities under finance lease agreements					
- net of current portion	22	8,495,024	12,099,529	8,495,024	12,099,529
Long-term loans from financial institutions					
- net of current portion	23	-	-	-	-
Provision for long-term employee benefits	24	229,324,734	220,529,857	177,028,910	165,115,769
Deferred tax liabilities	28	163,689,117	157,470,257	132,783,936	125,054,902
Other non-current liabilities		10,846,000	11,804,290	3,047,969	3,047,962
Total non-current liabilities		412,354,875	401,903,933	321,355,839	305,318,162
Total liabilities		1,206,435,086	1,210,371,433	920,387,594	800,317,178

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



Statement of Financial Position (continued)

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
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	26	89,705,000	89,705,000	89,705,000	89,705,000
Unappropriated		3,368,104,316	3,452,966,364	2,500,595,403	2,584,670,212
Other components of shareholders' equity		(99,602,772)	(142,367,856)	(16,293,543)	(82,833,259)
Equity attributable to owners of the Company		5,304,234,013	5,346,330,977	4,520,034,329	4,537,569,422
Non-controlling interests of the subsidiaries		561,909,230	559,780,425	-	-
Total shareholders' equity		5,866,143,243	5,906,111,402	4,520,034,329	4,537,569,422
Total liabilities and shareholders' equity		7,072,578,329	7,116,482,835	5,440,421,923	5,337,886,600

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 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Profit or loss:					
Revenues					
Sales		7,247,862,991	6,265,082,261	5,092,040,283	4,665,725,733
Claim refund from the fire	6	10,000,000	-	-	-
Gain from business acquisition	2.2	-	118,400,373	-	-
Other income		70,963,169	88,448,548	111,184,804	115,558,437
Total revenues		7,328,826,160	6,471,931,182	5,203,225,087	4,781,284,170
Expenses					
Cost of sales		6,063,238,222	4,881,672,694	4,273,881,530	3,717,418,735
Selling and distribution expenses		512,858,398	518,623,860	348,783,230	378,040,589
Administrative expenses		453,764,054	419,441,720	341,805,324	327,166,692
Loss from the fire	6	17,470,243	-	-	-
Total expenses		7,047,330,917	5,819,738,274	4,964,470,084	4,422,626,016
Profit before share of profit (loss) from investments in associates, finance costs and income tax expenses		281,495,243	652,192,908	238,755,003	358,658,154
Share of profit (loss) from investments in associates	13	(1,868,657)	3,303,818	-	-
Profit before finance cost and income tax expenses		279,626,586	655,496,726	238,755,003	358,658,154
Finance cost		(7,381,361)	(8,264,641)	(2,378,747)	(1,393,273)
Profit before income tax expenses		272,245,225	647,232,085	236,376,256	357,264,881
Income tax expenses	28	(57,940,578)	(106,148,369)	(38,727,897)	(61,010,840)
Profit for the year		214,304,647	541,083,716	197,648,359	296,254,041
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		(27,662,838)	(62,006,266)	-	-
Unrealised gain (loss) on changes in fair value of available-for-sale investments - net of income tax		66,539,716	(513,771)	66,539,716	(513,771)
Share of other comprehensive income from investments in associates - net of income tax	13	672,380	(3,316,692)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent period - net of income tax		39,549,258	(65,836,729)	66,539,716	(513,771)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent period:</i>					
Actuarial loss - net of income tax	24	-	(12,140,557)	-	(10,436,685)
Share of other comprehensive income from investments in associates - net of income tax	13	-	(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		39,549,258	(78,038,932)	66,539,716	(10,950,456)
Total comprehensive income for the year		253,853,905	463,044,784	264,188,075	285,303,585

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

Statement of Comprehensive Income (continued)

For the year ended 31 December 2018

(Unit: Baht)				
	Consolidated financial statements		Separate financial statements	
Note	2018	2017	2018	2017
Profit attributable to:				
Equity holders of the Company	196,861,120	492,911,610	197,648,359	296,254,041
Non-controlling interests of the subsidiaries	17,443,527	48,172,106		
	214,304,647	541,083,716		
Total comprehensive income attributable to:				
Equity holders of the Company	239,626,204	431,638,185	264,188,075	285,303,585
Non-controlling interests of the subsidiaries	14,227,701	31,406,599		
	253,853,905	463,044,784		
Basic earnings per share				
30				
Profit attributable to equity holders of the Company	0.22	0.56	0.22	0.34

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

Statement of Changes in Shareholders' Equity

For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements											
Equity attributable to owners of the Company											
	Equity attributable to owners of the Company						Other components of equity				
	Retained earnings			Unrealised gain (loss) on changes in fair value of available-for-sale investments			Other comprehensive income				
	Surplus on the amalgamation	Appropriated - statutory reserve	Unappropriated	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	Total 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
Balance as at 1 January 2017	880,420,930	300,740,523	764,866,016	89,705,000	3,157,119,218	(82,291,614)	(11,005,020)	(93,296,634)	5,099,555,053	245,195,573	5,344,750,626
Profit for the year	-	-	-	-	492,911,610	-	-	-	492,911,610	48,172,106	541,083,716
Other comprehensive income for the year	-	-	-	-	(12,202,203)	(518,116)	(48,553,106)	(49,071,222)	(61,273,425)	(16,765,507)	(78,038,932)
Total comprehensive income for the year	-	-	-	-	480,709,407	(518,116)	(48,553,106)	(49,071,222)	431,638,185	31,406,599	463,044,784
Dividend paid (Note 25)	-	-	-	-	(184,862,261)	-	-	-	(184,862,261)	(4,936,200)	(189,798,461)
Increase in non-controlling interests from business acquisition (Note 2.2)	-	-	-	-	-	-	-	-	-	290,099,925	290,099,925
Decrease in non-controlling interests from liquidation of subsidiaries	-	-	-	-	-	-	-	-	-	(1,982,600)	(1,982,600)
Decrease in non-controlling interests from changes in proportion of investments in subsidiaries	-	-	-	-	-	-	-	-	-	(2,872)	(2,872)
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)	(59,558,126)	(142,367,856)	5,346,330,977	559,780,425	5,906,111,402
Balance as at 1 January 2018	880,420,930	300,740,523	764,866,016	89,705,000	3,452,966,364	(82,809,730)	(59,558,126)	(142,367,856)	5,346,330,977	559,780,425	5,906,111,402
Profit for the year	-	-	-	-	196,861,120	-	-	-	196,861,120	17,443,527	214,304,647
Other comprehensive income for the year	-	-	-	-	-	66,547,704	(23,782,620)	42,765,084	42,765,084	(3,215,826)	39,549,258
Total comprehensive income for the year	-	-	-	-	196,861,120	66,547,704	(23,782,620)	42,765,084	239,626,204	14,227,701	253,853,905
Dividend paid (Note 25)	-	-	-	-	(281,723,168)	-	-	-	(281,723,168)	(12,098,896)	(293,822,064)
Balance as at 31 December 2018	880,420,930	300,740,523	764,866,016	89,705,000	3,368,104,316	(16,262,026)	(83,340,746)	(99,602,772)	5,304,234,013	561,909,230	5,866,143,243

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



Statement of Changes in Shareholders' Equity (continued)

For the year ended 31 December 2018

	Separate financial statements						Total shareholders' equity	(Unit: Baht)
	Issued and fully paid-up share capital	Share premium	Surplus on the amalgamation	Retained earnings		Other components of equity Unrealised gain (loss) on changes in fair value of available-for-sale investments		
				Appropriated - statutory reserve	Unappropriated			
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 25)	-	-	-	-	(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	
Balance as at 1 January 2018	880,420,930	300,740,523	764,866,016	89,705,000	2,584,670,212	(82,833,259)	4,537,569,422	
Profit for the year	-	-	-	-	197,648,359	-	197,648,359	
Other comprehensive income for the year	-	-	-	-	-	66,539,716	66,539,716	
Total comprehensive income for the year	-	-	-	-	197,648,359	66,539,716	264,188,075	
Dividend paid (Note 25)	-	-	-	-	(281,723,168)	-	(281,723,168)	
Balance as at 31 December 2018	880,420,930	300,740,523	764,866,016	89,705,000	2,500,595,403	(16,293,543)	4,520,034,329	

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 2018

Thai Wah Public Company Limited and its subsidiaries

Statement of cash flows

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit before tax	272,245,225	647,232,085	236,376,256	357,264,881
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Loss from the fire	17,470,243	-	-	-
Claim refund from the fire	(10,000,000)	-	-	-
Depreciation and amortisation	277,260,862	192,582,504	153,816,348	129,995,563
Amortisation of premium on other long-term investments	2,269,822	7,088,941	2,269,822	7,088,941
Bad debt and increase in (reversal of) allowance for doubtful accounts	4,456,763	(14,550)	3,174,252	1,336,487
Increase in (reversal of) allowance for impairment on investments in subsidiaries	-	-	51,537	(14,754,984)
Increase in (reversal of) allowance for reducing cost of inventories to net realisable value	15,242,107	(480,880)	6,578,790	334,400
Increase in allowance for impairment on rental prepayment	4,000,000	-	4,000,000	-
Increase in allowance for impairment on machinery	-	2,625,305	-	2,625,305
Reversal of allowance for impairments on investment properties	-	(13,260,481)	-	-
Loss on write-off of property, plant and equipment	2,317,419	119,279	1,301	-
Loss on write-off of intangible assets	7	-	-	-
Loss (gain) on sales of intangible assets	(396)	1,088	(396)	-
Loss (gain) on sales of property, plant and equipment	421,210	(713,996)	1,466,607	(44,374)
Gain on earlier termination of finance lease agreements	-	(1,338,619)	-	(1,338,619)
Gain on sales of current investments	(7,209,572)	(8,466,820)	(7,209,572)	(8,466,820)
Gain on sales of other long-term investments	(974,480)	-	(974,480)	-
Gain on reclassification of investments	(10,471,625)	-	(10,471,625)	-
Gain on liquidation of the subsidiaries	-	-	-	(10,153,247)
Unrealised loss on changes in fair value of current investments	3,668,923	-	3,668,923	-
Gain from business acquisition	-	(118,400,343)	-	-
Unrealised loss on exchange rates	4,937,524	1,536,495	2,869,239	1,509,605
Provision for long-term employee benefits	23,839,142	24,885,174	18,598,783	21,526,205
Actuarial loss from other long-term employee benefits	-	6,364,595	-	4,175,183
Interest income	(22,095,461)	(26,214,836)	(36,892,818)	(33,147,802)
Share of (profit) loss from investments in associates	1,868,657	(3,303,818)	-	-
Dividend income from related parties	(1,322,476)	(904,852)	(26,887,057)	(15,582,538)
Interest expenses	7,381,361	8,264,641	2,378,747	1,393,219
Profit from operating activities before changes in operating assets and liabilities	585,305,255	717,600,912	352,814,657	443,761,405

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Operating assets (increase) decrease				
Trade and other receivables	(234,019)	46,850,800	(13,523,537)	(4,642,651)
Inventories	(163,221,452)	60,494,289	(35,759,437)	12,397,725
Other current assets	(33,789,473)	6,514,257	(40,210,707)	(14,365,420)
Other non-current assets	(43,474,027)	1,159,960	(30,738,499)	(24,208)
Operating liabilities increase (decrease)				
Trade and other payables	(44,433,016)	(19,520,065)	(79,043,657)	(10,311,807)
Other current liabilities	5,176,850	(2,993,186)	6,648,728	(4,111,798)
Other non-current liabilities	(958,290)	1,522,106	7	2,421,462
Cash flows from operating activities	304,371,828	811,629,073	160,187,555	425,124,708
Proceeds from claim refund from the fire	10,000,000	-	-	-
Cash paid for long-term employee benefits	(15,044,265)	(10,780,890)	(6,685,642)	(8,766,928)
Cash paid for income tax expenses	(94,117,268)	(146,218,610)	(52,311,941)	(93,023,636)
Net cash flows from operating activities	205,210,295	654,629,573	101,189,972	323,334,144
Cash flows from investing activities				
Interest received	25,556,787	24,856,839	40,074,137	26,966,628
Increase in short-term loans to related parties	-	-	(82,600,000)	(320,800,000)
Increase in long-term loans to related parties	-	-	(35,000,000)	(35,000,000)
Acquisition of current investments	(1,330,120,922)	(1,499,000,000)	(1,329,758,068)	(1,499,000,000)
Acquisition of other long-term investments	(26,241,628)	(140,015,633)	(26,241,628)	(140,015,633)
Acquisition of investments in a subsidiaries	-	(219,890,000)	(33,230,000)	(68,282,500)
Acquisition of property, plant and equipment	(497,676,850)	(435,529,009)	(303,070,945)	(163,585,113)
Acquisition of intangible assets	(10,701,873)	(18,906,714)	(4,238,820)	(9,824,994)
Proceeds from sale of current investments	1,558,645,881	2,022,541,600	1,558,645,881	2,022,541,600
Proceeds from redemption of matured current investments	6,048,052	-	6,048,052	-
Proceeds from sale of other long-term investments	52,308,544	-	52,308,544	-
Proceeds from redemption of matured other long-term investment	160,000,000	70,000,000	160,000,000	70,000,000
Proceed from acquisition of subsidiary	-	274,865,565	-	-
Proceeds from sale of property, plant and equipment	3,872,053	3,401,419	2,826,357	3,205,176
Proceeds from sale of intangible assets	28,755	99	28,755	-
Cash received from liquidation of subsidiaries	-	-	-	40,341,395
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)	-	-
Dividend received from related parties	1,322,476	4,064,852	26,887,057	15,582,538
Net cash flows from (used in) investing activities	(56,958,725)	84,403,546	32,679,322	(57,870,903)

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from financing activities				
Increase in restricted bank deposits	-	(874,405)	-	-
Increase in short-term loans from financial institutions	64,049,563	15,389,314	-	-
Increase in short-term loans from related parties	-	-	175,600,000	-
Cash paid under finance lease agreements	(3,763,246)	(2,772,543)	(3,763,246)	(2,772,543)
Cash received from long-term loans from financial institution	-	35,000,000	-	-
Repayment of long-term loans from financial institutions	(30,500,000)	(34,500,000)	-	-
Interest paid	(7,358,377)	(8,241,656)	(2,060,746)	(1,393,219)
Dividend paid	(281,571,870)	(184,727,479)	(281,571,870)	(184,727,479)
Dividend paid by the subsidiaries to non-controlling interests	(12,098,896)	(4,936,200)	-	-
Net cash flows used in financing activities	(271,242,826)	(185,662,969)	(111,795,862)	(188,893,241)
Translation adjustments	(25,461,451)	(41,623,439)	-	-
Net increase (decrease) in cash and cash equivalents	(148,452,707)	511,746,711	22,073,432	76,570,000
Cash and cash equivalents at beginning of year	827,073,163	315,326,452	211,226,805	134,656,805
Cash and cash equivalents at end of year	678,620,456	827,073,163	233,300,237	211,226,805

Supplemental cash flow information

Non-cash items				
Undue installments for acquisition of property, plant and equipment	45,621,227	43,867,682	31,687,386	28,252,567
Undue installments for acquisition of computer software	4,791,763	3,035,727	1,541,763	133,909
Purchase of vehicle under financial lease agreements	552,000	16,211,000	552,000	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	5,893,451
Transfer of prepayment for acquisition of assets to machinery and equipment	1,962,769	-	-	-
Transfer of other non-current assets to furniture, fixtures and office equipment	9,102,823	-	-	-
Transfer of investment properties to land	29,357,781	-	-	-
Dividend payable	1,341,948	1,190,650	1,341,948	1,190,650
Decrease in investments in subsidiaries from liquidation	-	-	-	14,317,676
Decrease in trade and other receivables from bad debts written-off	15,594	3,012,830	15,594	3,012,830
Reclassification of other long-term investments to current investments	375,982,506	-	375,982,506	-
Unrealised gain (loss) on changes in fair value of available-for-sale securities	83,174,646	(642,214)	83,174,646	(642,214)
Transfer of long-term loans to short-term loans to related party	-	-	70,000,000	-
Transfer of short-term loans to long-term loans to related parties	-	-	11,514,287	-
Transfer of investment in associate to investment in subsidiary	-	241,872,958	-	54,750,700
Actuarial loss	-	(15,175,696)	-	(13,045,856)
Transfer other current assets to be other non-current assets	41,514,720	-	30,557,999	-

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



Notes to Consolidated Financial Statements

For the year ended 31 December 2018

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	
			2018	2017
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	100.00
Thai Wah Vietnam Company Limited	Manufacture and distribution of food products (vermicelli and other products)	Vietnam	100.00	100.00
Tapioca Development Corporation Limited ⁽²⁾	Manufacture and distribution of modified tapioca starch	Thailand	66.67	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	100.00
Chiang Saen Land Company Limited	Landholding	Thailand	100.00	100.00
Thai Wah (6) Company Limited	Landholding	Thailand	100.00	100.00
Bang Thao (6) Company Limited	Landholding	Thailand	100.00	100.00
Tha Thungna Land Company Limited	Landholding	Thailand	100.00	100.00
Thai Sin Tapioca (1989) Company Limited	Landholding	Thailand	100.00	100.00
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	
			2018	2017
Thai Nam Tapioca (1) Company Limited	Landholding	Thailand	70.00	70.00
Phang Nga Resorts Limited	Landholding	Thailand	100.00	100.00
Bang Thao (5) Company Limited	Landholding	Thailand	100.00	100.00
Mae Joe Land Company Limited ⁽³⁾	Landholding	Thailand	50.01	50.01
Thai Modified Starch Company Limited	Landholding	Thailand	94.75	94.75

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

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

⁽³⁾ The shareholding percentage 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 2017

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 tapioca starch related products. 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 2017, 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 from 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 2017

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

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

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

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

TFRS 15 Revenue from Contracts with Customers

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

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

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

The management of the Company and its subsidiaries expects the adoption of this accounting standard to result in the following adjustments.

- Export sales with shipping service - The Company and its subsidiaries have determined that for export sales with delivery service to international customers, some international commercial terms result in the Company and its subsidiaries having distinct contractual performance obligations with respect to shipping and warranty, in addition to the normal sale obligations. They therefore need to determine how to separate the transaction price between each performance obligation under the contract and recognise revenue when a performance obligation is satisfied. Previously, revenue was recognised in full upon delivery of the products.
- Considerations paid to customers in accordance with traditional business practice - The Company and its subsidiaries have determined that there are some commercial terms and considerations payable to customers as a result of determining the price with customers. As a result, the Company and its subsidiaries may have to make payment or provide special discounts to customers, especially modern trade customers, and these amounts should be recognised net with sales of the year. Previously, they were recognised and classified as selling expenses.

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

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting 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 securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in 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.
- c) 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.
- d) 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).
- e) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- f) 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 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 payment 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. Impact of fire

On 25 March 2018, there was a fire at a factory of Thai Nam Tapioca Co., Ltd. (the subsidiary) in Udon Thani province. The subsidiary estimated its damaged assets and recognised losses due to the fire totaling Baht 17.47 million in profit or loss for the year ended 31 December 2018. This caused earnings per share of the consolidated financial statements to decrease by Baht 0.02 per share, as detailed below.

1. The subsidiary wrote off damaged inventories from the fire, totaling Baht 0.02 million, at cost.
2. The subsidiary wrote off damaged assets from the fire which included its machinery and equipment with net book value amounting to Baht 15.19 million.
3. Other expenses such as preliminary recovery expenses amounted to Baht 2.26 million.

However, the subsidiary has an Accidental Damage (Property) Insurance Policy coverage for the replacement value of property damage caused by the fire and for business interruption. The sum insured under the policy is as follows:

	<u>Million Baht</u>
Property damage	330.00
Inventory damage	120.00
Business interruption	220.00

The subsidiary is currently claiming compensation from its insurance company. The insurance company has assessed losses and is finalising the compensation payable to the subsidiary. However, on 20 July 2018, the subsidiary received the confirmation letters of partial compensation of Baht 10 million from its insurance company. During the year, the subsidiary has already received fully amount of cash compensation from the insurance company.

7. Related party transactions

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
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
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
Japan Corn Starch Company Limited	Shareholder of subsidiary
International Commercial Development Company Limited	Shareholder of subsidiary
Tay Ninh Sugar Corporation	Shareholder of subsidiary
Thai Wah Tower Company Limited	Common directors

Name of related parties	Relationship
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
Thanh Thanh Cong Packing Trading Production Joint Stock Company	Common shareholder with the subsidiary

* Transfer from investment in associate to investment in subsidiary during the year 2017

7.1 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				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2018	2017	2018	2017	
<u>Transactions with subsidiaries</u>					
(eliminated from consolidated financial statements)					
Purchases of goods	-	-	1,445	1,444	Cost plus margin
Sales of goods	-	-	902	423	Cost plus margin
Dividends received	-	-	26	12	As declared
Rental and service income	-	-	11	8	Contract price
Rental and service expenses	-	-	3	1	Contract price
Interest income	-	-	21	9	Contract rate
Interest expense	-	-	1	-	Contract rate
Other income	-	-	1	1	Actual charge
Other expenses	-	-	8	4	Actual charge



(Unit: Million Baht)

	For the year ended 31 December				
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	2018	2017	2018	2017	
<u>Transactions with associates</u>					
Purchases of goods	46	14	-	1	Cost plus margin
Sales of goods	-	15	-	15	Cost plus margin
Dividends received	-	-	-	3	As declared
Rental and service income	-	8	-	3	Contract price
Other income	-	1	-	1	Actual charge
<u>Transactions with related companies</u>					
Purchases of goods	2	-	-	-	Cost plus margin
Sales of goods	40	-	-	-	Cost plus margin
Dividends received	1	1	1	1	As declared
Dividend paid	12	-	-	-	As declared
Rental and service expenses	32	19	18	18	Contract price
Other expenses	8	7	8	6	Actual charge

7.2 As at 31 December 2018 and 2017, 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		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Trade and other receivables - related parties (Note 10)				
Subsidiaries	-	-	252,800	197,007
Related companies	1,903	28	49	28
Total	1,903	28	252,849	197,035
Less: Allowance for doubtful debts	-	-	(53,435)	(52,676)
Total trade and other receivable - related parties - net	1,903	28	199,414	144,359

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Short-term loans to related parties				
Subsidiaries	-	-	546,561	413,523
Less: Allowance for doubtful debts	-	-	-	(8,048)
Short-term loans to related parties - net	-	-	546,561	405,475
Long-term loans to related parties				
Subsidiaries	-	-	37,563	53,000
Less: Allowance for doubtful debts	-	-	(26,048)	(18,000)
Long-term loans to related parties - net	-	-	11,515	35,000
Less: Current portion	-	-	(11,515)	(35,000)
Long-term loans to related parties - net of current portion	-	-	-	-
Trade and other payables - related parties (Note 21)				
Subsidiaries	-	-	82,991	134,610
Related companies	129	209	96	206
Total trade and other payables - related parties	129	209	83,087	134,816
Short-term loans and accrued interests from related party				
Subsidiaries	-	-	175,600	-
Related company	2,675	2,652	-	-
Total short-term loans and accrued interests from related parties	2,675	2,652	175,600	-



7.3 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 1 January 2018	Increase during the year	Decrease during the year	Reclassification of loans	Balance as at 31 December 2018
DI Company Limited	49,460	133,601	(105,000)	-	78,061
Thai Nam Tapioca Company Limited	-	300,000	(300,000)	-	-
Thai Wah Bio Power Limited	344,500	14,000	-	-	358,500
TWPC Investment (Cambodia) Company Limited	-	40,000	-	-	40,000
Thai Wah Vietnam Company Limited	-	-	-	70,000	70,000
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	413,523	487,601	(405,000)	50,437	546,561
Less: Allowance for doubtful debts	(8,048)	-	-	8,048	-
Net	405,475	487,601	(405,000)	58,485	546,561

As at 31 December 2018, short-term loans to subsidiaries mature in December 2019 and carry interests at a rate of 3.13% and 4.00% per annum (31 December 2017: 3.95% per annum).

7.4 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 1 January 2018	Increase during the year	Decrease during the year	Reclassification of loans	Balance as at 31 December 2018
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	-	(70,000)	-
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	53,000	35,000	-	(50,437)	37,563
Less: Allowance for doubtful debts	(18,000)	-	-	(8,048)	(26,048)
Net	35,000	35,000	-	(58,485)	11,515

As at 31 December 2018, long-term loans to subsidiaries mature in December 2019 and carry interests at a rate of 3.13% per annum (31 December 2017: 3.95% and 4.00% per annum).

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

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at 1 January 2018	Increase during the year	Decrease during the year	Balance as at 31 December 2018

Short-term loan and accrued interests from related party

International Commercial

Development Company Limited	2,652	23	-	2,675
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(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at			Balance as at
	1 January	Increase	Decrease	31 December
	2018	during the year	during the year	2018
Short-term loans from related parties				
Thai Modified Starch Company Limited	-	7,700	(100)	7,600
Thai Wah (6) Company Limited	-	8,000	-	8,000
Tapioca Development Corporation Limited	-	160,000	-	160,000
Total	-	175,700	(100)	175,600

As at 31 December 2018, short-term loan from related party mature in December 2019 and carry interest at a rate of 1.95% and 2.15% per annum (31 December 2017: 1.10% per annum).

7.6 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	
	2018	2017
Short-term employee benefits	45,985	44,800
Post-employment benefits	2,584	4,569
Other long-term benefits	23	97
Total	48,592	49,466

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Cash	3,577	5,422	628	654
Bank deposits	675,043	821,651	232,672	210,573
Total	678,620	827,073	233,300	211,227

As at 31 December 2018, bank deposits in savings accounts and fixed deposits carried interests between 0.125% and 5.50% per annum (2017: 0.125% and 5.20% per annum).

9. Current investments

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 December 2018		31 December 2017	
	Cost	Fair value	Cost	Fair value
<u>Investments in trading securities</u>				
- Debt securities	212,586	208,098	-	-
- Open ended funds	370,161	370,980	-	-
Total investments in trading securities - net	582,747	579,078	-	-
<u>Investments in available-for-sale securities</u>				
- Open ended funds	-	-	424,020	428,720
Unrealised gain (loss) from changes in fair value of investments	(3,669)		4,700	
Net	579,078		428,720	
Bank deposit	31,799		31,435	
Total current investments - net	610,877		460,155	



(Unit: Thousand Baht)

	Separate financial statements			
	31 December 2018		31 December 2017	
	Cost	Fair value	Cost	Fair value
<u>Investments in trading securities</u>				
- Debt securities	212,586	208,098	-	-
- Open ended funds	370,161	370,980	-	-
Total investments in trading securities - net	582,747	579,078	-	-
<u>Investments in available-for-sale securities</u>				
- Open ended funds	-	-	424,020	428,720
Unrealised gain (loss) on changes in fair value of investments	(3,669)		4,700	
Net	579,078		428,720	
Bank deposit	-		-	
Total current investments - net	579,078		428,720	

On 14 May 2018, the Company reclassified the remaining investments in held-to-maturity debt securities, with net book value amounting to Baht 375.98 million and investments in available-for-sale securities amounting to Baht 215.57 million, as investments in trading securities, and recognised Baht 10.47 million as gains on differences between the carrying amounts of the investments and their fair values on the date of reclassification, in profit or loss.

As at 31 December 2018, investments in debt securities carry interest rates between 3.66% and 5.09% per annum.

As at 31 December 2018, a local subsidiary had bank deposits amounting to Baht 31.80 million (2017: Baht 31.44 million) which carried interests at the rate of 1.15% per annum (2017: 1.15% per annum).

During the year 2018, the Company sold investment in trading securities with book value totaling Baht 1,551.01 million (2017: Baht 2,014 million) and recognised gains (after tax) on sales in profit or loss, amounting to Baht 7.21 million (2017: Baht 6.77 million).

10. Trade and other receivables

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2018	2017	2018	2017
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	1,903	13	89,740	62,165
Past due				
Up to 3 months	-	-	50,823	33,974
3 - 6 months	-	-	335	-
6 - 12 months	-	-	-	-
Over 12 months	-	-	-	-
Total trade receivables - related parties	1,903	13	140,898	96,139
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	533,646	546,925	289,962	301,958
Past due				
Up to 3 months	172,932	174,511	81,126	117,621
3 - 6 months	8,297	4,738	929	138
6 - 12 months	5,382	469	2,062	14
Over 12 months	49	85	49	85
Total	720,306	726,728	374,128	419,816
Less: Allowance for doubtful debts	(4,552)	(111)	(2,510)	(111)
Total trade receivables - unrelated parties - net	715,754	726,617	371,618	419,705
Total trade receivables - net	717,657	726,630	512,516	515,844
<u>Other receivables</u>				
Interest receivables- related parties	-	-	69,271	66,010
Interest receivables- unrelated parties	2,408	5,878	2,184	5,870
Other receivables - related parties	-	15	42,680	34,886
Other receivables - unrelated parties	9,631	7,899	1,821	1,003
Total	12,039	13,792	115,956	107,769
Less: Allowance for doubtful debts	-	-	(53,435)	(52,676)
Total other receivables - net	12,039	13,792	62,521	55,093
Total trade and other receivables - net	729,696	740,422	575,037	570,937

11. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Allowance for reducing cost of inventories to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	748,179	469,268	(24,693)	(13,516)	723,486	455,752
Raw materials	139,309	212,196	(90)	-	139,219	212,196
Goods in transit	26,984	57,229	-	-	26,984	57,229
Packing materials	43,747	46,534	(1,325)	(150)	42,422	46,384
Factory supplies	59,138	68,945	(3,544)	(723)	55,594	68,222
Other	69	32	-	-	69	32
Total	1,017,426	854,204	(29,652)	(14,389)	987,774	839,815

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Allowance for reducing cost of inventories to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	260,657	153,996	(12,261)	(6,861)	248,396	147,135
Raw materials	74,720	111,650	-	-	74,720	111,650
Goods in transit	26,676	57,229	-	-	26,676	57,229
Packing materials	30,610	30,979	(935)	(150)	29,675	30,829
Factory supplies	29,985	33,035	(998)	(604)	28,987	32,431
Total	422,648	386,889	(14,194)	(7,615)	408,454	379,274

12. Restricted bank deposits

As at 31 December 2018, 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 (2017: 0.85% - 6.50% per annum).

13. Investments in associates

13.1 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	
			2018	2017	2018	2017	2018	2017
			(%)	(%)				
Tapioca Development Corporation Limited	Manufacture and distribution of modified tapioca starch	Thailand	-	-	-	-	-	-
Asia Tapioca Products Company Limited	Holding company	Thailand	30.00	30.00	31,600	31,600	32,356	33,552
Total					31,600	31,600	32,356	33,552

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			2018	2017	2018	2017
			(%)	(%)		
Tapioca Development Corporation Limited	Manufacture and distribution of modified tapioca starch	Thailand	-	-	-	-
Asia Tapioca Products Company Limited	Holding company	Thailand	30.00	30.00	31,600	31,600
Total					31,600	31,600

13.2 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	Consolidated financial statements				(Unit: Thousand Baht) Separate financial statements	
	Share of profit (loss) from investments in associates during the year		Share of other comprehensive income from investments in associates during the year		Dividend received during the year	
	2018	2017	2018	2017	2018	2017
Tapioca Development Corporation Limited	-	2,602	-	-	-	-
Asia Tapioca Products Company Limited	(1,869)	702	672	(3,378)	-	3,160
Total	(1,869)	3,304	672	(3,378)	-	3,160

13.3 Summarised financial information about material associates

Summarised information about financial position

	(Unit: Million Baht)	
	Asia Tapioca Products Company Limited	
	2018	2017
Current assets	97.62	89.94
Non-current assets	66.48	60.94
Current liabilities	(22.51)	(3.49)
Non-current liabilities	(4.78)	(4.63)
Less: Non-controlling interests of the subsidiary	(39.71)	(41.74)
Net assets	97.10	101.02
Shareholding percentage (%)	30.00	30.00
Share of net assets	29.13	30.31
Elimination entries	3.23	3.24
Carrying amounts of associates based on equity method	32.36	33.55

Summarised information about comprehensive income for the year ended 31 December 2018 and 2017 is as follows:

(Unit: Million Baht)

	Asia Tapioca Products Company Limited	
	2018	2017
Revenue	279.15	313.53
Profit	(6.27)	5.42
Total comprehensive income	(3.08)	(10.36)

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.



14. Investments in subsidiaries

14.1 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	
		2018	2017	2018	2017	2018	2017
		(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 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	33.68	100.00	100.00	33,683	33,683
Thai Wah Vietnam Company Limited	Vietnam	67.83	34.60	100.00	100.00	67,830	34,600
Tapioca Development Corporation Limited *	Thailand	50.00	50.00	33.33	33.33	54,751	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
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						1,056,551	1,023,321
Less: Allowance for impairment of investments						(444,289)	(444,238)
Investments in subsidiaries - net						612,262	579,083

* The shareholding percentage 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 2018 and 2017 as follows:

(Unit: Thousand Baht)

	Separate financial statements	
	2018	2017
Thai Nam Tapioca Company Limited	-	11,518
Tay Ninh Tapioca Joint Stock Company	25,565	-
Total	25,565	11,518

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. On 22 February 2018, a meeting of the Company's Board of Directors approved an increase of USD 1 million or Baht 33.23 million in the registered capital of Thai Wah Vietnam Company Limited, resulting in a total registered share capital of USD 2 million. The Company holds 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 has 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 13 to the financial statements.

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.

14.2 Details of investments in subsidiaries that have material non-controlling interests

Company's name	(Unit: Million Baht)							
	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 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	(%)	(%)						
Thai Nam Tapioca Company Limited	30.00	30.00	138.02	105.04	9.89	8.82	-	4.94
Tay Ninh Tapioca Joint Stock Company	30.00	30.00	225.10	183.53	12.47	40.22	12.10	-
Tapioca Development Corporation Limited	33.33	33.33	275.84	288.12	(4.09)	(1.98)	-	-

14.3 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	
	2018	2017	2018	2017	2018	2017
Current assets	329.38	275.66	441.50	460.22	628.45	680.35
Non-current assets	335.77	325.06	234.72	257.94	380.44	328.54
Current liabilities	267.44	206.72	52.92	85.54	96.17	84.10
Non-current liabilities	21.34	50.61	17.60	17.42	60.68	60.47

Summarised information of comprehensive income for the year ended 31 December 2018 and 2017.

(Unit: Million Baht)

	Thai Nam Tapioca Company Limited		Tay Ninh Tapioca Joint Stock Company		Tapioca Development Corporation Limited	
	2018	2017	2018	2017	2018	2017
Revenue	1,455.69	1,356.78	1,003.25	1,184.09	983.99	903.23
Profit	32.98	31.39	41.57	134.06	(12.28)	0.57
Total comprehensive income	32.98	29.40	41.57	78.17	(12.28)	(6.28)

Summarised information of cash flows for the year ended 31 December 2018 and 2017.

(Unit: Million Baht)

	Thai Nam Tapioca Company Limited		Tay Ninh Tapioca Joint Stock Company		Tapioca Development Corporation Limited	
	2018	2017	2018	2017	2018	2017
Cash flows from operating activities	34.62	40.16	49.13	304.47	46.74	(27.24)
Cash flows from investing activities	(69.24)	(54.19)	(4.29)	(74.36)	(195.76)	(2.40)
Cash flows from financing activities	39.70	49.22	(42.61)	(56.58)	-	-
Net increase (decrease) in cash and cash equivalents	5.08	35.19	2.23	173.53	(149.02)	(29.64)

14.4 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: % per annum)	
	2018	2017
Long-term growth rate	-	-
Discount rate	10.41 and 11.58	11.04 and 11.50

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 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 of Baht 444.29 million (2017: Baht 444.24 million), which was recorded in the statements of financial position as at 31 December 2018 was adequate.

15. Other long-term investments

(Unit: Thousand Baht)		
	Consolidated / Separate	
	financial statements	
	2018	2017
Investments in held-to-maturity debt securities	-	563,345
<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	(4,350)	(92,225)
Total investments in available-for-sale securities - net	169,660	81,785
<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	169,660	645,130
Less: Current portion	-	(160,620)
Other long-term investments - net of current portion	169,660	484,510
<u>Investments in held-to-maturity debt securities</u>		
Mature in 2018	-	160,620
Mature in 2019	-	138,560
Mature in 2020	-	41,325
Mature in 2021	-	186,219
Mature in 2022	-	36,621
Total investments in held-to-maturity debt securities	-	563,345

As at 31 December 2017, long-term investments in debt securities carry interest rate at 2.22% to 5.40% per annum.

On 14 May 2018, the Company reclassified the remaining investments in held-to-maturity debt securities, with the net book value amounting to Baht 375.98 million as investments in trading securities, as discussed in Note 9 to the financial statements.

16. Investment properties

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cost	185,221	214,579	504	504
Less: Allowance for impairment of assets	(53,766)	(53,766)	-	-
Investment properties, net	131,455	160,813	504	504

Movements of the investment properties during the year ended 31 December 2018 and 2017 are as summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Net book value as at the beginning of the year	160,813	147,552	504	504
Transfer to land	(29,358)	-	-	-
Reversal of allowance for impairment during the year	-	13,261	-	-
Net book value as at 31 December	131,455	160,813	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 2018, their fair value is amounting to Baht 363.7 million (2017: Baht 485.5 million) (Separate financial statements: Baht 193.9 million (2017: Baht 193.9 million)).

17. 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 2017	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
Additions	12,038	10,603	50,342	12,774	35,361	379,011	500,129
Transfer from investment properties	29,358	-	-	-	-	-	29,358
Transfer from other non-current asset	-	-	-	9,103	-	-	9,103
Disposals	-	(5,847)	(27,144)	(2,850)	(768)	-	(36,609)
Write-off	-	(2,851)	(47,462)	(7,642)	(380)	(15,397)	(73,732)
Transfer in (out)	6,485	129,221	309,020	4,305	1,721	(448,934)	1,818
Translation adjustment	70	(204)	(2,838)	15	(183)	(1,535)	(4,675)
31 December 2018	416,441	1,277,583	2,824,517	139,275	203,231	365,396	5,226,443
Accumulated depreciation:							
1 January 2017	-	(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)
Depreciation for the year	(248)	(43,627)	(166,266)	(18,137)	(21,575)	-	(249,853)
Depreciation on disposals	-	3,192	25,727	2,629	768	-	32,316
Depreciation on write-off	-	2,850	45,568	7,421	380	-	56,219
Translation adjustment	(1)	411	1,680	(10)	82	-	2,162
31 December 2018	(249)	(553,022)	(1,645,308)	(92,863)	(97,894)	-	(2,389,336)
Allowance for impairment:							
1 January 2017	-	(6,825)	-	-	-	-	(6,825)
Increase during the year	-	-	-	-	-	(2,625)	(2,625)
31 December 2017	-	(6,825)	-	-	-	(2,625)	(9,450)
Increase during the year	-	-	-	-	-	-	-
31 December 2018	-	(6,825)	-	-	-	(2,625)	(9,450)



(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
Net book value:							
31 December 2017	368,490	623,988	990,582	38,804	89,931	449,626	2,561,421
31 December 2018	416,192	717,736	1,179,209	46,412	105,337	362,771	2,827,657
Depreciation for the year							
For the year ended 31 December 2017 (Baht 127.5 million included in manufacturing cost, and the balance in administrative expenses)							167,582
For the year ended 31 December 2018 (Baht 232.5 million included in manufacturing cost, and the balance in administrative expenses)							249,853

(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 2017	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
Additions	990	8,195	40,586	9,993	21,194	226,231	307,189
Disposals	-	(5,847)	(11,947)	(2,606)	(768)	-	(21,168)
Write-off	-	(80)	(1,434)	(1,147)	(89)	-	(2,750)
Transfer in (out)	-	49,735	109,913	1,604	465	(161,849)	(132)
31 December 2018	245,381	802,889	1,237,818	98,441	113,678	205,430	2,703,637
Accumulated depreciation:							
1 January 2017	-	(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)
Depreciation for the year	-	(26,104)	(78,438)	(11,445)	(13,851)	-	(129,838)
Depreciation on disposals	-	3,192	10,530	2,385	768	-	16,875
Depreciation on write-off	-	80	1,433	1,147	89	-	2,749
31 December 2018	-	(338,709)	(701,176)	(66,595)	(48,565)	-	(1,155,045)
Allowance for impairment:							
1 January 2017	-	-	-	-	-	-	-
Increase during the year	-	-	-	-	-	(2,625)	(2,625)
31 December 2017	-	-	-	-	-	(2,625)	(2,625)
Increase during the year	-	-	-	-	-	-	-
31 December 2018	-	-	-	-	-	(2,625)	(2,625)

(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
Net book value:						
31 December 2017	244,391	435,009	465,999	31,915	57,305	1,373,042
31 December 2018	245,381	464,180	536,642	31,846	65,113	1,545,967
Depreciation for the year						
For the year ended 31 December 2017 (Baht 78.8 million included in manufacturing cost, and the balance in administrative expenses)						106,123
For the year ended 31 December 2018 (Baht 115.5 million included in manufacturing cost, and the balance in administrative expenses)						129,838

As at 31 December 2018, the Company had vehicles under finance lease agreements with net book value amounting to Baht 13.0 million (2017: Baht 15.8 million).

As at 31 December 2018, 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 509 million (2017: Baht 506 million) (Separate financial statements: Baht 216 million and 2017: Baht 197 million).

The Company and its subsidiaries have placed some of their land, construction and machinery with the net book value amounting to approximately Baht 80.02 million (2017: Baht 68.48 million) as collateral against credit facilities received from financial institutions (Separate financial statements: Nil).

18. Intangible assets

(Unit: Thousand Baht)

Consolidated financial statements						
	Leasehold rights to land	Trademarks	Customer relationship	Computer software	Software under installation	Total
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	11,328	264,303	229,355	36,415	1,900	543,301



(Unit: Thousand Baht)

Consolidated financial statements

	Leasehold rights to land	Trademarks	Customer relationship	Computer software	Software under installation	Total
31 December 2018						
Cost	20,018	264,303	273,042	62,386	445	620,194
Less: Accumulated amortisation	(9,377)	-	(65,399)	(17,378)	-	(92,154)
31 December 2018	<u>10,641</u>	<u>264,303</u>	<u>207,643</u>	<u>45,008</u>	<u>445</u>	<u>528,040</u>

(Unit: Thousand Baht)

Separate financial statements

	Leasehold rights to land	Trademarks	Customer relationship	Computer software	Software under installation	Total
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	<u>52</u>	<u>264,303</u>	<u>204,182</u>	<u>35,725</u>	<u>-</u>	<u>504,262</u>
31 December 2018						
Cost	600	264,303	247,223	51,830	445	564,401
Less: Accumulated amortisation	(568)	-	(62,171)	(15,759)	-	(78,498)
31 December 2018	<u>32</u>	<u>264,303</u>	<u>185,052</u>	<u>36,071</u>	<u>445</u>	<u>485,903</u>

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

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2017	529,444	526,461
Increase from investment in subsidiaries	25,819	-
Acquisition during the year - Cost	13,657	1,673
Disposal during the year - Net book value	(1)	-
Amortisation for the year	(25,001)	(23,872)
Translation adjustment	(617)	-
Net book value as at 31 December 2017	543,301	504,262
Acquisition during the year - Cost	12,458	5,647
Disposal during the year - Net book value	(28)	(28)
Amortisation for the year	(27,408)	(23,978)
Translation adjustment	(283)	-
Net book value as at 31 December 2018	528,040	485,903

19. 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	
	2018	2017
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: % per annum)	
	2018	2017
Long-term growth rate	2.00	2.00
Discount rate	10.39	11.06

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 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 2% per annum (2017: 0.5% per annum) or decrease in the long-term growth rate of 3% per annum (2017: 1% 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.

20. Short-term loans from financial institutions

	(Unit: Thousand Baht)			
	Interest rate (% per annum)		Consolidated financial statements	
	2018	2017	2018	2017
Promissory note	2.90	3.90	220,000	150,000
Short-term loans	VNIBOR+0.5%	VNIBOR+0.5%	-	5,950
Total			220,000	155,950

21. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Trade payables - related parties	-	-	82,310	133,526
Trade payables - unrelated parties	240,487	267,668	119,556	145,865
Other payables - related parties	129	209	777	1,290
Payables for purchase of fixed assets	50,413	46,903	33,229	28,386
Payables for electricity charges	25,999	30,401	12,975	13,129
Accrued factory expenses	60,839	77,678	47,399	54,221
Accrued expenses	115,118	106,900	72,787	66,698
Total trade and other payables	492,985	529,759	369,033	443,115

22. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	2018	2017
Liabilities under finance lease agreements	13,933	18,031
Less : Deferred interest expenses	(1,366)	(2,253)
Total	12,567	15,778
Less : Portion due within one year	(4,072)	(3,678)
Liabilities under finance lease agreements - net of current portion	8,495	12,100

The Company has entered into the finance lease agreements with leasing companies to rent 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	
	2018	2017	2018	2017	2018	2017
Future minimum lease payments	4,837	4,663	9,096	13,368	13,933	18,031
Deferred interest expenses	(765)	(985)	(601)	(1,268)	(1,366)	(2,253)
Present value of future minimum lease payments	<u>4,072</u>	<u>3,678</u>	<u>8,495</u>	<u>12,100</u>	<u>12,567</u>	<u>15,778</u>

23. Long-term loans from financial institutions

(Unit: Thousand Baht)

Loan	Interest rate (% per annum)	Repayment schedule	Consolidated financial statements	
			2018	2017
1 MLR-1.90		Monthly	-	30,500
Less: Current portion			-	(30,500)
Long-term loans from financial institutions - net of current portion			<u>-</u>	<u>-</u>

Movement of the long - term loan account during the year ended 31 December 2018 is summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements
Balance as at 1 January 2018	30,500
Add: Additional borrowings	-
Less: Repayment	(30,500)
Balance as at 31 December 2018	<u>-</u>

As at 31 December 2017, a long-term loan of a local subsidiary 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.

24. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2018 and 2017 is as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Provision for compensation on				
employees' retirement	172,409	165,168	136,211	125,603
Provision for special retirement benefits	3,881	3,692	2,947	2,791
Provision for long service awards	53,035	51,670	37,871	36,722
Total	229,325	220,530	177,029	165,116

Provision for long-term employee benefits is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	2018			2017		
	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	168,860	51,670	220,530	115,993	39,533	155,526
Increase from acquisition of subsidiary	-	-	-	22,120	7,240	29,360
Current service cost	14,760	3,878	18,638	16,698	3,211	19,909
Interest cost	3,872	1,329	5,201	3,650	1,326	4,976
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	(11,202)	(3,842)	(15,044)	(4,775)	(6,005)	(10,780)
Provision for long-term employee						
benefits as at 31 December	176,290	53,035	229,325	168,860	51,670	220,530



(Unit: Thousand Baht)

	Separate financial statements					
	2018			2017		
	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	128,394	36,722	165,116	102,118	33,017	135,135
Current service cost	12,067	2,674	14,741	13,971	3,514	17,485
Interest cost	2,991	867	3,858	3,091	950	4,041
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	(4,294)	(2,392)	(6,686)	(3,832)	(4,934)	(8,766)
Provision for long-term employee						
benefits as at 31 December	<u>139,158</u>	<u>37,871</u>	<u>177,029</u>	<u>128,394</u>	<u>36,722</u>	<u>165,116</u>

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) (2018: Nil).

The Company and its subsidiaries expect to pay Baht 9.15 million. For long-term employee benefits during the next year (2017: Baht 16.40 million) (Separate financial statements: Baht 6.72 million and 2017: Baht 10.00 million).

As at 31 December 2018 the weighted average duration of the liabilities for long-term employee benefits is 5 - 8 years (2017: 5 - 8 years) (Separate financial statements: 8 years and 2017: 8 years).

Significant actuarial assumptions at the valuation date are summarised below:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Discount rate (% per annum)	2.50 (Thailand) 5.25 (Vietnam)	2.50 (Thailand) 5.25 (Vietnam)	2.50	2.50
Salary increase rate (% per annum)	4 - 7	4 - 8	4 - 7	4 - 7
Turnover rate (% per annum)	2 - 23	2 - 23	2 - 23	2 - 23
Gold price (Baht)	21,115	20,500	21,115	20,500

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

(Unit: Thousand Baht)

	As at 31 December 2018			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase	Decrease	Increase	Decrease
Discount rate (+/- 0.50%)	(12,467)	7,718	(12,145)	3,714
Salary increase rate (+/- 1.00%)	17,664	(20,501)	11,658	(18,543)
Turnover rate (+/- 1.00%)	(9,904)	4,904	(10,095)	1,458
Gold price (+/- Baht 1,000)	3,471	(2,419)	2,551	(1,630)

(Unit: Thousand Baht)

	As at 31 December 2017			
	Consolidated		Separate	
	financial statements		financial 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)

On 13 December 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 53.18 million (The Company only: Baht 40.55 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.



25. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividends from retained earnings as at 31 December 2017	Annual General Meeting of the shareholders on 27 April 2018	281,723	0.32
Total dividends for 2018		281,723	0.32
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

26. 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.

27. Expenses by nature

Significant expenses classified by nature for the years ended 31 December 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Salaries, wages and other employee benefits	942,937	937,993	671,911	633,451
Depreciation	249,853	167,582	129,838	106,123
Amortisation	27,408	25,001	23,978	23,872
Rental and service expenses from operating lease agreements	66,969	55,485	35,108	23,490
Raw materials and consumables used	5,072,065	4,027,013	1,915,351	1,550,623
Changes in inventories of finished goods	278,911	168,726	106,661	(52,746)

28. Income tax

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

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Current income tax:				
Current income tax charge	74,752	112,788	47,634	67,155
Deferred tax:				
Temporary differences relating to origination and reversal	(16,753)	(6,483)	(8,906)	(6,144)
Translation adjustment	(58)	(157)	-	-
Income tax expenses reported in the statements of comprehensive income	57,941	106,148	38,728	61,011

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

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Deferred tax related to unrealised gain (loss) from the change in fair value of investments in available-for-sale securities	16,635	(128)	16,635	(128)
Deferred tax related to actuarial loss	-	(3,035)	-	(2,609)
Total	16,635	(3,163)	16,635	(2,737)

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Accounting profit before tax	272,245	647,232	236,376	357,265
Applicable tax rate	20% and 25%	15%, 20% and 25%	20%	20%
Accounting profit before tax multiplied by income tax rate	55,838	128,574	47,275	71,453
Adjustment in respect of current income tax at previous year	(565)	(589)	(471)	(673)
Effects of:				
Non-deductible expenses (reversal)	5,228	(25,133)	1,534	(5,179)
Additional deductible expenses	(6,169)	(2,209)	(4,959)	(1,546)
Tax losses	5,109	6,977	-	-
Share of (profit) loss from investments in associates	374	(661)	-	-
Dividend income	(264)	(181)	(5,377)	(3,117)
Translation adjustment	(2,496)	(703)	-	-
Others	886	73	726	73
Total	2,668	(21,837)	(8,076)	(9,769)
Income tax expenses reported in the statement of comprehensive income	57,941	106,148	38,728	61,011

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Deferred tax assets				
Provision for long-term employee benefits	45,861	44,106	35,406	33,023
Liabilities under finance lease agreements	2,513	3,156	2,513	3,156
Allowance for reducing cost of inventories to net realisable value	4,346	1,519	2,692	1,515
Unrealised loss on changes in fair value of available-for-sale investments	-	5,632	-	5,632
Unutilised tax losses	4,705	-	-	-
Others	12,066	9,670	6,147	4,908
Total	69,491	64,083	46,758	48,234

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Deferred tax liabilities				
Accumulated depreciation - building and equipment	33,188	30,193	23,432	21,902
Unrealised gain on changes in fair value of available-for-sale securities	11,943	-	11,943	-
Vehicles under finance lease agreements	2,600	3,088	2,600	3,088
Surplus of fair value from the amalgamation	141,395	147,359	141,395	147,359
Surplus of fair value from acquisition of subsidiary	34,181	36,609	-	-
Others	172	940	172	940
Total	223,479	218,189	179,542	173,289
Net deferred tax liabilities	(153,988)	(154,106)	(132,784)	(125,055)

Presented in the statements of financial position as follows:

Deferred tax assets	9,701	3,364	-	-
Deferred tax liabilities	(163,689)	(157,470)	(132,784)	(125,055)
Net deferred tax liabilities	(153,988)	(154,106)	(132,784)	(125,055)

As at 31 December 2018, the subsidiaries had unused tax losses totaling Baht 61.27 million (2017: Baht 48.91 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 61.27 million (2017: Baht 48.91 million) will expire by 2023 (2017: 2022).

29. 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 2017, 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 2018 and 2017, the Company and the subsidiary have not started this promoted operation yet.

30. Basic earnings per share

Basic earnings per share is calculated by dividing profit for the year ended 31 December 2018 and 2017 (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	
	2018	2017	2018	2017
Profit for the year (Thousand Baht)	196,861	492,912	197,648	296,254
Number of ordinary shares (shares)	880,420,930	880,420,930	880,420,930	880,420,930
Earnings per share (Baht/share)	0.22	0.56	0.22	0.34

31. 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 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 years ended 31 December 2018 and 2017.

(Unit: Thousand Baht)

	For the year ended 31 December 2018				
	Starch	Food	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
Sales	5,832,182	1,452,000	7,284,182	(36,319)	7,247,863
Claim refund from the fire	10,000	-	10,000	-	10,000
Interest revenue	9,157	12,938	22,095	-	22,095
Interest expense	(6,351)	(1,030)	(7,381)	-	(7,381)
Depreciation and amortisation	198,726	78,535	277,261	-	277,261
Loss from the fire	(17,470)	-	(17,470)	-	(17,470)
Gain on sale of current investments	3,094	5,216	8,310	-	8,310
Share of loss from investments in associates	-	(1,869)	(1,869)	-	(1,869)
Income tax expenses	(29,181)	(28,760)	(57,941)	-	(57,941)
Segment profit	129,338	84,967	214,305	-	214,305
Segment total assets	4,225,542	2,811,408	7,036,950	35,628	7,072,578
Investments in associates accounted for by the equity method	-	32,356	32,356	-	32,356
Addition of non-current assets other than financial instruments and deferred tax assets	248,201	7,788	255,989	-	255,989
Segment total liabilities	754,774	416,033	1,170,807	35,628	1,206,435



(Unit: Thousand Baht)

For the year ended 31 December 2017

			Total reportable segments	Adjustments and eliminations	Consolidated financial statements
	Starch	Food			
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
Addition of 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

Revenue from external customers is based on locations of the Company and its subsidiaries.

(Unit: Thousand Baht)

Consolidated financial statements

	2018	2017
Sales		
Thailand	5,389,987	4,729,176
Vietnam	995,063	1,182,496
China	862,813	353,410
Total	7,247,863	6,265,082

Major customers

During the year, the Company and its subsidiaries have revenue from one major customer in amount of Baht 984 million, arising from sales of starch segment (2017: Baht 713 million, arising from sales of starch segment).

32. Provident fund

The Company and its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries 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 12.68 million (2017: Baht 10.46 million) (Separate financial statements: Baht 10.73 million and 2017: Baht 9.44 million) to the fund.

33. Commitments and contingent liabilities

33.1 Investment commitment

As at 31 December 2018, the Company was committed to pay uncalled portions of its investment in an associate, approximately of Baht 10.43 million (31 December 2017: Baht 10.43 million).

33.2 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		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Baht	199.91	160.97	173.04	114.62
Vietnam Dong	3,987.10	20,203.79	-	-
US Dollar	0.42	0.06	-	-



33.3 Purchase of raw material commitments

The Company had outstanding future payment commitments in respect of agreements to purchase raw materials as follows:

	(Unit: Million)	
	Consolidated / Separate	
	financial statements	
	2018	2017
Baht	-	28.58
US Dollar	4.92	2.03

33.4 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 2018, the Company had no remaining commitments (2017: Baht 76.83 million), relating to this purchase price guarantee for raw materials.

33.5 Commitment under tapioca industry development cooperation agreement

The Company has collaborated with a local foundation on a project to jointly develop and bring new tapioca species into commercialisation. The Company received tapioca stems for propagation and cultivation and has a contractual obligation to return tapioca stems within 2019. The stems have a maximum value of approximately Baht 23.3 million. This contract can be extended every three years.

33.6 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	
	2018	2017	2018	2017
Baht				
Within 1 year	20.40	20.24	11.68	20.62
1 to 2 years	2.23	1.25	2.23	1.25
Total	22.63	21.49	13.91	21.87
Vietnam Dong				
Within 1 year	5,812.44	5,231.03	-	-
1 to 5 years	19,714.38	19,526.89	-	-
More than 5 years	11,232.58	16,095.07	-	-
Total	36,759.40	40,852.99	-	-
Chinese Yuan				
Within 1 year	0.20	-	-	-
1 to 5 years	0.82	-	-	-
Total	1.02	-	-	-

33.7 Service agreements commitments

(Unit: Million)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Service agreements				
Baht	11.45	7.19	11.35	7.19
Vietnam Dong	296.80	148.04	-	-
Chinese Yuan	0.07	-	-	-
Advertising agreements				
Vietnam Dong	-	2,378.5	-	-



33.8 Guarantees

There were outstanding bank guarantees 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 as follows.

(Unit: Million)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Baht	42.12	28.87	18.88	16.00
Vietnam Dong	573.49	-	-	-

34. Financial instruments

34.1 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 2018					
	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	7.11	-	658.89	12.62	678.62	0.125 - 5.50
Current investments	239.90	-	-	370.98	610.88	1.15 - 4.76
Trade and other receivables	-	-	-	729.70	729.70	-
Other long-term investments	-	-	-	169.66	169.66	-
Restricted bank deposits	65.56	-	-	-	65.56	0.85 - 6.50
	312.57	-	658.89	1,282.96	2,254.42	
Financial liabilities						
Short-term loans from financial institutions	220.00	-	-	-	220.00	2.90
Trade and other payables	-	-	-	492.99	492.99	-
Short-term loan and accrued interests from related party	-	-	2.68	-	2.68	1.10
Finance lease liabilities	4.07	8.50	-	-	12.57	6.91 - 11.87
	224.07	8.50	2.68	492.99	728.24	



(Unit: Million Baht)

Consolidated 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	-	-	811.07	16.00	827.07	0.125 - 5.20
Current investments	31.44	-	-	428.72	460.16	1.15
Trade and other receivables	-	-	-	740.42	740.42	-
Other long-term investments	160.62	402.73	-	81.79	645.13	2.22 - 5.40
Restricted bank deposits	65.53	-	-	-	65.53	0.85 - 6.50
	257.59	402.73	811.07	1,266.93	2,738.31	
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
	153.68	12.10	39.10	529.76	734.64	

(Unit: Million Baht)

Separate financial statements

As at 31 December 2018

	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	-	-	230.97	2.33	233.30	0.125 - 0.50
Current investments	208.10	-	-	370.98	579.08	2.41 - 4.76
Trade and other receivables	-	-	-	575.04	575.04	-
Other long-term investments	-	-	-	169.66	169.66	-
Short-term loan to related parties	-	-	546.56	-	546.56	3.132 - 4.0
Long-term loan to related parties	-	-	11.51	-	11.51	3.132
	208.10	-	789.04	1,118.01	2,115.15	
Financial liabilities						
Trade and other payables	-	-	-	369.03	369.03	-
Finance lease liabilities	4.07	8.50	-	-	12.57	6.91 - 11.87
Short-term loan from related parties	-	-	175.60	-	175.60	1.95 - 2.15
	4.07	8.50	175.60	369.03	557.20	

(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 - 5				
	1 year	years				
Financial assets						
Cash and cash equivalents	-	-	210.57	0.65	211.23	0.125 - 0.50
Current investments	-	-	-	428.72	428.72	-
Trade and other receivables	-	-	-	570.94	570.94	-
Other long-term investments	160.62	402.73	-	81.79	645.13	2.22 - 5.40
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	

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 2018 and 2017 are summarised below.

Currencies	Financial assets		Financial liabilities		Average exchange rate	
	2018	2017	2018	2017	2018	2017
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	10.32	10.20	4.83	1.99	32.45	32.68
VND	0.38	-	-	-	0.0014	0.0014
IDR	1.52	-	-	-	0.0022	0.0024
EUR	0.19	0.18	-	-	37.72	39.03
SGD	-	-	0.001	0.001	23.70	24.45
CNY	0.005	-	-	-	4.71	5.01
KHR	89.49	-	-	-	0.7941	0.8087



As at 31 December 2018, the Company and its subsidiary have foreign exchange contracts outstanding as summarised below.

31 December 2018			
Foreign	Sold amount	Contractual exchange rate	
currency		Sold amount	Contractual maturity date
	(Thousand)		
<u>The Company</u>			
USD	6,300	32.26 - 32.98 Baht against USD	13 February 2019 - 3 April 2019
<u>Local subsidiary</u>			
USD	650	32.36 - 33.02 Baht against USD	14 January 2019 - 3 April 2019

As at 31 December 2017, the Company has foreign exchange contracts outstanding as summarised below.

31 December 2017			
Foreign	Sold amount	Contractual exchange rate	
currency		Sold amount	Contractual maturity date
	(Thousand)		
<u>The Company</u>			
USD	7,924	32.37 - 32.75 Baht against USD	22 February 2018 - 5 July 2018
<u>Local subsidiary</u>			
USD	1,800	32.40 - 32.58 Baht against USD	18 January 2018 - 28 June 2018

34.2 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 derivatives.

The estimated fair value of financial instruments, in comparison with the related amounts carried in the statement of financial position as at 31 December 2018 and 2017, is as follows:

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	Carrying amount		Fair value		Carrying amount		Fair value	
	2018	2017	2018	2017	2018	2017	2018	2017
Derivatives: Gain (loss)								
Forward exchange contracts	-	-	1.33	(0.49)	-	-	1.12	(0.38)

The methods used by the Company in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, 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.
- For debts securities, their fair value is generally derived from quoted market prices as announced by the Thai Bond Market Association.
- For equity securities and open ended funds, their fair value is generally derived from quoted market prices.
- 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.
- 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.



35. Fair value hierarchy

As at 31 December 2018 and 2017, 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 2018				
Consolidated financial statements				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investments in trading securities	370.98	208.10	-	579.08
Investments in available-for-sale securities	169.66	-	-	169.66
Assets for which fair value is disclosed				
Investment properties	-	363.72	-	363.72
Foreign currency forward contracts (profit)	-	1.33	-	1.33

(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)	-	(0.49)	-	(0.49)

(Unit: Million Baht)

	As at 31 December 2018			
	Separate financial statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investments in trading securities	370.98	208.10	-	579.08
Investments in available-for-sale securities	169.66	-	-	169.66
Assets for which fair value is disclosed				
Investment properties	-	193.90	-	193.90
Foreign currency forward contracts (profit)	-	1.12	-	1.12

(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)	-	(0.38)	-	(0.38)

36. 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 2018, the Company's and its subsidiaries' debt-to-equity ratio was 0.21:1 (2017: 0.20:1) (Separate financial statements: 0.20:1 and 2017: 0.18:1).



37. Event after the reporting period

On 4 January 2019, the Board of Directors Meeting of the Company passed a resolution to approve an acquisition of assets (including land, buildings, machinery and equipment) with a total value of Baht 548 million that are located in Mae Sot District, Tak Province from Mae Sot Starch Company Limited and Mae Sot Biogas Company Limited. This transaction to acquire the assets of the seller, which are the assets used in conducting its business as a manufacturer and seller of tapioca starch as well as biogas, is in accordance with the policy to increase the group's investment in order to increase the potential raw materials supply and to improve the Company's efficiency including supporting the generation of revenues and profits in order to create sustainable growth in the long run.

On 14 January 2019, the Company entered into an assets sale and purchase agreement with the seller and on 18 January 2019 transfer of ownership of the land, factory, and building as well as the important operating licenses, was completed

On 30 January 2019, the Annual General Meeting of the subsidiary passed a resolution to approve the appropriation of dividend of VND 1,000 per share, totalling VND 11,208,120,000, from the profit for the year ended 31 December 2018.

On 19 February 2019,

- the Board of Directors Meeting acknowledge the issuance and offering of debentures of the Company for a total amount of Baht 1,000 million to seek funding for its business expansion. And to propose to the shareholders' meeting and approve by the principle for the additional issuance and offering of debenture of Baht 1,000 million.
- the Board of Directors Meeting passed the resolution to propose to Annual General Meeting of the Company's shareholders for approval the dividend payment from the retained earnings as at 31 December 2018, 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.

38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 19 February 2019.

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	0.18	LRH	Common shareholders and directors	Sales of goods in the ordinary course of business The price is based on normal commercial terms and at arms' length basis
		Outstanding balance		0.02	KCH CSH	Common-director Common-director	



Related Party Transactions

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 2,893 sqm.) at Thai Wah Tower 1.	Rental and services expenses at the rate of Baht 210-289/ 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	18.48	LRH	Common shareholders and directors	Rental of the Group corporate head office. The building is well located and has good amenities
		Lease Agreement for 1 year from 31 October 2018 to 30 September 2019			KCH	Common-director	
		Public utility expenses	Public utility expenses are charged as actual, similar to those charged to other tenants	5.60	CSH	Common-director	
		Outstanding balance		0.06			Convenience of payment
TWPL	TWPC	Other service expenses	Actual charge at market price	0.86	LRH	Common shareholders and directors	To facilitate the business operations of the Company
					KCH	Common-director	
					CSH	Common-director	

Related Party Transactions

Financial Assistance (Loan and Interest)

Payee	Payer	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	-	0.29	Average cost of fund plus 1% per annum	TWPC US	Major shareholder Director from TWPC under the portion of shareholding	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.



Related Party Transactions

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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