



ANNUAL REPORT 2017



**Green**ovation  
brings happiness



## Message from the Board of Directors



**Mr. Prachak Tangkaravakoon**  
Chairman of the Board



**Mr. Jatuphat Tangkaravakoon**  
Chief Executive Officer

Dear Shareholders,

For more than 50 years that TOA Paint (Thailand) Public Company Limited and “TOA” group of companies have always been developed specialists continuously pursuing product innovation through the use of state-of-the-art technology. At TOA, we offer a diverse range of products and extensive distribution channels that cover the entire country and span across the AEC. Our effective production cost management system and our ability to offer high quality products to our customers have enabled the company to maintain a sustainable competitive advantage and a position as the leader in Thailand retail decorative paint and coating industry with the highest market share in 2016.

The year of 2017 marks an important milestone for TOA, as it is the year the company is listed on the Stock Exchange of Thailand and has started initial public offering to the general public and began trading on October 10, 2017, garnering a considerable amount of interest and feedback from both domestic and international investors.

TOA’s goal and primary action plan for the year 2018 are still focused on fortifying the market leader in the paint and coatings industry in Thailand, and emerge as the market leader in the paint and coatings industry in the AEC through our commitment of management on the basis of Good Governance and emphasis on Good Corporate Governance in order to build confidence and good return for shareholders, investors, and affiliations of all sectors.

On behalf of the Board of Directors and Executives Committee, We would like to thank you our customers, shareholders, business partners, and employees for your contributions to the company’s business and to TOA’s growth as a whole, and we hope that we will walk towards a new challenging chapter together for the sake of sustainable growth and shared success in the near future.



# Vision

To become a leader of the end user paint and coating industry in the AEC through product differentiation and the provision of service solutions.

Market Share  
in Thailand **48.7%**



Market share in Thailand's  
retail decorative paints and  
coatings market

Market Share  
in AEC **13%**



Market share in AEC's  
retail decorative paints  
and coatings market

Market Share  
in Vietnam **10%**



Market share in Vietnam's retail decorative paints  
and coatings market

**Product Innovation**



Successful track record of  
product innovation

**No.1 BRAND**



Thailand's most  
admired brand  
award (2012-2017)

**Extensive  
Distribution Network**



Extensive retail dealers  
network in Thailand

**State of the Art  
Production Process**



3 production plants in Thailand; 5 production  
plants in other AEC countries





## Goal

We aim to be the market leader in the paint and coating industry in the AEC and successfully capitalize on the high potential growth of the region's markets.





## Boost-up Thailand

# Accelerating **business** growth in Thailand

**Thailand Outlook:** Despite the challenges and high barriers to entry, the Thai paints and coatings market is underpinned by strong market drivers which present significant growth opportunities in the medium term.



## Potential market growth

(CAGR forecast between 2016 and 2021)

# 5.1%

Thai retail decorative  
paints and coatings market

# 6.8%

Thai retail non-decorative  
paints and coatings market



## Build Foundation in AEC

## Expanding our business in the AEC

**AEC Outlook:** The combined retail decorative paint and coating market of TOA's other AEC markets is expected to grow by between 2016 and 2021 CAGR of 7.7%, driven by increasing urbanisation, economic reforms, infrastructure spending and rising disposable income

### CAGR forecast of the retail decorative paints and coatings in the other countries of AEC between 2016 and 2021



Vietnam



9.9% Retail decorative paints and coatings market

7.3% Retail non-decorative paints and coatings market



Indonesia



9.0%



Myanmar



6.2%



Cambodia



5.4%



Malaysia



5.2%



Laos



3.5%

Sources : Frost & Sullivan

### Future Projects



Note : <sup>1</sup> Excludes production capacity of TOA Skim Coat (Cambodia) Co., Ltd.

<sup>2</sup> Relocate from Yangon to Thilawa Special Economic Zone

<sup>3</sup> Total production capacity post taking into account the planned shutdown of existing Yangon plant

<sup>4</sup> Estimated completion and commissioning tests



# Financial Highlights 2017

15,717.7 Million Baht

Sales Revenue

1,703.4 Million Baht

Net Profit

2,519.6 Million Baht

EBITDA

15.9%

EBITDA Margin

1.03 Baht per share

Earning Per Share

37.1%

Return on Equity

14.4%

Return on Assets






**14,095.1** Million Baht  
Total Assets



**5,682.0** Million Baht  
Total Liabilities



**- 1.35** Days  
Cash Cycle



**0.7** Times  
Debt to Equity Ratio



**0.2** Times  
Interest-bearing debt to equity ratio

The operating results for the year 2017 was affected by the economic slowdown from the year 2016, coupled with the rising cost of raw materials. The Company has gradually passed on increases in the cost of raw materials since the beginning of the year 2018. However the Company's financial position remains strong from the increase in total assets and decrease in total liabilities.





## Financial Overview 2015–2017

	2015	2016	2017
<b>Consolidated Income Statement</b>			
(Million Baht)			
Revenue from sales	16,752.6	16,297.4	15,717.7
Total revenues	17,035.5	16,528.8	15,824.9
Gross profit	5,978.6	6,202.7	5,366.6
Earnings before interest, tax, depreciation and amortization (EBITDA)	3,190.1	3,558.8	2,519.6
Net profit	2,116.7	2,507.4	1,703.4
<b>Consolidated Financial Position</b>			
(Million Baht)			
Total assets	12,986.4	9,644.4	14,095.1
Total liabilities	8,397.3	8,866.4	5,682.0
Total shareholders' equity	4,589.1	778.0	8,413.0
<b>Financial ratios</b>			
Gross profit margin (%)	35.7	38.1	34.1
EBITDA margin on total revenue (%)	18.7	21.5	15.9
Net profit margin (%)	12.4	15.2	10.8
Earnings per share (baht)	2.37	2.81	1.03 <sup>(1)</sup>
Return on equity (%)	50.9	93.4	37.1
Return on total assets (%)	16.5	22.2	14.4
Interest-bearing debt to equity ratio (times)	0.9	5.0	0.2
Debt to equity (times)	1.8	11.4	0.7

<sup>(1)</sup> In 2017, the registered and paid-up capital changed from 900 million baht to 2,029 million baht, as a result, the weighted average number of ordinary shares which were used to calculate earnings per share increased.





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# History and Key Milestones





We established TOA Paint Products Sdn. Bhd. and TOA Coating Products Sdn. Bhd. in Malaysia.

2004



We established TOA Paint (Myanmar) Co., Ltd.

2013



- Established the first plant that producing and distributing skim coat products in Cambodia.
- The Company's shares was traded in the Stock Exchange of Thailand (SET) on October 10, 2017.

2017

2001

We established "TOA Color World" program and started providing TOA Color World Solution Services using our Auto Tining Machines



2007

We established TOA Paint (Laos) Co., Ltd.



2016

- We completed our Corporate Reorganization
- We announced our plans to set up one new production plant in Indonesia, second production plant in Cambodia, and relocate our Yangon Plant to the Thilawa Special Economic Zone in Myanmar.

The founders of the Company have over 50 years of experience in the paint and coating industry.



## Major Events and Awards of 2017



“TOA Stock began trading on the Stock Exchange of Thailand (First Day Trade) on October 10, 2017”



- Thailand's Most Admired Brand 2017  
BrandAge Magazine (6<sup>th</sup> consecutive year)
- Thailand's Most Admired Company 2017  
BrandAge Magazine (3<sup>rd</sup> consecutive year)



- No. 1 Brand Thailand 2017  
Marketeer Magazine (5<sup>th</sup> consecutive year)



- High Energy Efficiency label for Decorative Paint 2017  
from Department of Alternative Energy Development and Efficiency Ministry of Energy (2<sup>nd</sup> consecutive year)



- CSR-DIW 2017
  - Bangna Plant (4<sup>th</sup> consecutive year)
  - Samrong Plant (3<sup>rd</sup> consecutive year)



- Occupational safety, health and environmental excellence for the workplace (national) Gold Award 2017
  - Bangna Plant (4<sup>th</sup> consecutive year)
  - Samrong Plant (2<sup>nd</sup> consecutive year)

## Board of Directors



### 1. Mr. Prachak Tangkaravakoon

Chairman of the Board and Executive Director

### 2. Mrs. Laor Tangkaravakoon

Vice chairman and Executive Director

### 3. Mr. Jatuphat Tangkaravakoon

Director, Chairman of Executive Committee and Nomination and Remuneration Director

### 4. Mr. Vonnarat Tangkaravakoon

Director and Executive Director





**5. Mr. Nattavuth Tangkaravakoon**

Director

**6. Mrs. Busatree Wanglee**

Director and Executive Director

**7. Mrs. Prisana Praharnkhasuk**

Independent Director, Chairman of Audit Committee and Nomination and Remuneration Director

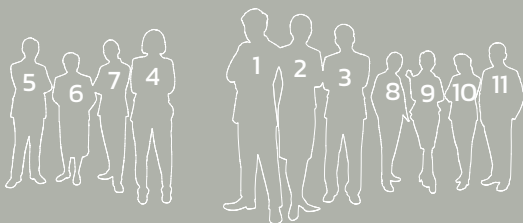
**8. Mrs. Chanatip Weerasubpong**

Independent Director and Audit Committee

**9. Mr. Veerasak Kositpaisal**

Independent Director, Audit Committee and Chairman of Nomination and Remuneration committee

## Management Team



### 1. Mr. Jatuphat Tangkaravakoon

Chief Executive Officer

### 2. Mrs. Busatree Wanglee

Executive Vice President, Office of Chief Executive Officer

### 3. Mr. Pongcherd Jameekornkul

President and Vice President, Overseas Business Division 2 (Acting)

### 4. Ms. Taweeporn Patanakitraung

Chief Financial Officer, Finance and Account Division and Assistant Vice President, Finance and Account Division (Acting)

### 5. Mr. Worapoj Supimaros

Vice President, Retail Sales Division

### 6. Ms. Suporn Lelatasnatorn

Executive Vice President, Resin Division



**7. Mr. Somkid Ngermsongsang**

Vice President, Production Division (Acting)

**10. Ms. Feungladda Chirawiboon**

Vice President, Overseas Business Division 3

**8. Ms. Bancharee Maneedith**

Vice President, Research and Development, Quality Control and Technical Support Division

**11. Mr. Smith Sampattavanija**

Vice President, Human Resources

**9. Ms. Puangpen Saengphet**

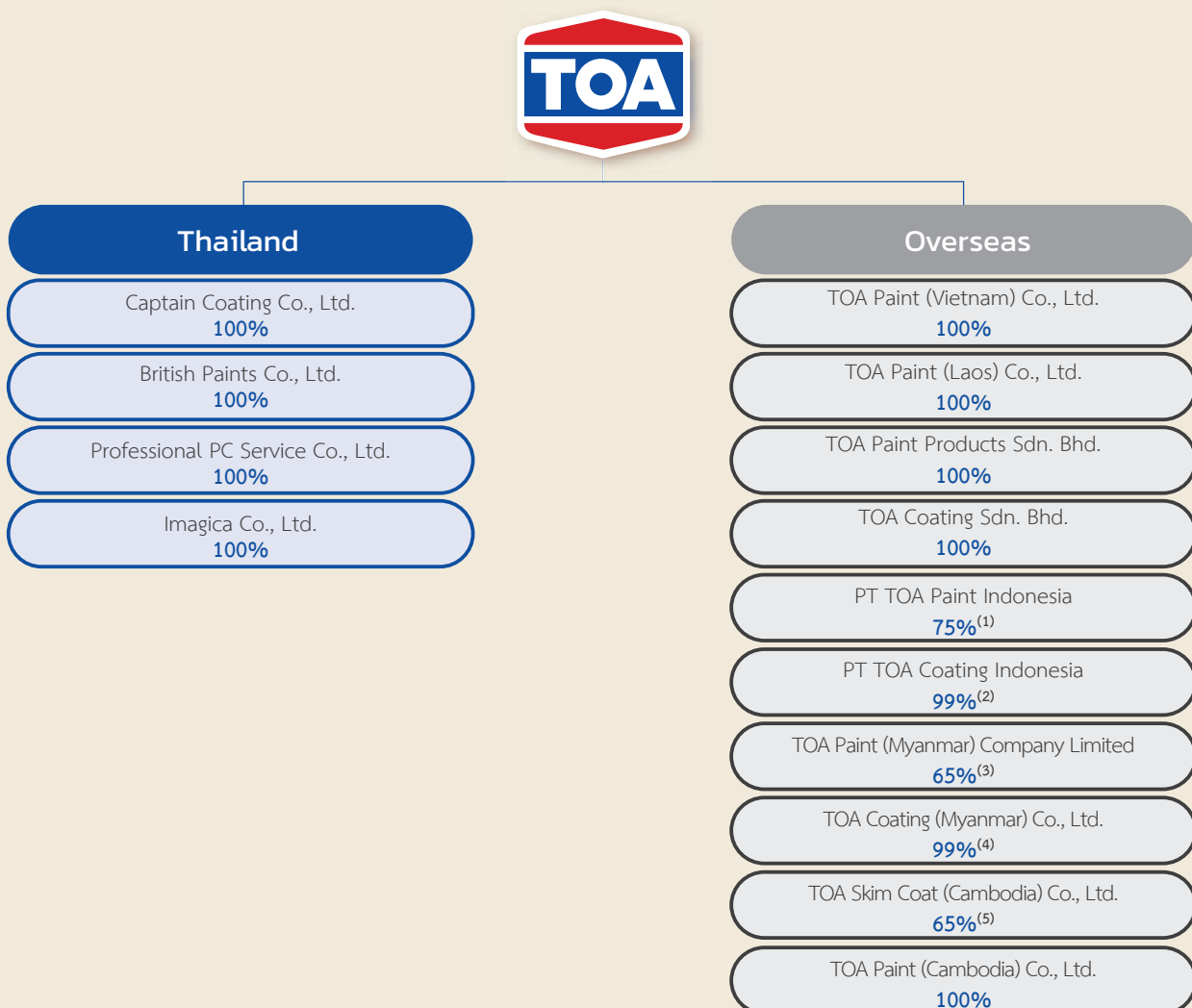
Vice President, Business Strategy & Marketing Communication Division and Senior Manager, Marketing Division in Decorative Paint (Acting)



## Group Structure

In March 2016, we announced our plan to invest approximately THB1.2 billion to expand our business in the AEC. We incorporated TOA Paint (Cambodia) Co., Ltd., TOA Skim Coat (Cambodia) Co., Ltd., and PT TOA Coating Indonesia and on process of registration TOA Coating (Cambodia) Co., Ltd. for the construction of new production plants in Cambodia and Indonesia, and to support the expansion in the production, sales, and marketing of our products. We also incorporated TOA Coating (Myanmar) Co., Ltd. to support the relocation of our Yangon Plant to the Thilawa Special Economic Zone in Myanmar.

We currently have 14 subsidiaries in our group. The following chart outlines our group structure.



Remark: <sup>(1)</sup> The remaining 25.0% of registered capital is held by PT Budilestari Sentosa, our joint venture partner. PT Budilestari Sentosa is not a related person under the definition in the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions.

<sup>(2)</sup> The remaining 1.0% of registered capital is held by Mr. Jatuphat Tangkaravakoon, one of our directors and shareholders.

<sup>(3)</sup> The remaining 35.0% of registered capital is held by Mantanakanok Company Limited, MK Company Limited and Ms. Thet Thet Nu Aung, our joint venture partners. Mantanakanok Company Limited, MK Company Limited and Ms. Thet Thet Nu Aung are not related persons under the definition in the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions.

<sup>(4)</sup> The remaining 1.0% of registered capital is held by Mr. Jatuphat Tangkaravakoon, one of our directors and shareholders.

<sup>(5)</sup> The remaining 35.0% of registered capital is held by Mr. Sok Hout, our joint venture partner. Mr. Sok Hout is not a related person under the definition in the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions.



## Detail of Subsidiaries as following

Company	Location	Type of Business
Captain Coating Co., Ltd	31/2 Moo 3, Debaratana Road, Bangsaothong, Bangsaothong, Samutprakan 10570	Manufacture and distribution of decorative paint and coating products and chemicals
British Paints Co., Ltd.	31/2 Moo 3, Debaratana Road, Bangsaothong, Bangsaothong, Samutprakan 10570	Distribution of decorative paint and coating products
Professional PC Service Co., Ltd.	31/2 Moo 3, Debaratana Road, Bangsaothong, Bangsaothong, Samutprakan 10570	Provision of product consultant services for decorative paint and coating products and chemicals
Imagica Co., Ltd.	31/2 Moo 3, Debaratana Road, Bangsaothong, Bangsaothong, Samutprakan 10570	Trading of architectural paints
TOA Paint (Vietnam) Co., Ltd.	Lot L2.3, Road No. 2, Tan Dong Hiep A Industrial Park, Tan Dong Hiep Ward, Di An Town, Binh Duong, Vietnam	Manufacture, import and distribution of decorative paint and coating products and chemicals
TOA Paint (Laos) Co., Ltd.	Unit 6, Ban Nahai, Hatxaifong District, Vientiane, Capital Vientiane Laos	Manufacture and distribution of decorative and non-decorative paint and coating products
TOA Paint Products Sdn. Bhd.	PT Lot 63802, Jalan Telok Gong, Telok Gong, 42000 Port Klang, Selangor Darul Ehsan, Malaysia	Manufacture and distribution of decorative paint and coating products and chemicals
TOA Coating Sdn. Bhd.	4-2 Jalan 30/70A Desa Sri Hartamas 50480 Kuala Lumpur, Malaysia	Import and distribution of decorative paint and coating products and chemicals
PT TOA Paint Indonesia	APL Office Tower 17th Floor, Unit T5 Jl. S. Parman Kav 28, Kecamatan Grogol Petamburan, Kelurahan Tanjung Duren Selatan 11470, Jakarta, Indonesia	Import and distribution of decorative and non-decorative paint and coating products
PT TOA Coating Indonesia	Kawasan Industri Millenium Blok F1, Desa Peusar, Kecamatan Panongan, Kabupaten Tangerang, Provinsi Banten, Indonesia	Manufacture and distribution of decorative and non-decorative paint and coating products
TOA Paint (Myanmar) Company Limited	No. 120, Mahawgani Street, Shwepyitha Industrial Zone (1), Yangon, Myanmar	Manufacture and distribution of decorative and non-decorative paint and coating products
TOA Coating (Myanmar) Co., Ltd.	No. C-21, Class A Area, Thilawa Special Economic Zone, Myanmar	Manufacture and distribution of decorative and non-decorative paint and coating products
TOA Skim Coat (Cambodia) Co., Ltd.	No. B36, Street National Road No.3, Phorm Sre Chom Rov, Sangkat Chom Chao, Khan Por Sen Chey, Phnom Penh, Cambodia	Manufacture and distribution of skim coat products
TOA Paint (Cambodia) Co., Ltd.	No. 12E, Street National No.3, Sangkat Chom Chao, Khan Por Sen Chey, Phnom Penh, Cambodia	Manufacture and distribution of decorative and non-decorative paint and coating products



# Greenovation

## Decorative Paints and Coatings



Premium



Medium to Economy



Other Decorative

## Non-Decorative Paints and Coatings



Construction Chemical



Heavy Duty Coating



Other Non-decorative

# Nature of Business

## 1. Business Overview and Revenue Structure

We manufacture and sell a full range (in terms of price and usage) of decorative and non-decorative paint and coating products to professional and Buy It Your Self or “BIY” retail end user customers in Southeast Asia and other countries.

A breakdown of our sales indicates that the majority of our sales are derived from the manufacture and distribution of decorative paint and coating products for the periods indicated below:

	Year ended December 31					
	2015		2016		2017	
	THB million	%	THB million	%	THB million	%
Decorative Paint and Coating Products	11,769.7	70.3	11,330.5	69.5	10,809.8	68.8
Non-decorative Paint and Coating Products	4,413.5	26.3	4,459.6	27.4	4,358.3	27.7
Other Business Products <sup>(1)</sup>	569.4	3.4	507.2	3.1	549.6	3.5
<b>Sales</b>	<b>16,752.6</b>	<b>100.0</b>	<b>16,297.3</b>	<b>100.0</b>	<b>15,717.7</b>	<b>100.0</b>

Note: <sup>(1)</sup> “Other Business Products” comprise sales of certain products to the Divested Companies and related companies, such as raw materials and semi-finished materials.

### 1) Decorative Paint and Coating Products

The sales revenue of decorative paint and coating products forms the core part of our business. For the years ended December 31, 2015, 2016 and 2017, decorative paint and coating products accounted for THB11,769.7 million, THB11,330.5 million, THB10,809.8 million or 70.3%, 69.5%, 68.8%, respectively, of our sales revenue. As at December 31, 2017, we had a diversified portfolio of decorative products with approximately 9,570 SKUs that our market and sell under 114 brands, including the products produced and distributed by Captain Coating Co., Ltd. and products distributed by British Paints Co., Ltd.

We classify our key decorative paint and coating products into three main categories: premium grade paints and coatings, medium to economy grade paints and coatings, and other decorative products of which sales revenue from each category accounted for 42.9%, 50.6% and 6.5% of our decorative paint and coating sales revenue, respectively, for year ended December 31, 2017.

Details of our sales from the distribution of decorative paint and coating products for the periods indicated are as follows:

	Year ended December 31					
	2015		2016		2017	
	THB million	%	THB million	%	THB million	%
Premium	4,865.6	41.4	4,723.2	41.7	4,638.6	42.9
Medium to Economy	6,099.5	51.8	5,853.0	51.7	5,467.6	50.6
Other Decorative <sup>(1)</sup>	804.6	6.8	754.3	6.6	703.6	6.5
<b>Sales of decorative paint and coating products</b>	<b>11,769.7</b>	<b>100.0</b>	<b>11,330.5</b>	<b>100.0</b>	<b>10,809.8</b>	<b>100.0</b>

Note : <sup>(1)</sup> "Other Decorative" comprises sales revenue from colorants used for Auto Tinting Machines, as well as decorative thinners, being solvents used to dilute paints, make paints easier to use and/or apply, or clean up paints and equipment.

## (2) Non-Decorative Paint and Coating Products

For the years ended December 31, 2015, 2016 and 2017, non-decorative paint and coating products accounted for THB4,413.5 million, THB4,459.6 million, and THB4,358.3 million, or 26.3%, 27.4% and 27.7%, respectively of our sales revenue. As at December 31, 2017, we had a product portfolio comprising approximately 3,205 SKUs that our market and sell under 89 brands.

The main non-decorative paint and coating products that we distribute are construction chemicals, heavy duty coatings and other non-decorative paint and coating products, which accounted for 15.3%, 11.1%, and 73.6% of our non-decorative paint and coating products sales revenue, respectively, year ended December 31, 2017.

The following table provides our sales of non-decorative paint and coating products for the periods indicated are as follows:

	Year ended December 31					
	2015		2016		2017	
	THB million	%	THB million	%	THB million	%
Construction Chemicals	573.5	13.0	626.6	14.1	668.2	15.3
Heavy Duty Coatings	427.2	9.7	476.3	10.7	485.5	11.1
Other non-decorative paint <sup>(1)</sup>	3,412.8	77.3	3,356.7	75.2	3,204.6	73.6
<b>Sales of non-decorative paint and coating product</b>	<b>4,413.5</b>	<b>100.0</b>	<b>4,459.6</b>	<b>100.0</b>	<b>4,358.3</b>	<b>100.0</b>

Notes: <sup>(1)</sup> "Other non-decorative paint" comprises sales revenue from wood coatings, hardware, power tools, shell brand products, Chaidrite brand products, special architectural coatings and Auto Tinting Machines.



## 2. Business Operation in Each Product Line or Business Group

### 2.1 Type of Product or Service

#### 2.1.1 Business information by type of products

##### (1) Decorative Paint and Coating Products

We classify our decorative paint and coating products into three main categories: premium grade paints and coatings, medium to economy grade paints and coatings, and other decorative products based on a combination of the character, quality, functionality and price of the decorative paints and coatings. This enables us to provide our customers with a full range of decorative paint and coating products to choose from.

We produce and distribute decorative paint topcoats (both emulsion paints and enamel paints), sealers or primers, including high-quality anti-rust primers.

Our decorative paint topcoats are for interior and exterior use, and are used as the top most coating to enhance the aesthetics of homes and buildings by adding colors, decorative texture and the desired level of gloss. They are largely water-based emulsion paints that have pure acrylic or styrene acrylic binders added to make them more durable. The main difference between interior and exterior decorative paints is the type of binder used. Interior paints typically contain binders that are rigid to increase their washability, enabling the coating to better withstand cleaning that is more common with interior surfaces. Exterior paints typically contain binders that better withstand temperature changes, exposure to moist outdoor conditions and the sun's UV rays. The binder is a core ingredient that affects a paint's quality, particularly its durability and ability to retain color film, and is typically the key indicator that differentiates the grade of a paint, for example, premium grade paints are made with top quality binders. In addition, the amount and type of binders used to produce decorative paints will have

an effect on the quality and finishing sheen of such paints. Our decorative paints are a popular choice for walls and ceilings as they have low odor and fast drying properties and are easy to apply on concrete, cement and brick surfaces.

In addition to interior and exterior topcoats, we also produce sealers and primers. Sealers are often the first coating layer applied to the base material or surface. Sealers are typically used on surfaces where there is a need to create a barrier between the substrate and the next coating layer. For example, for cement surfaces with a high alkali-content, a sealer is applied to prevent the lime in the substrate from breaking down topcoats which are directly applied. Primers are often also the first coating layer applied on a substrate to help paint adhere to such substrate and may be solvent-based or water-based. A sealer is a type of primer and if a sealer is applied on a surface, primers are applied as an additional coating layer. Primers seal unpainted surfaces and prevent paint topcoats from soaking into the substrate. For example, primers are used to create a smooth surface for a topcoat to be applied to porous substrates. The appropriate type of primer should be used for the type of surface being painted.

To enhance the value of our decorative products and provide our decorative paint and coating products customers with the ability to create paint colors they envisage but are not available from our catalog, we provide customized TOA Color World Solution Services. Our Auto Tinting Machine can create more than 10,000 different color shade variations with a high level of accuracy in as little as three minutes while meeting our factory production quality standards. We use Auto Tinting Machines to help us respond quickly and efficiently to changes in design trends and consumer preferences.

#### (a) Premium Grade Products

Our premium paint and coating products are of a higher quality as compared to normal decorative paint and coating products, and are formulated with certain main characteristics such as ease of application, good surface coverage, color choices and long-term durability, enabling us to charge premium level prices. Such premium products are manufactured using technologies that provide value-added features by magnifying the desirable qualities of paints and coatings in response to customer needs, including increased durability, elasticity which is suitable for surface cracks, enhanced washability, heat reflection and protection, low odor and VOCs, and moisture resistance.

We position our SuperShield branded products as best-in-class decorative paint and coating products to cater to customers looking for latest available technology and innovation. Our premium products are marketed as high performance decorative paint and coating products to cater to professional users.

#### (b) Medium to Economy Grade Products

Our medium to economy decorative paint and coating products are produced using standard raw materials. Therefore, these standard raw materials are more economically priced as compared to the raw materials used in the production of our premium decorative paint and coating products. Our medium to economy decorative paint and coating products have a different formula from the premium grade products as they are designed to meet customer demand for products at lower prices. As a result, we are able to reach a wider market beyond the market for our premium products. Medium grade paints and coatings are positioned as entry-level products targeting first-time end user customers who prefer a more cost-efficient solution. We have invested in the creation of a brand to assist these customers in familiarizing themselves with our brand and making

decisions to purchase. Such end user customers include, first-time homeowners, for example, newlyweds, who tend to have tighter budgets and therefore select paints with a five to seven-year durability from a popular brand but at a more affordable price than premium grade paints. Medium grade paints are also targeted at the Government sector as our medium grade products meet the Thai Industrial Standards, qualifying us to compete for Government sector projects. Our economy grade paints and coatings are positioned as a customer retention tool for end user customers, including painters, who may be looking to purchase a quality product at a relatively reasonable price.

The medium to economy grade paint and coating products produced and distributed by TOA and our overseas subsidiaries include 4 Seasons, Supertech, Super Matex, KOBE and Mandarin Duck.

#### (c) Other Decorative Products

Sales revenue from other decorative products comprises sales revenue generated from the sale of colorants used for Auto Tinting Machines, as well as decorative thinners, being solvents used to dilute paints, make paints easier to use and/or apply, or clean up paints and equipment.



## (2) Non-Decorative Paint and Coating Products

### (a) Construction Chemicals Products

We produce and distribute construction chemicals that are either used directly on construction materials or added to construction materials for use at construction sites. Our construction chemicals confer certain properties to construction materials, including improving workability and enhancing performance of the construction materials, adding functionality, and protecting of the construction materials or the finished structure constructed from the construction materials.

### (b) Heavy-Duty Coating products

We produce and market heavy duty coatings under the HeavyGuard brands for application on various surfaces, such as steel and concrete, factory buildings and floors, as well as for use as small fishing boats, tank and pipe coatings. Our heavy duty coating products are primarily topcoats or primers and are typically applied to surfaces which have to withstand heavy loads, high impact and exposure to corrosion or extreme conditions. Heavy duty coatings minimize cracks or deterioration of surfaces which may otherwise often necessitate costly repairs.

### (c) Other Non-decorative Products

Other non-decorative paint comprises sales revenue from wood coating, hardware, power tools, shell brand products, chaindrite brand products, special architectural coatings and Auto Tinting Machines.

Special architectural coatings give surfaces different finishing patterns or effects, which are different from general decorative paints and are suitable for both exterior and interior application.

We produce and market special architectural coatings under the TOA architectural and SuperShield brands. In addition to the special architectural coatings produced and distributed by TOA and our overseas subsidiaries, British Paint Co., Ltd. distributes special architectural coatings under the Fractalis brand.

## 2.1.2 Sales Revenue based on Geographical Segments

We classify our business geographically into two segments, namely, sales revenue from sales in Thailand and overseas. The following table shows a breakdown by geography of our sales based on customers' location and as a percentage of sales for the periods indicated.

	Year ended December 31					
	2015		2016		2017	
	THB million	%	THB million	%	THB million	%
Thailand	14,795.4	88.3	14,176.3	87.0	13,645.8	86.8
Overseas	1,957.2	11.7	2,121.0	13.0	2,071.9	13.2
Vietnam	1,260.2	7.5	1,332.4	8.2	1,220.3	7.8
Others <sup>(1)</sup>	697.0	4.2	788.6	4.8	851.6	5.4
<b>Sales</b>	<b>16,752.6</b>	<b>100.0</b>	<b>16,297.3</b>	<b>100.0</b>	<b>15,717.7</b>	<b>100.0</b>

Remark: <sup>(1)</sup> "Others" mainly comprise sales revenue from customers in Laos, Myanmar, Cambodia, Indonesia, and Malaysia.

We expect that the proportion of our sales revenue generated from outside Thailand will continue to increase when new production plants in Indonesia, Cambodia and Myanmar commence commercial operations. We have a policy to expand our business overseas, starting by commencing business operations in each country by exporting our products to those countries to test the market. If there is a tendency and opportunity for growth, we may consider expanding our business in various forms, such as entering into a joint venture in each country with a business partner having a competitive strength in distribution of products, or investing in the construction of production plants in each country to decrease the cost of importing goods for distribution. The strategies pertaining to the overseas subsidiaries' business operations are listed as follow:

#### (1) Products manufactured and distributed

Our overseas subsidiaries focus on marketing medium and premium grade decorative paint and coating products by emphasizing the range of good quality and innovative products to meet customers' needs. In addition, we plan to develop and expand our market

share in wood coating products, heavy duty coating products, and construction chemical products.

#### (2) Distribution channels

Our overseas subsidiaries plan to establish a retail distribution network and projects distribution as follows. For retail distribution, we plan to have a widespread retail distribution network to reach all areas. In countries in which we have a strong retail distribution network, we plan to develop our capacity and competitiveness as a distributor of paint and coating products. We also plan to expand the respective dealer networks in a country to retail dealers of our competitors in such country in the future. For projects distribution, we also plan to engage in more small and large projects.

#### (3) Competitive strategies

Our overseas subsidiaries will aim to offer good quality and innovative products that meet the customers' needs rather than competitive pricing. We also plan to organize a wide variety of marketing and sales activities, and focus on raising awareness of our brand through media, advertisements and billboards, among others.

## 2.2 Marketing and Competition

### 2.2.1 Distribution Channels

We sell our products through the extensive distribution network we have developed. The following table provides our sales by distribution channel and as a percentage of sales for the periods indicated.

	Year ended December 31					
	2015		2016		2017	
	THB million	%	THB million	%	THB million	%
Retail Dealers	13,112.7	78.3	12,474.5	76.5	11,519.3	73.3
Modern Trade	1,984.1	11.8	2,176.8	13.4	2,401.5	15.3
Others <sup>(1)</sup>	1,655.8	9.9	1,646.0	10.1	1,796.9	11.4
<b>Sales</b>	<b>16,752.6</b>	<b>100.0</b>	<b>16,297.3</b>	<b>100.0</b>	<b>15,717.7</b>	<b>100.0</b>

Note: <sup>(1)</sup> "Others" primarily comprise sales revenue from distribution through projects, exports and distribution to the Divested Companies and related companies.



### (1) Retail Dealers

In our retail distribution channel, retail dealers, including paint and hardware stores and home maintenance stores, who are principally in Thailand, purchase our products and then sell our products to professional (e.g. painters and decorators) or BIY retail customers. Our Thai retail dealer distribution network includes approximately 6,479 retail dealer shops and spans a total of 77 provinces and approximately 787 districts throughout Thailand. TOA Color World Solution Services are available through certain dealers that have our Auto Tinting Machines. As at December 31, 2017, we had 4,204 and 1,806 Auto Tinting Machines

in Thailand and the other AEC countries, respectively. We do not own or franchise any retail dealers and our retail dealers generally distribute our products on a non-exclusive basis.

Our sales division oversees the retail distribution network at the regional and national levels and manages customer relationships directly. We also arrange for product consultants to provide advice to end user customers directly at the stores. The table below shows a breakdown by geography of the approximate number of retail dealers in the AEC who purchase products from us as at December 31, 2017.

Country	Retail Dealers
Thailand	6,479
Vietnam	887
Others <sup>(1)</sup>	1,221
<b>Approximate number of retail dealers in the AEC</b>	<b>8,587</b>

Note: <sup>(1)</sup> "Others" comprise retail dealers in Laos, Myanmar, Indonesia and Malaysia.

We believe that our widespread distribution network in Thailand is one of our key strengths enabling us to engage in mass market sales and provide our customers with accessibility to our products.

### (2) Modern Trade

The modern trade distribution channel includes integrated construction material and home building and home improvement chain stores such as HomePro, Thai Watsadu, Global House, Mega Home and Boonthavorn in Thailand, HomePro in Thailand and Malaysia, Asia Center and Pro 1 in Myanmar, and Mitra 10 and Depo Bagunan in Indonesia. As at December 31, 2017 We have total of 49 Modern Trade distributors.

We also have a specialized team tasked with managing sales and marketing for our key modern trade distributors. We engage product consultants from our subsidiary,

Professional PC Services Co., Ltd.'s that are placed with modern trade distributors to provide advice to consumers directly.

### (3) Other Channels

In addition we also distribute our products through other channels consisting of projects, exports and distribution to the Divested Companies and related companies, including:

- The project distribution channel generally involves direct distribution to customers for on-site application or via contractors. We have supplied property developers and real estate companies such as Sansiri, Land & Houses, Q House, Property Perfect and Golden Land Property in Thailand, Cowell Development, Tamara Land, SpringHill Group and AKR Land in

Indonesia, Hoang Anh Gia Lai in Vietnam, and Borey Lim Cheang Hak and Daun Penh Land in Cambodia, with decorative and non-decorative products that they require for their projects. Our products have also been used by contractors for public projects in Thailand, Laos and Myanmar.

- The exports distribution channel involves the wholesale export of our products from Thailand to wholesalers and retail dealers in the other seven countries within the AEC (except Thailand), namely, Malaysia, Singapore, Brunei, the Philippines, Cambodia, Laos and Myanmar, as well as to other countries outside the AEC. To remain in-step with technological advances and changing consumer behavior, we are in the preliminary stages of testing a platform for an e-commerce distribution channel that is expected to offer on-demand services to end user customers who make direct online purchases from us but will receive the products they ordered from one of our retail dealers that is located within close proximity to such end user. We plan to leverage on our wide distribution network to provide end user customers with easy accessibility to our products. We currently have an online ordering system for retail dealers to place their orders with us online. However, this online system does not allow for online payment. We plan to set up an online payment system that will provide retail dealers with the option to make an online payment when they place their orders.

## 2.2.2 Sales and Marketing

### (1) Marketing Activities

We believe that our strong brand recognition and reputation have been instrumental to the success of our business. We promote our brands through a

variety of marketing and promotional activities. Our marketing utilizes the following techniques:

- Television advertisements (our most important marketing channel for mass market penetration), print and radio sponsorship billboards and online marketing medias.
- In-store programs consisting of displays, product categorization and product consultants serving as brand ambassadors.
- Out of store activation consisting of brand launch and product training to certain groups of customers.
- Develop customized merchandising and marketing support programs for the end user customers, enabling them to differentiate our products from that of our competitors.
- Develop paint tinting technology, product and color selection assistance for support customer
- Invested in building our brand online to keep the brand dynamic and accessible to younger consumers as well as mobile consumers.
- Retain and build up customer loyalty using a reward scheme which includes giving our retail dealers tour incentives if they achieve a certain level of sales. Our customers may also be invited to events that we host such as special celebrations held for new product launches, as well as anniversary celebrations for our products and the Company.
- Engaged in corporate social responsibility (“CSR”) activities such as charity through the Donation of Paint and Subsidy for Education and donations for public interest, and volunteerism. For example, we have partnered with our consumers to run local events for a good cause such as painting local schools and temples.

## (2) Our Customers

We have a diversified customer base. As of the date of this report, no single customer contributed, by percentage, over 5.0% of our sales for the years ended December 31, 2015, 2016 and 2017. Our top three customers accounted for 10.2% , 11.3% and 12.3% of our sales for the years ended December 31, 2015, 2016 and 2017, respectively.

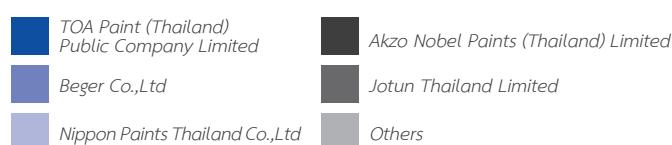
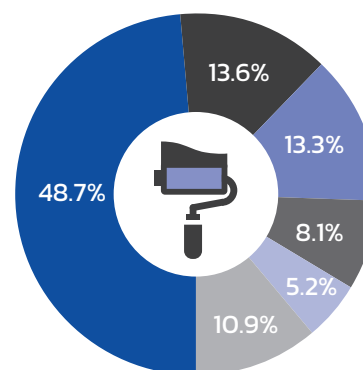
Depending on the product, the type of customer and payment record, we typically provide credit terms of approximately 30 to 90 days to our customers. We do not offer credit terms for exports. We do not sell any of our products on a consignment basis.

Our customer relationship philosophy is to be an honest and respectful business partner in working with our distribution channel partners to develop sales growth and sustainability. We also provide our customers with training to educate them about our products and their applications.

### 2.2.3 Competition

According to Frost & Sullivan, as at December 31, 2016, we held the largest market share based on sales revenue of approximately 48.7% in the retail decorative paint and coating industry in Thailand. In the AEC, we had a market share based on sales revenue of 13.0% in the paint and coating industry. Our competitors in the AEC market include Akzo Nobel (Netherlands), Jotun (Norway) and Nippon Paint (Japan), and other local paint manufacturers.

For our business operations in Southeast Asia, as at the date of this report, our products compete with local competitors such as Beger Paint in Thailand, 4 Oranges in Vietnam, Urai Panich in Laos and UPG in Myanmar, and with global paint and coating manufacturers such as Akzo Nobel, Nippon Paint, PPG Industries and Jotun. Due to continued consolidation within the paint and coating industry, competition has increased as our competitors have grown in scale.



Source Frost & Sullivan,primary interview, desktop research and analysis

Although our products may be in direct competition with certain products produced by global paint and coating manufacturers, we believe we have a competitive advantage by focusing on distributing our products through our widespread retail distribution network which offers our end user customers easy access to our products throughout the country. As a result, the majority of our sales are derived from mass market sales through our retail distribution channel in Thailand. In contrast, we believe global paint and coating manufacturers tend to focus on wholesales in Thailand because they do not have an on the ground network that is as wide-reaching as compared to ours.

### 2.2.4 Our Competitive Strengths

We believe the following are our competitive strengths:

#### (1) Leader in Thailand's paint and coating market with best in class brand recognition

We believe our market position and over 50 years of experience the founders of TOA have in manufacturing paints and coatings in Thailand have resulted in strong brand recognition and customer loyalty.

- Siam Paragon, Suvarnabhumi International Airport, the Marukathaywan Palace, Energy Complex (“EnCo”) and the Chedi Phukhao Thong in Thailand;
- Dai Nam Van Hien, Vinpearl Da Nang Resort and Villas, Le Meridien Hotel and Havana Hotel in Vietnam;
- Diplomat apartment housing along the Mekong River, the National Library, the National Convention Center, the Central Police Office and the Ministry of Public Health Office in Laos;
- Yadanar Aye Yar Won, Swe Daw City, Sulae Center Point, Twin Centro and Chatrium Hotel Yangon in Myanmar
- PNN TV Station, Royal Phnom Penh Hospital and Borey Vimean Phnom Penh in Cambodia

#### **(2) Diversified product offerings to cater to a broad customer base and different end user needs**

We have effectively leveraged our expertise in paint and coating products and modern research and product development capabilities to develop a diversified portfolio of products. Currently, we have decorative and non-decorative paint and coating products comprising approximately 9,570 and 3,205 SKUs, respectively. Our decorative paint and coating products include premium and medium to economy grade paints and coatings for exterior and interior use, and our non-decorative paint and coating products include wood coatings, construction chemicals, heavy duty coatings and hardware. This wide product range enables us to cater to a broad customer base that includes professional and Buy It Yourself or “BIY” retail customers, while maximizing the full range of our existing technologies and manufacturing capabilities.

#### **(3) Extensive distribution reach and regional dealer coverage in Thailand and productive modern trade distribution channel**

As at December 31, 2017, we have approximately

6,479 retail dealer shops and spans a total of 77 provinces and approximately 787 districts throughout Thailand. We believe that this widespread distribution network in Thailand is one of our key strengths enabling us to take advantage of long-term growth trends in the Thai market, engage in mass market sales and extend the accessibility of our wide range of products to end user customers across Thailand.

In addition to our retail distribution channel, we have a modern trade distribution channel comprising distributors such as home building and home improvement chain stores. Management expects modern trade will be a sizeable driver of sales growth in the AEC in the future.

#### **(4) Well-positioned to take advantage of the increase in construction activities in Thailand**

According to Frost & Sullivan, Thailand’s macroeconomic fundamentals remain strong and, coupled with low per capita paint consumption and an expected increase in demand in housing, provide substantial opportunity for growth in the paint and coating industry in Thailand. Based on data from Frost & Sullivan, government incentives have fueled growth in the construction sector in Thailand since 2012, including the Government’s stimulus plan to disburse THB10.0 billion worth of housing loans to people with low-income and those whose mortgage applications with other financial institutions were previously rejected in 2015 and 2016, as well as the Government’s approval of a financial package to support lower-income people to buy houses in 2016. We believe such incentives will contribute to an increasing demand for decorative paint and coating products in the real estate sector. According to Frost & Sullivan, there is also an increasing demand for decorative paint and coating products for home improvement and renovation in Thailand which is being driven by shorter repainting cycles. As a market



leader in the decorative paint and coating market in Thailand, we believe that we are well-positioned to take advantage of the increasing demand for these decorative paint and coating products.

**(5) Production excellence based on state-of-the-art production process with semi-automated machinery and good and long-term relationships with key suppliers of raw materials**

We have automated certain processes such as the filling process in our production plants to improve production efficiency and consistency in quality. Production processes for water-based paints at our Bangna Plant are integrated by ABB software, a control system for paint manufacturing. Using the ABB software, we are able to automate the control of our product formulae, mixing of raw materials, filling machines and slurry processes. A closed raw material loading system is used to minimize chemical emissions and contaminations and a pigging system is used for the transfer of raw materials and pipe cleaning. Using the pigging system for pipe cleaning reduces our water usage by approximately 50%. We got various awards recognition of our high standards

To maintain the quality standards and continuity of our product supply, we purchase our raw materials from reputable and reliable suppliers. We have strong, long-standing relationships with our key suppliers and maintain multiple supplier relationships for our primary raw materials in order to minimize supply disruptions and obtain competitive pricing. Our management team conducts periodic meetings with our key suppliers, including The Chemours (Thailand) Company Limited, Rohm & Haas Chemical (Thailand) Ltd., and DOW Chemical Thailand Ltd., among others, to discuss and exchange information relating to new technology, global trends in the coatings industry and market information and to discuss the possibility of potential opportunities for collaboration.

**(6) Strong research and development capabilities and a proven track record of product innovation**

We have a strong track record of innovation and product development underpinned by a dedicated research and development team. Our research and development team focuses on developing new products, utilizing new technologies in production and enhancing and improving our existing products to meet changing consumer preferences and domestic climate conditions, keep pace with technological advances, and maintain our competitiveness. Some of our team members are locally-based which enables them to gain insights into customers' needs and changing consumer preferences. Our research and development team is responsible for developing new product formulae, by looking for cost-effective alternatives for our main raw materials, and maintaining the quality of our products.

We were the first decorative paint and coating manufacturer to successfully introduce emulsion paint with lead and mercury-free formulations in Thailand in 1977, the first decorative paint and coating manufacturer in Thailand and Southeast Asia to successfully implement "Acrylic Technology" from the United States in 1979 and the first in Thailand to produce interior decorative paint with Microban technology specifically designed with anti-bacterial resistant properties in 2002. Our recent innovative products include TOA Note & Clean, an anti-graffiti coating launched in 2015 and TOA Eco Metal Primer, a high-performance and an environmentally-friendly metal primer launched in 2016 that has been manufactured in accordance with the material selection standard for LEED compliance. Coupled with our marketing capabilities.

We believe our innovative products and services are ubiquitous and serve as the industry standard in Thailand's decorative paint industry. For example, we believe the industry standard of exterior paint generally

recognized in the decorative paint market in Thailand since 1979 is a maximum warranty of 10 years of durability. In 2013, in collaboration with E. I. DuPont De Nemours and Company (which subsequently became The Chemours Company TT, LLC), we improved our SuperShield brand exterior paint and developed a new iteration with acrylic resin and titanium technology, extending the maximum warranty from 10 years to 15 years. The durability of our SuperShield paint has been certified by the Thailand Institute of Scientific and Technological Research (“TISTR”) using ASTM testing standards, and has undergone outdoor weathering testing by an independent laboratory in the United States. As at the date of the Offering Circular, we are not aware of other exterior decorative paint and coating brands in Thailand which are able to provide a similar 15 year durability warranty.

We have been focusing attention on producing and distributing green and innovative products that are safe for health and the environment in response to consumer demands, we believe that we are well-positioned to take advantage of the growing demand for decorative paint and coating products that are safe for consumer health and the environment.

#### **(7) Experienced management team and workforce**

Our management team, who individually have experience in the paint and coating industry. Several of our key management team members have been with us for more than 20 years and have built up extensive managerial experience within the Company and technical knowledge in the industry. Our long, successful history demonstrates the management team’s ability to grow and expand the business,

build our brand identity, establish a wide distribution network and nurture customer loyalty, while steadily navigating through various economic, political, health and environmental shocks. We believe that the market experience and knowledge of our management team and the business relationships they have developed with key suppliers and customers will continue to benefit our future growth and development.

We are committed to the development of our workforce. We provide training opportunities, including management programs comprising information management systems. We encourage teamwork, creative thinking and open communication among our staff and actively promote and foster an inclusive environment in which all our employees can make a valuable contribution and reach their full potential. In addition, we conduct extensive employee training and development programs to develop successors for top management positions. Our practices help us create a company culture where employees have a sense of belonging and strong company loyalty.

## **2.3 Industry prospects and outlook<sup>1</sup>**

### **2.3.1 The paint and coating industry in Thailand**

The retail market for decorative paints and coatings in Thailand increased from approximately THB13,727.2 million in 2011 to approximately THB19,201.3 million in 2016 driven by construction activities, repainting, retail spending and changing consumer preferences. There were several major setbacks in the market during this period as a result of political instability which in turn had an adverse impact on the overall economy. Frost & Sullivan expects the retail market

<sup>1</sup>In this report, the THB19.2 billion retail market size for decorative paints and coatings in Thailand estimated by Frost & Sullivan Asia Pacific (“Frost & Sullivan”) includes only decorative sales in Thailand from retail and modern trade distribution. In calculating the market share of the retail decorative paint and coating market in Thailand for 2016 of approximately 48.7%, only sales of TOA, Captain Coating Co., Ltd. and British Paints Co., Ltd. generated through retail and modern trade distribution were considered. The source of the approximate market shares of such companies were derived through a combination of: (i) interviews with experts which includes current and past employees of leading paint and coating companies, (ii) year-on-year growth trends, company reports and other presentation materials including but not limited to news articles and press releases, and (iii) Frost & Sullivan’s desktop research on sources including but not limited to databases of industry associations, trade bodies and government agencies.



for decorative paints and coatings in Thailand to reach approximately THB24,603.2 million in 2021 on the back of increased repainting activities, higher demand for premium paint and coating products, and greater consumer purchasing power. The retail market for non-decorative paints and coatings (wood coatings, waterproofing and protective coatings combined) increased from approximately THB4,780.0 million in 2011 to approximately THB6,376.9 million in 2016 primarily driven by greater retail spending and urbanization. Frost & Sullivan forecasts the retail market for non-decorative paints and coatings in Thailand to reach approximately THB8,852.7 million by 2021 due to increasing consumer awareness, robust tourism activity and shorter renovation cycles for furniture and industrialization.

The paint and coating industry is a direct beneficiary of the growth in construction and improvements in macro-economic indicators in the country. The retail paint and coating industry, which is a significant channel of sales for the manufacturers, is likely to see increased off-take as consumers become more aware of the choices offered to them. This segment is also expected to see moderate to high-growth between 2017 and 2021, driven by an increased demand for new housing and repainting, government incentives and rising retail spending to name a few. Increasing disposable income is also expected to result in greater discretionary spending including a preference for premium paint and coating products which is likely to open up newer markets for existing paint and coating manufacturers. Large manufacturers with expansive retail dealer reach are likely to be better equipped to capture changing consumer preferences and translate them into product features thereby enabling them to stay current in changing times. This in-turn will give them an edge over other manufacturers who may not have the ability to innovate and adapt. Additionally, growth

in modern trade channel is likely to result in a greater Buy-it-yourself (“BIY”) market as consumers have access to a wider variety of choices giving them greater control over decision-making which was erstwhile the forte of the painters. The non-decorative paint and coating retail segment, in particular, is likely to benefit from a continued increase in tourism resulting in new demand and constant interior-upkeeps by the hospitality sector in the country. Repainting activities which is a key driver to the paint and coating sales is likely to continue to account for over three-fourths of the paint and coating industry between 2017 and 2021. Renovation of buildings, both residential and commercial, repainting of vehicles using premium paints as a reflection of status symbol, maintenance activities in the protective industry and small and large factories are all expected to be key contributors of repainting demand between 2017 and 2021 driving the Thailand retail paint and coating industry back on its growth trajectory.

### **2.3.2 Brief Overview of the South-East Asia Non-Decorative Paints and Coating Market**

Retail sales for decorative paints and coatings, which is approximately 50.0%-60.0% of total decorative paints and coatings sales in Vietnam, are mainly driven by the construction and furniture industries alongside demand from public infrastructure developments. Among these, the construction industry is one of the primary consumers of decorative paints and coatings sold through retail channels. The retail market for decorative paints and coatings in Vietnam is forecast to record an even higher CAGR of approximately 9.9% between 2016 and 2021, growing from approximately VND6.5 trillion in 2016 to approximately VND10.4 trillion by 2021 as macroeconomic conditions continue to drive construction activity in the country.

The SEA protective wood coating segment is driven by exports of locally made wooden furniture as well as low production and labor cost relative to its Western counterparts. Vietnam and Indonesia are among the leading markets for protective wood coatings in SEA. Indonesia is the second largest protective wood coating market in SEA, also driven by furniture exports. With abundant natural resources, the government of Indonesia plans to boost its promotion of wooden furniture businesses at international fairs and exhibitions. The export-oriented market for wooden furniture is expected to fuel demand for protective wood coatings as the industry has a goal to increase exports from approximately US\$2.7 billion in 2013 to approximately US\$5.0 billion<sup>(2)</sup> by 2020<sup>(2)</sup>. The protective wood coating market in Malaysia and Thailand is affected by lower-priced imported furniture from neighboring countries, such as China and Vietnam, limiting the demand for protective wood coating.

The concrete protective coatings market in Indonesia is likely to expand over the next few years owing to increased FDI and significant investments in developing transport, energy and utilities infrastructure totaling approximately US\$90.0 billion<sup>(3)</sup> by 2018. Malaysia's concrete protective coatings market is driven by investments in developing transport infrastructure, such as roads and railways and energy and utilities infrastructure, especially refineries and petrochemical complexes. Investments in developing transport and energy and utilities infrastructure totaling approximately to US\$8.0 billion<sup>(4)</sup> by 2018 are expected to propel the Malaysian concrete protective coating market.

The market for waterproofing coatings in SEA is driven by growth in high-rise building construction, increasing public and private investments. Indonesia's waterproofing market is supported by growing construction activity in both non-residential and residential segments. The waterproofing segment in Indonesia has the highest proportion of premium products, and customers' willingness to pay premium prices ensures a strong market for waterproofing coatings. Liquid-based waterproofing coatings account for majority of the total market. The Java region is the focal center of the waterproofing market. Project sales are the preferred sales channel and non-residential segments leading the demand for the waterproofing coatings in Indonesia. The outlook for the waterproofing market in Malaysia is expected to be positive due to the rapid development of commercial and residential buildings supported by the Government's plan to increase infrastructure spending.

Market sizes of non-decorative paints and coatings in Myanmar, Cambodia and Laos are considerably small but with the increasing rate of urbanization, growing construction and infrastructure projects coupled with increased foreign direct investments, the market for non-decorative paints and coatings in these countries is expected to record positive growth rates between 2017 and 2021.

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<sup>(2)</sup> <http://kusnandarlaw.blogspot.in/2015/12/the-furniture-industry-still-fells.html>

<sup>(3)</sup> Central Bureau of Statistics Indonesia

<sup>(4)</sup> Malaysia Economic Prospect, BMI



# Risk Factors

## Risk Management

Risk management is an essential and vital management process to lead an organization to its goals, especially under business circumstances with rapid changes as well as high competitions. An effective risk management system is a core component of good corporate governance which brings about value added of business eventually.

TOA Paint (Thailand) Public Company Limited has been aware of the significance of risk management towards organizational operation. We set up a risk & business continuity management committee under good governance in order to execute and control risk management. The committee determines a risk management policy each year and then passes on to involved agencies for further actions so that risk management is implemented systematically and in the same direction. The committee also lays down rules, regulations, and procedures of risk management to cover entire organizational activities. Besides, it regulates audit, performance measurement, and performance report to the board; and reveals important information to related parties regularly.

The organization emphasizes on continual practice of organizational management and the improvement of risk management for higher operational effectiveness, with the consideration of both internal and external factors that keep changing all the time.

## Risk Management Framework

Our company has risk management all over the workplace in compliance with international standards. It was operated by the committee and the board, the executives, and all personnel. Risk management process was created to be able to identify possible events that might affect the organization and to be

able to manage risk appetite for reasonable assurance of achieving organizational objectives. Risk management framework basically consists of the following issues:

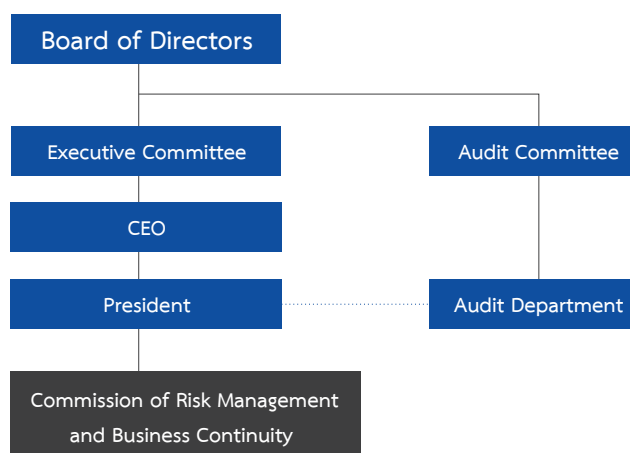
### 1. Strategy Formulation

Our company has clear objectives and levels of risk appetite for risk management so as to make it go in the same direction

### 2. TOA's Risk Management Structure and Responsibilities

TOA's risk management structure was presented in the flowchart as follows:

#### Risk Management Responsibilities



#### Board of Directors

Responsible for taking control of internal risk management as whole.

#### Audit Committee

Responsible for considering and verifying the effectiveness of internal control; monitoring risk management results; and evaluating the results from the risk & business continuity management committee.

## Commission of Risk Management and Business Continuity

To achieve the business goals of organizational risk management control as expected and to create confidence as well as reliability towards our business, the commission of risk management and business continuity was set up. The commission includes high executives of each division, with the president as the chairman of the committee. Risk policy formulation must be approved by CEO and executive directors.

### 3. Organizational Risk Management Process

The organization sets risk management process for systematic steps and procedures and for the same direction of the whole organizational operation. The process contains 8 steps as below:

1. Internal Environment
2. Objective Setting
3. Event Identification
4. Risk Assessment
5. Risk Response
6. Control Activities
7. Information and Communication
8. Monitoring

Risk management process done by the committee requires the communication of continual risk assessment and control, risk management progress, and monitoring tendencies of potential risks and uncommon situations so as to make sure that:

1. Risk owners regularly and properly monitor, assess situations, analyze, and manage risks under their responsibilities.
2. Any risks that engender huge effects on achieving the organizational goals are reported about risk management progress. Risk tendencies towards executives in charge and the risk and the business continuity management commission grounded on the fixed internal control systems are adequate,

appropriate, effective, and are applied in real for preventing or reducing possible risks. Internal control must be improved regularly as well to be consistent with changing situations or risks.

3. The commission of risk management and business continuity coordinates with executives in charge of risk management to report risk status and risk management process in a meeting and to the commission of risk management and business continuity for acknowledgement/further consideration.
4. The commission of risk management and business continuity must analyze/monitor any changes of both internal and external environments, including changes of possible risks; and thus risk management review and prioritization must be taken. The analyze might be brought for overall risk management review, too.
5. The commission of risk management and business continuity must summarize risk management progress following the work plan to CEO and the audit committee.

## Potential Risks, Business Opportunities, and Risk Management Strategies

In 2017, the Company conducted potential risk assessment, which was in accordance with the below aspects of risks:

### 1. Risks from the Effects of the Revision of Rules, Laws, and Regulations.

In regard to risks concerned with obedience to organizational rules and regulations, including those concerned with business laws, if employees had violated those requirements or failed to complete any of them, risks would have taken place. It would also have affected the organizational reputation as well as overall

images. Punishment, fines, or loss of business opportunities might have occurred. Fortunately, no defect in term of factory laws and no complaint has been found up until present because we rely on the following management:

- Having law monitoring systems, law compliance assessment, and operation control in order to conform with factory laws under the management systems of TIS/OHSAS 18001 and ISO 14001.
- Having documentation systems for information reports of government agencies as regulated by relevant laws, including work performance documents in compliance with laws that can be checked by government officers.
- Having systematic complaint management, with agencies in charge; and being able to respond to complaints within 24 hrs.
- Holding a monthly meeting of the risk commission and business continuity management committee for reviewing rules, regulations, and laws (once a month).
- Having good communication and control of risk management to employees at all levels for preventing violations of requirements.
- Setting code of conduct and communicating to employees at all levels as the useful guidelines for practice. Maintaining core principles of legal and transparent business conduct, with consideration of interested persons.

## 2. Risks from Price Fluctuation of Required Materials

The tendency of prices of required materials for paint production fluctuated and seemed to get higher. This was mainly due to the effects of natural disasters, e.g., Harvey and Irma Hurricane; and of the strict environmental control by the Chinese government during the past two years with its purpose to stop pollution

problems. The production volume, therefore, was less than demands. This influenced prices of materials.

### Risk Reduction Guidelines

- Increase planning efficiency for material purchase, production, inventory management, and making long-term purchase contracts to support production at all times.
- Operate continuously to deduct costs by focusing on alternative materials more than usual. The quality delivered to customers must be the same. Moreover, cooperation development with material suppliers will strengthen material supplies with alternative modern technologies; and will also reduce risks of prices, with sufficient materials to be used uninterruptedly.
- The commission in charge of managing costs to reduce risks from material fluctuation and other related costs must handle and control production overhead costs to get lower. Electric power for production must be saved continually as well.
- The executives will review sale prices regularly and will adjust those of products with high-cost materials in order to suit changing situations. However, competitive conditions and pricing suitability in each particular period must also be taken into account.

## 3. Risks from IT System Failures

The Company has IT supporting system on ERP SAP Application, which basically connects the operations of major activities all together for accurate, fast, transparent, and highly reliable performance. The stated system is one of the necessary systems for business conduct such as purchase management system, sale management system, inventory management system, planning and production system, and financial and accounting management system, etc.

If any failures or down time happen to the system owing to whatever reasons, business risks will happen unceasingly, including delays and inconvenience to work. What's worse, the company will lose sale

opportunities which refer to our revenues. Thus, The Company acquired and installed SAP Disaster Recovery Site to bear any possible risks for the continuity of business conduct in case of emergencies that might badly affect the main system no matter what causes are. The system embraces the following capabilities as well as qualifications:

- In case of damage on the main system, SAP DR-Site will operate on behalf the main one instantly or within 1 hour.
- SAP DR-Site contains similar or equivalent data to the main system all the time. Users can be sure that important data in the system will not be destroyed or damaged.
- In case of emergencies that officers in charge cannot enter and operate at the head office, SAP DR-Site can be accessed and used everywhere. Users can be sure that our business conduct will not cease.

In addition, the Company has a further plan to expand the business overseas based on Application ERP SAP together with SAP Disaster Recover Site as a single standard across the region so as to prevent business risks continually.

#### 4. Risk from the Lack of Key Personnel

The Company always pays attention to the success of work management. It does not merely depend on strategies, planning, and management; but also personnel management as we regard it as a serious matter that must be proceeded along with other tasks. The Company, therefore, is prepared for applying the dimension of human resources as a guideline on personnel management, development, and retention as follows:

##### Recruiting or Hiring Strategy

Analyze job requirements and qualifications of expected personnel in order to recruit smart personnel to work with us. The recruitment tools are Competency Base Interview (CBI) and Management Trainee (MT).

These two program are manipulated to recruit new experienced and smart personnel. TOA Young Chemist Open House Program is also brought for recruitment.

##### Retention Strategy

To retain knowledgeable and smart personnel so that they will stay with the organization for a long time.

To do so, the below tools are exploited:

- **Benefits & Welfares** Competitive benefits & welfares in agreement with the tripod principles of salary management.
- **Performance/Reward Management**
- **Talent Management** Recruit smart personnel; select or specify such personnel within the organization; develop them; manage and motivate them; and retain them. This kind of management is to maintain organizational effectiveness; relieve loss of knowledgeable and experienced personnel; and produce sustainable competitive advantages.
- **Succession & Career Planning** Arrange a succession plan, which is a hierarchical flowchart of lower executives who are ready to be appointed for main positions as to replace former owners in case of any changes. The plan must correspond to the organizational human resource management and related to employee's careers grounded on their interest and competencies. Officers in charge of the plan must study and explore different positions as well as advancement opportunities.
- **Training Roadmap** It refers to job rotation, IDP, and employee engagement survey. There must also be a survey of organizational commitment and motivation influencing employee satisfaction on their work. The survey is aimed to acknowledge their opinions which lead to problem analysis and consideration for better improvement of all associated factors; and to develop the organization for higher effectiveness.



# Securities and Shareholders

## 1. Registered capital and paid-up capital

Prior to its conversion from a private to a public company limited, the Company's registered and paid-up capital was amount to THB 1,775,000,000, consisting of 1,775,000,000 ordinary shares of THB 1.0 par value each. Later, on March 24, 2017, the 1<sup>st</sup> Extraordinary General Meeting of Shareholders of 2017 passed the resolution for the Company to issue a maximum of 254,000,000 ordinary shares at par value of THB 1.0 for the first initial public offering, which resulted in the Company's registered capital was amount to THB 2,029,000,000, with a total of 2,029,000,000 ordinary shares at par value of THB 1.0.

Following the initial public offering on October 4, 2017, the Company entered its ordinary shares for First Day Trade at the Stock Exchange of Thailand on October 10, 2017, with its registered capital of THB 2,029,000,000, divided into 2,029,000,000 ordinary shares at par value of THB 1.0.

In addition, the Company has not issue any other shares apart from ordinary shares.

## 2. Shareholders

### (A) Top 10 major of shareholders as of December 29, 2017

Shareholders	No. of Shares	Holder (%)
1. TOA Group Holding Co., Ltd.	608,400,000	30.0
2. Mr. Vonnarat Tangkaravakoon	182,600,000	9.0
3. Mr. Jatuphat Tangkaravakoon	182,600,000	9.0
4. Mr. Nattavuth Tangkaravakoon	182,600,000	9.0
5. Mrs. Busatree Wanglee	182,600,000	9.0
6. Mr. Prachak Tangkaravakoon	91,300,000	4.5
7. Mrs. Laor Tangkaravakoon	91,300,000	4.5
8. MORGAN STANLEY & CO. INTERNATIONAL PLC	70,075,000	3.5
9. Bualuang Top Ten Open-end Fund	30,256,500	1.5
10. K 20 Select LTF	16,374,800	0.8

Remark: Information from Thailand Securities Depository Company Limited

The detail of shareholders of TOA Group Holding Co., Ltd. as follow:

Shareholders	No. of Shares	Holder (%)
1. Mr. Prachak Tangkaravakoon	100,000	20.0
2. Mrs. Laor Tangkaravakoon	100,000	20.0
3. Mr. Vonnarat Tangkaravakoon	75,000	15.0
4. Mr. Jatuphat Tangkaravakoon	75,000	15.0
5. Mr. Nattavuth Tangkaravakoon	75,000	15.0
6. Mrs. Busatree Wanglee	75,000	15.0
<b>Total</b>	<b>500,000</b>	<b>100.0</b>

**(B) The majority of shareholders whose movement poses direct, significant influence on corporate policy designation, management, and operation as of December 29, 2017**

List of shareholders	No. of Shares	Holder (%)
1. TOA Group Holding Co., Ltd.	608,400,000	30.0
2. Mr. Vonnarat Tangkaravakoon	182,600,000	9.0
3. Mr. Jatuphat Tangkaravakoon	182,600,000	9.0
4. Mr. Nattavuth Tangkaravakoon	182,600,000	9.0
5. Mrs. Busatree Wanglee	182,600,000	9.0
6. Mr. Prachak Tangkaravakoon	91,300,000	4.5
7. Mrs. Laor Tangkaravakoon	91,300,000	4.5

**(C) Transfer Restrictions**

The Company's ordinary shares can be transferred without restriction, except in the case that such transfer results in the proportion of foreign shareholders to exceed 49% of the total number of shares sold or 994,210,000 shares of the total number of shares following the initial public offering, in which the Company has the right to repeal the registration for share transfer.

### 3. Issuance of other securities

The Company has not issue of other securities.

### 4. Dividend Policy of the Company and subsidiaries

#### (1) Dividend Policy of the Company

The Board of Directors may recommend annual dividends subject to the approval of the Company's shareholders at its annual general meetings. From time to time, the Board of Directors may declare interim dividends when the Board of Directors determines that the Company has sufficient net profits to do so. Such payment of interim dividends must be reported in the next shareholders meeting of the Company

The Company has a policy to pay dividends at the rate of not less than 40% of the Company's separate net profits after deducting corporate income tax and other reserve funds as required by law and as determined by the Company. The Board of Directors may also, for the interest of the shareholders, take into consideration other factors in paying dividends such as the financial condition and results of operations of the Company, the Company's reserve funds for future investments and repayment requirements of loans or working capital requirements and whether a dividend

payment will have a material impact on the normal business operations of the Company, as deemed suitable and appropriate by the Board of Directors.

#### (2) Dividend Payment Policy of the Subsidiaries

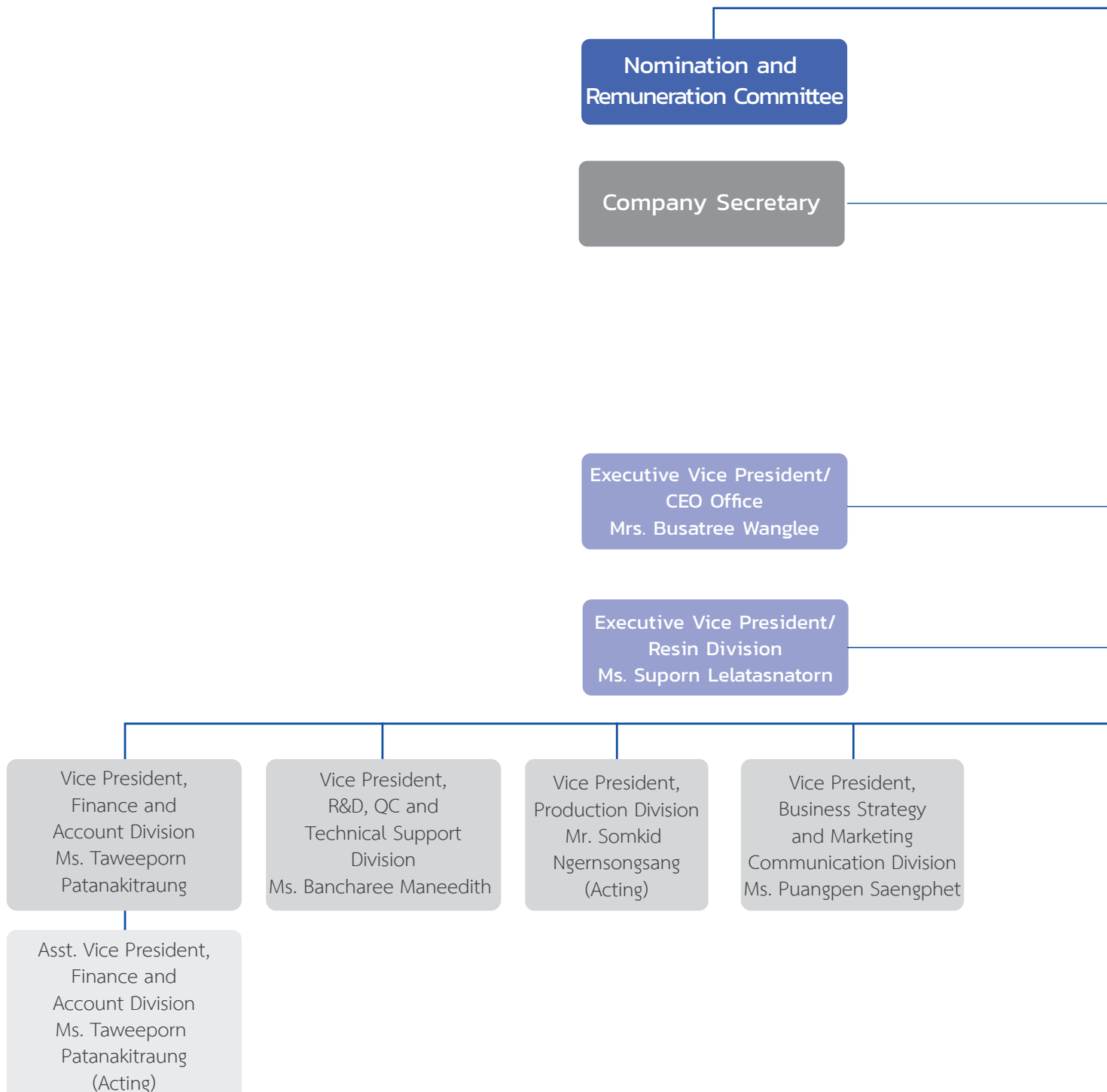
The board of directors of such Subsidiary may recommend annual dividends subject to the approval of the subsidiaries' shareholders at its annual general meetings. From time to time, the board of directors of such Subsidiary may declare interim dividends when the board of directors of such Subsidiary determines that the Company has sufficient net profits to do so. Such payment of interim dividends must be reported in the next subsidiaries' shareholders meeting.

The board of directors of such Subsidiary may also, for the interest of the shareholders, take into consideration other factors in paying dividends, such as the results of operation and financial condition of each subsidiary, the reserve funds for future investments and repayment requirements of loans or working capital requirements. Such dividend payment does not have a material impact on the normal business operations of the Company, as deemed suitable and appropriate by the board of directors of such Subsidiary.

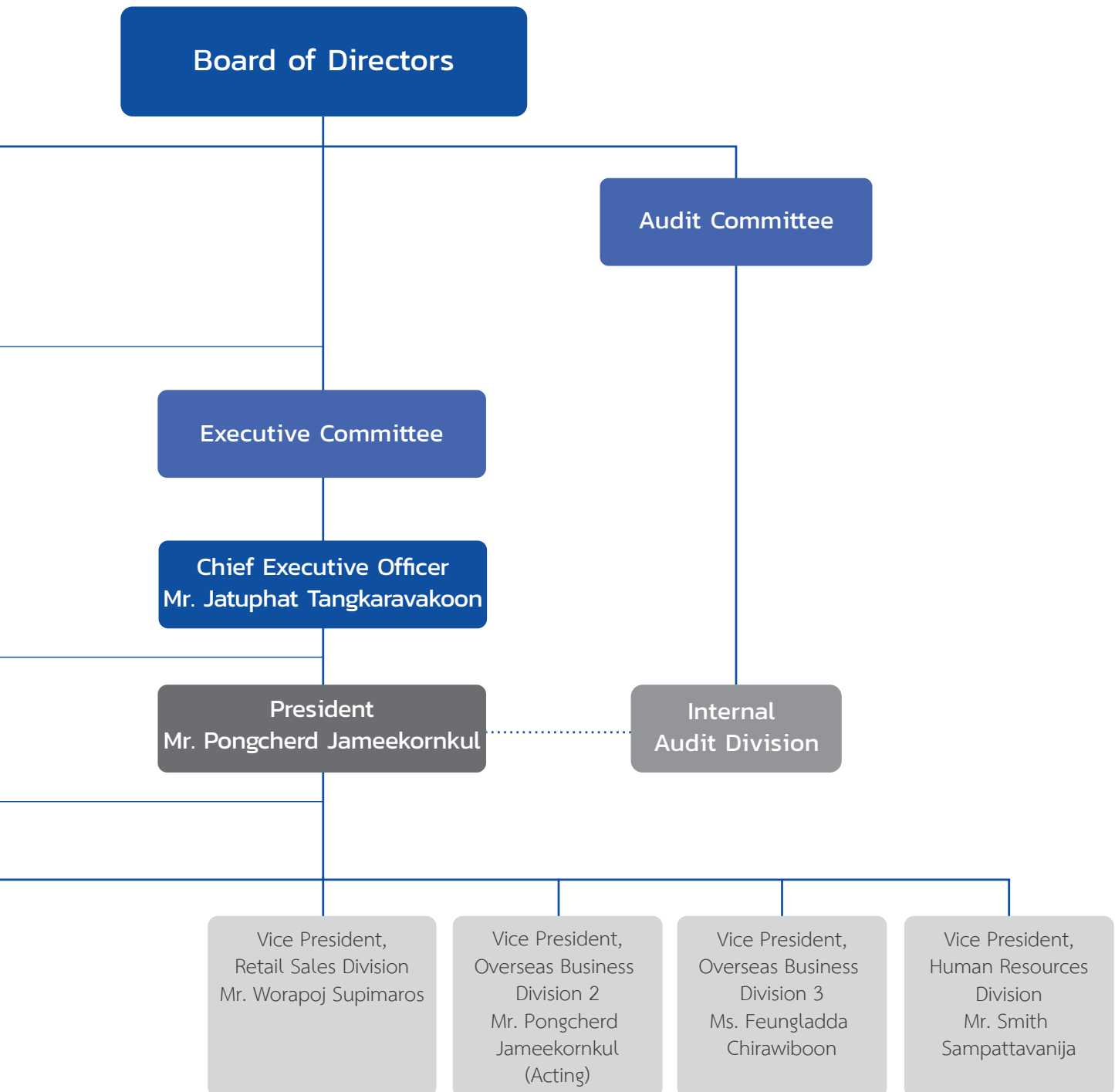


# Management Structure

Management Structure of the Company as of March 1, 2018







## 1. Board of Directors

### 1. Board of Directors

Directors of the Company consist 9 directors as follows:

Name	Position	Number of attendance/ Total number of meetings in 2017
1. Mr. Prachak Tangkaravakoon <sup>(1)</sup>	Chairman of the Board/Executive Director	9/10
2. Mrs. La-or Tangkaravakoon	Vice Chairman/Executive Director	4/10
3. Mr. Vonnarat Tangkaravakoon	Director/Executive Director	2/10
4. Mr. Jatuphat Tangkaravakoon <sup>(2)</sup>	Director/Chairman of Executive Committee/ Nomination and Remuneration Director	10/10
5. Mr. Nattavuth Tangkaravakoon	Director	6/10
6. Mrs. Busatree Wanglee <sup>(2)</sup>	Director/Executive Director	9/10
7. Mrs. Prisana Prahnkhasuk	Independent Director/Chairman of Audit Committee/ Nomination and Remuneration Director	9/10
8. Mrs. Chanatip Weerasubpong	Independent Director/Audit Committee	10/10
9. Mr. Veerasak Kositpaisal	Independent Director/Audit Committee/Chairman of Nomination and Remuneration Committee	10/10

Remark: <sup>(1)</sup> Mr. Prachak Tangkaravakoon, the Chairman of the Board, is not an independent director. As such, the Company has appointed Mr. Veerasak Kositpaisal as the independent director to assist with designating and ensuring that the Board of Directors meeting agendas are in compliance with the Principles of Good Corporate Governance for Listed Companies of 2017. Additionally, the 5th Board of Directors meeting of 2017 on 12 May 2017 issued an amendment of the Charter of the Board of Directors, designating the requirement for at least two independent directors to be present and cast their votes during the agendas in which non-independent directors are the interested persons.

<sup>(2)</sup> Mr. Jatuphat Tangkaravakoon and Mrs. Busatree Wanglee both hold the position of Executive Director,

while Miss Srikanlaya Pensri acts as the Secretary to the Board of Directors.

### 2. Authorized Signatory Directors of TOA

The authorized directors on behalf of the juristic persons consist of Mr. Vonnarat Tangkaravakoon or Mr. Jatuphat Tangkaravakoon or Mr. Nattavuth Tangkaravakoon or Mrs. Busatree Wanglee. Two of four authorized Directors are required to sign and affix Company seal.

## 2. Audit Committee

Audit Committee of the Company consist 3 members as follows:

Name	Position	Number of attendance/ Total number of meetings in 2017
1. Mrs. Prisana Pranarnkhasuk <sup>(1)</sup>	Chairman of Audit Committee	8/9
2. Mrs. Chanatip Weerasubpong <sup>(1)</sup>	Audit Committee	8/9
3. Mr. Veerasak Kositpaisal	Audit Committee	9/9

Remark: <sup>(1)</sup> A member of the Audit Committee who have sufficient knowledge and experience to review the credibility of financial statements

### 3. Executive Committee

Executive Committee of the Company consist 7 members as follows:

Name	Position
1. Mr. Jatuphat Tangkaravakoon	Chairman of the executive committee
2. Mr. Prachak Tangkaravakoon	Executive Director
3. Mrs. La-or Tangkaravakoon	Executive Director
4. Mr. Vonnarat Tangkaravakoon	Executive Director
5. Mrs. Busatree Wanglee	Executive Director
6. Mr. Pongcherd Jameekornkul	Executive Director
7. Ms. Taweeporn Patanakitraung <sup>(1)</sup>	Executive Director

Remark: <sup>(1)</sup> is appointed as Executive Director as a result of the tenure of the Vice President of Finance and Accounting Division, in accordance with resolution of the Board of Directors No. 2/2017 held on March 9, 2017

### 4. Nomination and Remuneration Committee<sup>(1)</sup>

Nomination and Remuneration Committee of the Company consist 3 members as follows:

Name	Position
1. Mr. Veerasak Kositpaisal	Chairman of Nomination and Remuneration Committee
2. Mrs. Prisana Praharnkhasuk	Nomination and Remuneration Director
3. Mr. Jatuphat Tangkaravakoon	Nomination and Remuneration Director

Remark: <sup>(1)</sup> The meeting of Board of Directors no. 9/2017 held on December 4, 2017 has appointed the Nomination and Remuneration Committee consist of Mr. Veerasak Kositpaisal, Chairman of Nomination and Remuneration committee; and Mrs. Prisana Praharnkhasuk and Mr. Jatuphat Tangkaravakoon, members of Nomination and Remuneration Committee.

### 5. Management team

As at March 1, 2018, Management Team of the Company consist 11 members as follows:

Name	Position
1. Mr. Jatuphat Tangkaravakoon	Chief Executive Officer
2. Mr. Pongcherd Jameekornkul	President and Vice President, Overseas Business Division 2 (Acting)
3. Mrs. Busatree Wanglee	Executive Vice President, Office of Chief Executive Officer
4. Ms. Suporn Lelatasatorn	Executive Vice President, Resin Division
5. Mr. Somkid Ngernsongsang	Vice President, Production Division (Acting)
6. Ms. Feungladda Chirawiboon	Vice President, Overseas Business Division 3
7. Ms. Bancharee Maneedith	Vice President, Research and Development, Quality Control and Technical Support Division

Name	Position
8. Mr. Worapoj Supimaros	Vice President, Retail Sales Division
9. Ms. Puangpen Saengphet	Vice President, Business Strategy & Marketing Communication Division and Senior Manager, Marketing Division in Decorative Paint (Acting)
10. Ms. Taweeporn Patanakitraung	Chief Financial Officer, Finance and Account Division and Assistant Vice President, Finance Account Division (Acting)
11. Mr. Smith Sampattavanija	Vice President, Human Resource

## 6. Company Secretary

The Board of Directors' Meeting No. 4/2017 held on May 3, 2017 has appointed Weerawong, Chinnavat & Partners Co., Ltd. As the Company Secretary. The responsibilities and duties of the Company Secretary are stipulated in line with the Securities and Exchange by Senior Attorney, Mr. Banphot Kittiklingert, as coordinator.

### Scope of duties, Authority and Responsibilities of the Company Secretary

Company Secretary has been appointed by the Board of Directors to carry out the following duties and responsibilities:

1. Provides basic advice to the directors and executives that are in compliance with the Company's legal and regulatory requirements, keeps track of the direction and accuracy of policy implementation, and report significant legal and regulatory changes to the directors and executives.
2. Monitors and supervises the disclosure of related information in accordance with the Notification and Regulations of the SET, SEC and the Capital Market Supervisory Board.
3. Prepares and maintains the following important documents:
  - (A) The registration of Directors
  - (B) Notice of the Board of Directors meeting and minutes of the Board of Directors meeting.

(C) Notice of Shareholders' Meeting and Minutes of Shareholders' Meeting

(D) Company's Annual Report

4. Maintains the reports of interests submitted by directors and executives, and send a copy of said reports to the Chairman of the Board and the Chairman of the Audit Committee within seven business days, starting from the date the Company Secretary receives the report.
5. Monitors and ensures that the shareholders and the Board of Directors meetings are in compliance with the Company's legal and regulatory requirements and practices, and follows up on the shareholders and the Board of Directors' resolutions.
6. Supervises the activities of the Board of Directors, and perform miscellaneous tasks as prescribed by law/the Capital Market Supervisory Board, and/or as assigned by the Board of Directors.

## 7. Remuneration for the directors and management members

### 7.1 Remuneration amount

(A) Remuneration for Board of Director, Audit Committee and Executive Committee



Annual General Meeting of Shareholders of 2017 held on March 14, 2017, resolution was approved the remuneration of directors for 2017 as follows:

Board	Monthly Remuneration (Baht/Person)	Meeting Allowance (Baht/Time/Person) (Only for Attendees)
<b>Board of Director</b>		
• Chairman	200,000	40,000
• Vice Chairman	150,000	35,000
• Director	50,000	30,000
<b>Subcommittee</b>		
1. Executive Committee		
• Chairman	100,000	40,000
• Director	50,000	30,000
2. Audit Committee		
• Chairman	-	35,000
• Director	-	30,000

Remark : The Nomination and Remuneration Committee was appointed by the resolution of the Board of Directors' Meeting No. 9/2017 held on December 4, 2017. The remuneration for the Nomination and Remuneration Committee will be proposed to approve in the annual general meeting of shareholders 2018.

(1) Remuneration for the period of January 1 – December 31, 2017

The total remuneration the Company had issued to its 9 directors during the period of January 1, 2017 to December 31, 2017 was THB 15.0 Million, and are comprised only of issued monthly remuneration and directors' meeting allowance, which are listed as follow:

Board of Directors	Position	Board of Director (THB)	Audit Committee (THB)	Executive Director Committee (THB)	Nomination and Remuneration Committee (THB)	Directors' Total Remuneration (THB)
1. Mr. Prachak Tangkaravakoon	Chairman of the Board/Executive Director	2,760,000	-	600,000	-	3,360,000
2. Mrs. La-or Tangkaravakoon	Vice Chairman/ Executive Director	1,940,000	-	600,000	-	2,540,000
3. Mr. Jatuphat Tangkaravakoon	Director/Chairman of Executive Committee/ Nomination and Remuneration Director	900,000	-	1,200,000	-	2,100,000

Board of Directors	Position	Board of Director (THB)	Audit Committee (THB)	Executive Director Committee (THB)	Nomination and Remuneration Committee (THB)	Directors' Total Remuneration (THB)
4. Mr. Vonnarat Tangkaravakoon	Director/Executive Director	660,000	-	600,000	-	1,260,000
5. Mr. Nattavuth Tangkaravakoon	Director	780,000	-	-	-	780,000
6. Mrs. Busatree Wanglee	Director/Executive Director	870,000		600,000	-	1,470,000
7. Mrs. Prisana Praharnkhasuk	Director/Independent Director/Chairman of Audit Committee/ Nomination and Remuneration Director	870,000	280,000	-	-	1,150,000
8. Mrs. Chanatip Weerasubpong	Director/Independent Director/Audit Committee	900,000	240,000	-	-	1,140,000
9. Mr. Veerasak Kositpaisal	Director/Independent Director/Audit Committee/Chairman of Nomination and Remuneration Committee	900,000	270,000	-	-	1,170,000

Remark : During the year 2017, The Company didn't paid remuneration to the Nomination and Remuneration Committee. The remuneration for the Nomination and Remuneration Committee will be proposed to approve in the annual general meeting of shareholders 2018.

### (B) Other Actual Expenses Used by the Chairman of the Board

The Chairman of the Board of Directors receives the amount of other expenses for the management of the Company. The amount of such other expenses has been approved by the Board of Directors. It must follow the relevant regulations. It must be signed by the President or the Chief Financial Officer, Finance and Account Division. That not the related persons to the Chairman of the Board.

### (C) Remuneration for the Management Team

In 2017, the Company has paid the remuneration to 12<sup>1</sup> executives totaling THB 64.5 million. The above remuneration are both of monthly remuneration and bonus.

Remark: <sup>(1)</sup> Remuneration to 12 executive includes the remuneration of Miss Wanrika Malaniyom who is Assistant Vice President of Finance and Accounting during 2017 and resigned from March 1, 2018

## 7.2 Other Remuneration

From January 1, 2017 to December 31, 2017, the Company has paid the remuneration to 12<sup>1</sup> executives totaling THB 10.9 million. The above remuneration are Social Security Fund, Provident Fund, Car rental expenses, Fuel expense, Telephone bill and Life Insurance

## 8. Personnel and Training

### 8.1 General information

The Company had 4,642, 4,728 and 4,838 full time employees and executives. As at December 31, 2015, 2016 and 2017

Our employee headcount by role, as at December 31, 2015, 2016 and 2017 is set out below:

Region	Approximate headcount by role		
	At December 31		
	2015	2016	2017
Operations	2,202	2,217	2,211
Commercial	2,043	2,151	2,266
Support	397	360	361
Total	4,642	4,728	4,838

### 8.2 Personnel Remuneration

The Company recognize the need to ensure continuity in our management and staff in order to maintain our edge over our competitors. Directors of the Company believe that our continued success depends, among other factors, on the support and dedication of our management personnel. The Company have put in place human resource strategies, which include competitive compensation, fit-for-purpose recruitment and a succession plan.

At December 31, 2015, 2016 and 2017 the Company paid total remuneration for our employees (excludes executive) includes salary, overtime pay, performance bonuses, contributions to the provident fund and other remuneration totaling THB1,862.5 million, THB1,812.8 million and THB 2,052.9 million, respectively.

### 8.3 Provident Fund

In 2011, the Company jointly established a provident fund with all our employees in accordance with the Provident Fund Act B.E. 2530, as amended. Both our employees and the Company contribute to the fund monthly at rates of 3% to 5% of the employee's basic salary. For the years ended December 31, 2015, 2016 and 2017, the Company contributed THB28.0 million, THB30.0 million and THB 34.7 million, respectively. The provident fund is held as a separate trust fund from our other assets. The provident fund is managed by MFC Asset Management Public Company Limited and will be paid to employees upon termination of employment in accordance with the fund rules.

Remark: <sup>(1)</sup> Remuneration to 12 executive includes the remuneration of Miss Wanrika Malaniyom who is Assistant Vice President of Finance and Accounting during 2017 and resigned from March 1, 2018

#### 8.4 Major labor dispute in the last 3 years (2015 – 2017)

The Company are not involved in any material labor dispute which would have a material effect on our business, financial condition and results of operations, and we are not aware of any circumstances that would give rise to any labor disputes which may materially and adversely affect our financial position and business.

#### 8.5 Labor Unions

Certain of our employees at the company belong to the Colors and Chemicals Labor Union of Thailand. In Thailand, employers with more than 50 employees must arrange for the establishment of a welfare committee at their place of business, comprising at least five employee representatives. We have established a welfare committee located at the company and Captain Coating Co., Ltd.

Certain of our employees at TOA Paint (Vietnam) Co., Ltd. belong to the Grassroots Trade Union.

TOA Paint (Vietnam) Co., Ltd. and the Grassroots Trade Union have entered into a collective labor agreement dated March 10, 2016 for a term of three years. Such collective labor agreement has been registered with the Binh Duong Industrial Zones Authority.

#### 8.6 Human Resources Development Policy

The Company have made efforts to enhance employee's skills and competencies by providing training. To this end, we engage our employees in conferences and training for them to acquire, develop and enhance relevant skills and competencies in line with our business objectives. Training sessions cover health and safety and technical skills, among others.

The Company also have career and talent development programs to groom employees who have displayed a high level of performance and potential. We have a framework in place to identify such employees and provide them with opportunities for increased responsibility and leadership development.





# Corporate Governance

The Company is determined to conduct the principles of Good Corporate Governance in operating via the Directors, Executives, and Employees. Good Corporate Governance is a key factor in promoting the Company's overall success as an organization that is responsible for society. The Company's Corporate Governance Policy, this is in line with the Principles of Good Corporate Governance for listed companies 2012 according to guidelines from stock Exchange of Thailand.

The details are as follows

## 1. Good Corporate Governance

The Company profoundly recognized that Good Corporate Governance is a key driver to the business efficiency and the sustainable growth, which ultimately lead to the maximum returns for all stakeholders including employees, investors, shareholders and other interested persons. The Board of Directors thus agreed to establish the Good Corporate Governance policy, covering major substances including the structure, roles and responsibilities of the Board of Directors, as well as the executives' managing principles that must be transparent, clear, and measurable. This is to ensure that all of the Company's business maneuvers are done with fairness and on the ground of the maximum benefits of the Company's shareholders and stakeholders.

### Corporate Governance Policy

The Board places high importance on stringent conforming to the CG principle covering 5 main principles of Corporate Governance Policy as the followings:

#### 1.1 Shareholder's Rights

The right of shareholders is highly concerned and the Company will not conduct any activities to violate or deprive shareholders as rights but will encourage the shareholders to exercise their rights.

The basic rights of shareholders include the right to buy, sell and transfer stocks, the right to receive dividends, the rights to acquire adequate information about the company, the right to vote for appointment or removal of the Directors or auditors, the right to vote for important issues such as dividend payment, revision of company's Articles of Association or Memorandum of Association, increase or decrease of capital matters as well as approval on other special matters.

Apart from aforementioned basic rights, the Company also encourages and facilitates the shareholders to exercise their rights by:

- (1) Publicly disclose policies to encourage all shareholders to attend the Company's shareholders meeting.
- (2) Provides shareholders, in advance of meetings, with the date, time, venue, and all agenda items with the rationale or explanation for each agenda item or resolution in the notice of the annual general meeting or extraordinary general meeting or circulars and/or the accompanying statement.
- (3) Facilitate shareholder participation and voting in meetings. Any action that could hinder shareholders from conveniently exercising their right to attend meetings should be prohibited. For example, procedures to attend and vote should not be complicated or costly for shareholders, and the meeting location to be easy to reach.
- (4) The chairman of the meeting allocates adequate time for discussion and encourages shareholders to express their opinions and ask questions related to the Company's operations. And allow shareholders to send their questions

to the company prior to the meeting date. Investors should be clearly informed in advance of the determined criteria for accepting advance questions and the process for submitting them, including on the Company's website.

- (5) Encourage the use of proxy forms on which shareholders are able to specify their votes and allow shareholders to appoint an independent director as their proxy.
- (6) Encourage the company to use secure, fast, precise, and accurate technology in the shareholders meeting, including in recording attendee registration, printing ballots and processing voting results
- (7) Encourage all directors to attend shareholders meetings and answer shareholders' questions.
- (8) In the meetings, there be no bundling of several agenda items into the same vote; for example, appointment of directors.
- (9) Appoint an independent party of scrutineers/ inspectors to count and/or validate votes at the annual general meeting or extraordinary general meeting. This scrutineers shall be disclosed at the meeting and recorded in the minutes of meeting.
- (10) For the sake of transparency and future reference, the Company encourage the use of voting cards for important agenda items such as related party transactions or acquisitions or disposal of assets.
- (11) The minutes of shareholders meetings include a description of the voting and vote tabulation procedures used, declaring both before the meeting proceeds, including an opportunity for shareholders to ask questions or raise issues. And recording questions and answers, resolutions, voting results of each agenda item containing approving, dissenting, and abstaining votes,

and list the board members who attended or missed the meetings. The Company will disclose minutes of shareholders meetings on the Company's website.

- (12) Make publicly available on the Company's website by the next working day the result of voting during the annual general meeting or extraordinary general meetings for all resolutions.

## 1.2 Equitable treatment of shareholders

The Company is committed to establish equality among all groups of shareholders including those with management positions, non-executive shareholders and foreign shareholders should be treated fairly and equally by following procedures:

- (1) Submit notice of the meetings of shareholders for the year and agenda with the rationale for each agenda and the opinion of the Board with related documents such as Registration forms, documents and evidence that participants must show before attending the meeting, proxy and how to make a proxy to the Stock Exchange of Thailand and publish on the Company's website at least 28 days prior to the meeting date both Thai and English. For shareholders to have time to study in advance.
- (2) Inform shareholders of meeting procedures and voting criteria, including the voting rights attached to each class of shares.
- (3) The voting right of the meeting is held principle of number of shares, one share one vote. In addition, the shareholders attending after commencement of the meeting were allowed to vote for agenda items that are still under consideration and do not reach the resolution and it is a quorum from the meeting and voting.
- (4) Have pre-determined criteria on allowing minority shareholders to propose any agenda item and

screening those proposed by them and publish on the Company's website to express fairness and transparency. In addition, if a shareholder in a management position wishes to add any agenda item, he/she should notify other shareholders in advance, especially if it is an issue that will require shareholders to spend a good deal of time to study before deciding.

- (5) Establish procedures for the nomination of candidates by minority shareholders. One alternative is to nominate via the company's Board of Directors in advance with supporting information, candidates' qualifications and their consent provided by the minority shareholders nominating the candidates and publish on the Company's website.
- (6) The process used in election of directors should allow shareholders to vote on individual nominees.
- (7) Every director and executive should regularly submit to the board a report on their ownership of the company's shares and this information should be disclosed in the firm's annual report.
- (8) The board should adopt insider trading policy and communicate them to everyone in the Company. And prohibit the person who relates to inside information from trading Company's shares for the period of at least one month prior to disclosure of quarterly and annual financial statements.
- (9) To require directors inform their conflicts of interest before regarding agenda and record it in the Board's minute. And require board members to abstain from participating in the board discussion on a particular agenda item in which a given director has a conflict of interest.

### 1.3 Role of stakeholders

The Company recognizes the importance of caring for all stakeholders. The internal stakeholders such as Shareholder or investor and employees of the Company or external stakeholders, such as customers, trading partners, creditors, competitors, society and the community. In the business operation of the company, it also takes into account the rights of all stakeholders in the following way.

#### (A) Policies and guidelines for employees

We realize that our employees are the key to our success and valuable. It is the policy of the company to treat employees fairly in terms of opportunity, Compensation, appointment, relocation. As well as potential development to comply with such policies as the following principles.

- (1) Treating employees with courtesy and respect for the individuality
- (2) Provide fair compensation to employees.  
The Company also established a provident fund and the importance of employee welfare.
- (3) The occupational health and safety and work environmental practices shall be implemented as the Company recognizes the importance of safety for lives.
- (4) To place importance on employee's knowledge and ability development by giving equally opportunity. To develop the ability of employees to support the growth of the company.
- (5) Promote, transfer, reward, and punishments of the staff shall be committed in good faith and based on knowledge, competence and suitability of employees.

- (6) Listen to comments and suggestions based on professional knowledge of employees.
- (7) To practice in accordance to law and any regulations which strictly base on related with employees.
- (8) Respect the privacy of all its staff members and will not disclose any personal information such as salaries, medical records or family data to anyone who does not have the right to that information unless it is required to do so by law or the consent of the relevant staff.

#### **(B) Policy and practice toward shareholders**

- (1) Performing duties with integrity; making a decision on the professional principle with caution, care and fairness to major and minor shareholders. We strive to create a good performance, stable growth and the best interest of all shareholders.
- (2) Carefully reporting the Company's status, financial statements, financial and accounting information and other reports.
- (3) Every shareholder should be impartially notified on the Company's future direction, regardless of positive or negative aspects, based on the possibility and rationality with supporting facts.
- (4) Preventing from seeking an interest for oneself and other using the Company's information which has not yet been disclosed to the public that could result in the Company's conflict of interest.

#### **(C) Policy and Practice towards Customers**

The Company recognizes the importance of customer. Therefore, practice guideline as follows:

- (1) Provide a system of supervision in the production process to customers. The focus is on improving and developing production technology, customer service and consistently check product quality and customer service.
- (2) Provide a strict control system to comply with the agreement provided to customers. And with honesty, empathy and consistency.
- (3) Provide a system of confidentiality control of customer information same as confidentiality of the company. And does not use it for its own benefit or the wrong relevant person.

#### **(D) Policy and Practice towards Business Partners and/or Creditors**

The Company shall adhere to the policy on fair and equitable treatment towards business partners and/or creditors to be honest and do not exploit partners, aim to maximize the Company's benefits based on the fair return for both parties and the negotiation for any solution shall be decided by taking the business relationship into account. Therefore, the practice guideline has been set as follows:

- (1) The process of selecting partners is clear by providing equal information and selecting partners with fairness under the criteria for evaluating and selecting the Company's partners under the proper contract form and fair to all parties.
- (2) The Company shall ensure that the conduct such as the request for, acceptance of or offering of any kind of benefits from business partners and/or creditors shall not happen in a way that is perceived as dishonest.
- (3) If there is information on occurrence of request, acceptance, or pay of any dishonest benefit, the details shall be divulged to the



business partners and/or creditors to jointly find solutions fairly and quickly.

- (4) Comply with the contract or conditions agreed strictly; in the case of failure of compliance with any condition, the notice to the business partners and/or creditors shall be made in advance to jointly consider and find solutions.
- (5) The Company attaches great importance to its creditors as an important trading partner, so it is committed to comply with all existing contractual obligations with its creditors and without concealing its information or facts. If there is reason to be unable to comply with the contract, the Company will notify the creditor in advance to find out the solution. This includes guarantees, capital management and the default payment.

#### **(E) Policy and Practice towards Business Competitors**

The Company shall adhere to the policy the practice towards business competitors and shall not involve in illegal acquisition on confidential information. Therefore, the practice guideline has been set as follows:

- (1) The Company shall conduct in conformity with good business norm in terms of competition.
- (2) Do not seek confidential information of the business competitors through dishonest or illegal means.
- (3) No destroy reputation of competitor by making false allegation.

#### **(F) Policy and Practice towards Society and/or community**

The Company strongly aims to contribute benefits to the country's economy and society and to be a good citizen that complies with all

applicable laws and regulations. It also commits itself to improving and elevating the quality of life of locals in proximity to its premises as well as expanding its business at the same time.

#### **(G) Environmental Policy**

The Company has a policy to support activities to enhance quality of the Occupational Health and Environment and the work environment is always safe for the life and property of employees. The Company is engaged in the business along with taking into consideration the impact on the environment and the living of the local community in order to help promote and preserve the environment of the nearby area to be sustainable along time with the growth of the company.

### **1.4 Transparency and Information Disclosure**

The Company places strong emphasis on disclosure of its important information related to the Company both financial information and non-financial information accuracy, completely, timely and transparency as stated by SEC and SET regulations and other information that affects the Company's stock price, which in turn influences decision-making by investors and stakeholders as follows:

- (1) The board have a mechanism that ensures the accuracy, clarity, and sufficiency of information disclosed to investors for their decision-making.
- (2) The board provide a summary of the Company's CG policy, code of ethics or conduct, risk management policy, and corporate social responsibility policy as approved by the board, together with steps taken to implement such policies and identification of and reasons for each case of non-compliance through various channels, e.g., the company's annual reports and website.

- (3) The Company will arrange Investor Relations staff to communicate with investors or shareholders. The Company will disseminate the Company's information. Financial Information and General Information to shareholders, Securities analysts and the relevant agencies acknowledge through various channels such as through the channels of the SET and the Company's Website.
- (4) The board present its responsibilities concerning the company's financial reports alongside the auditor's report in the company's annual report.
- (5) Ensure that audit and non-audit fees are disclosed.
- (6) Ensure that its roles and responsibilities, together with those of its committees, the number of meetings held, attendance record of each director, and the results of tasks assigned, including ongoing professional education or training of its directors, are disclosed in the annual report.
- (7) Disclosure of Directors and executives Remuneration Policy represent the duty and the responsibility of person. In addition to, form of compensation is also disclosed. It should include the remuneration paid to each director of the subsidiaries.
- (8) In addition to disclosing information as specified in regulations through the SET, annual registration statements (Form 56-1), and annual reports, the board disclose information via other channels, such as the company's website.
- (9) Directors and management of the Company should report to the Company for awareness of their own interests or those of related person, which are related to the management of the Company or its subsidiaries in accordance

with the rules and procedures prescribed by the Capital Market Supervisory Board. The Company will also update and report to the Company within 30 days after the change of interest. The Company has included the agenda item on the report of the conflict of interest mentioned above in the meeting of the Board of Directors for acknowledgment on a quarterly basis.

- (10) Encourage the company to make a Management Discussion and Analysis (MD&A) for each quarterly financial statement, to help investors better understand changes in the company's financial status and performance each quarter, not just be presented with the figures by themselves.

## 1.5 Responsibilities of the Board and Subcommittee

### (A) Board structure

The Board of Directors is composed of at least five members with Independent directors shall represent at least one-third of the total number of Board members and be no fewer than three that consistent with the Security and Exchange Commission regulations. The Company's Board of Directors is composed of well qualified persons from various professional fields including accounting and finance Related and support the company's business. The Company has three committees as the Executive Committee Audit Committee and the Nomination and Remuneration Committee.

Directors and executive are not employees or partner of external companies' auditors as company used their service during the past 2 years.

All of the Company's Independent Directors have qualities in accordance to the Capital Market Supervisory announcement number 39/2016 on Permit

Request and Permission to Propose New Stocks for Purchase (including parts with additional edits). They are independent from Management and large shareholders of the Company. None of the independent directors are currently active as a director in more than 5 companies registered in Thailand. Furthermore, none of executives are active as a director in more than 2 companies registered in Thailand.

The Company's policy on the directors' tenure is in consistent with the Company's requirements, stating that in the Company's Article of Association - 1 out of 3 directors are required to leave the position. Considerations will be given to directors who hold the longest tenure. The Company's directors have a tenure of 3 years each. Directors who already left the position may be re-elected during the Annual General Meeting to be a director again.

Furthermore, the Company organizes for nomination of Executive Committee, Audit Committee, Nomination and Remuneration Committee, and have established boundaries, authority, roles, and responsibilities of said committees clearly. This set up prevents any particular director from obtaining unlimited authority. Secretary to the Company's directors have also been instituted, to serve as a facilitator of the Company's directors' business, including facilitating works in alignment with the Committee's resolution.

## **(B)The Committee's Roles, Duties, and Responsibilities**

### **(1) Corporate Governance Policy**

The Company is committed in preserving and retaining the Company's high standard corporate governance practice, by adhering to SET's good corporate governance principle for listed companies 2012. Business ethics principle has also been incorporated into

business. This was done with permission from the Company's directors, and has been promoted throughout the organization for understanding and compliance. Furthermore, standard operating procedures have also been established to exert control for internal practice and operations. The Company's directors have also approved and announced new internal regulations and rules regularly, with the aim to improve and develop the Company's corporate governance practice in a consistent manner.

### **(2) Code of conduct**

The Company published code of conduct handbook, with the approval from the Company's directors. Directors, executives, and employees are expected to comply to the material accordingly. There are also communications at a corporate level to ensure comprehension through emails, public relations board. Notably, to enhance the Company's business ethics, the mentioned handbook was drafted according to principle of honesty, transparency, good corporate governance, and social ethics.

### **(3) Conflicts of interests**

Transactions between the Company and any particular individual that may pertain a conflict of interests, must be approved via the Audit Committee, prior to being submitted for approval by the Company's directors and/or Annual General Meeting of Shareholders. This depends on the type and sizes of the transaction, according to the Capital Market Governance Committee's requirements. The Company's directors or executives who may have a stake will not participate in that particular decision making.

### **(4) Internal control system and audit system**

The Company is aware of the importance in having an effective internal control system.

The Company's Board of Directors has assigned the Audit Committee to audit the Company's internal control system, to ascertain that the Company has an internal control system (5 components, comprises internal corporate control, risk assessment, operational control, information system, communication system, and monitoring system, according to internal control guideline of The Committee of Sponsoring Organizations of the Treadway Commission: COSO) that is sufficient, and report to the Company's Board of Directors accordingly.

#### (5) Internal Audit

The Company set up an independent internal audit function, supervised by the head internal auditor overseeing the internal auditing process. The head auditor will report directly to the Audit Committee, to monitor and assess the adequacy and effectiveness of the Company's internal control system in accordance to the annual audit program. Prior to the conduct, the auditing process must receive approval from the Audit Committee, and report to the Committee regularly on a quarterly basis. This serves to help the Company improves the effectiveness and efficacy in operations.

Notably, appointments, removal, or reassignment of the head internal auditor must be received an approval from the Audit Committee, first.

#### (6) Establish a risk management policy

The board establishes a risk management policy to cover all activities of the company, assign management to implement the policy and request a report from management regularly. The board should review the risk management system or assess the effectiveness of risk management at least annually with the disclosure of risks in the annual report, and whenever there is a change in risk level, the board should

also focus on early warning signs and unusual transactions.

#### (7) Whistle Blowing

The Board of Directors put in place whistle-blowing channels for these who wish to report or Stakeholders on Company's website or directly report to the Company the whistle-blowing channels can be through head internal auditor and/or secretary of the Company's Audit committee and/or auditor's team in order to report to Independent Director or Audit Committee of the Company for investigation following the Company's procedures and report the results to the committee

### Meetings of the Company's Board of Directors and Sub-Committees

#### (1) The Company's Board of Directors

The Company arranges for Board of Directors regularly at least 4 times a year at approximately quarterly intervals which are scheduled and informed in advance.

Notably, the Company's Board of Directors agree that each director's dedication to the Company should not emphasize only on meeting participation, but also encompasses exchange of opinions, recommendations, and networks. All of the components which generate added value to the Company's business.

#### (2) Executive Committee

The Company arranges the meetings for Executive Committee regularly at least 4 times a year at approximately quarterly intervals which are scheduled and informed in advance.

Notably, the Company's Executive Committee agrees that each director's dedication to the Company should not emphasize only on meeting participation, but also encompasses exchange of opinions, recommendations, and networks. All of the components

which generate added value to the Company's business.

### (3) Audit Committee

The Company arranges the meetings for Audit Committee regularly at least 4 times a year at approximately quarterly intervals which are scheduled and informed in advance.

### (4) Nomination and Remuneration Committee

The Company arranges the meetings for Nomination and Remuneration Committee to support the practice of the Committee. Meeting appointments are set and informed in advance.

## The Board Self-Assessment

The Company has set for self-assessment to be conducted for the Board on an annual basis. The aim is to jointly consider, conclude performance, and review operations, problems and obstacles - as well as identifying mitigation approach, solutions, to enhance the Board's effectiveness. The Company has set for self-assessment to be conducted in 2 formats, which are the Board's overall self-assessment, and individual self-assessment.

The Board of Directors' meeting No. 8/2017 on November 13, 2017 has approved the performance evaluation criteria for the Board of Directors, the Sub-committees, in alignment with guidelines from SET in 6 topics, as follows.

- (1) Structure and qualification of the Board of Directors
- (2) Roles, duties, and responsibilities of the Board of Directors
- (3) The Board of Directors' meetings
- (4) Duties of the Directors
- (5) Relationship with Management
- (6) Self-development of the Directors and Executives

## The Board Self-Assessment Process

- (1) The Company's Board of Directors review the assessment form to ensure accuracy, completeness, and accordance to criteria of responsible function
- (2) The Company's secretary distributes the assessment forms for the Board of Directors to conduct the self-assessment. The committees should do self-assessment also
- (3) The Company's secretary collects assessment forms' results, conclude the assessment results and report to the Company's Board of Directors accordingly
- (4) The Board of Directors integrate the assessment results with the work process

As of 2017, evaluation results of the Board of Directors and sub-committee can be concluded as follows.

Board of Directors and sub-committee	Overall performance assessment result of the Board of Directors and sub-committee (percentage)	Individual performance self-assessment result (percentage)
1. The Board of Directors	93	94
2. Audit Committee	98	99
3. Executive Committee	92	92



## Performance Evaluation of the CEO and President

The Company's Board of Director, working jointly with Nomination and Remuneration Committee, assessed the performance results of the CEO and President. Considerations are given to the Company's performance, strategic operations, working plans received from the Company's Board, coupled with economic situation and the overall industry status and ability in business development and performance improvement, both for the Company and the subsidiaries by comparing historical data and business performance of peers, both domestically and internationally.

### Board and Management remuneration

- (1) Board remuneration be comparable to the industry level in which the company operates, and reflect the experience, obligations, scope of work, accountability and responsibilities and contributions of each director. Members who are assigned to more tasks, such as committees, should be paid more.
- (2) Remuneration of the CEO, President and top executives be in accordance with the board policy. For the best interests of the company, executives' salaries, bonuses, and other compensation should correspond to the performance of each given executive.
- (3) The Board of Directors in cooperation with the Nomination and Remuneration committee appraise the performance of the Board and Executives annually to set his/her compensation. The basis of the appraisal should be agreed ahead of the evaluation. The criteria should be objective, including financial performance, long-term strategic performance, career

development plan. And present the appraisal results to the board for approval, and the chairman of the board or a senior director should communicate the evaluation results to the President.

### Board and management training

- (1) Encourage and facilitate training for all internal parties related to corporate governance such as directors, members of the audit committee, executives, company secretary, etc. Training will enable them to continuously improve their performance, and can be either internal or external training.
- (2) New directors should be provided with all documents and information useful to perform their duties, including an introduction to the nature of the business and the operations of the company.

### Succession Plan

Board of Directors will ensure that the Company has a system of personnel selection to responsibility on the management positions or important supervisors at all levels. In recruiting candidates for the position of Chief Executive Officer and President, should follow the appropriate recruitment process. Should be considered both inside and outside the company.

## 2. Sub-committees

Board structure consist Board of Director and 3 sub-committees, include Executive Committee, Audit Committee and Nomination and Remuneration

## 2.1 Board of Directors

The Company has 9 of the Board of Directors as follows:

Name	Position	Remark
1. Mr. Prachak Tangkaravakoon	Chairman of the Board/Executive Director	Non-management
2. Mrs. La-or Tangkaravakoon	Vice Chairman of the Board/Executive Director	Non-management
3. Mr. Vonnarat Tangkaravakoon	Director/Executive Director	Non-management
4. Mr. Jatuphat Tangkaravakoon	Director/Chairman of Executive Committee/ Nomination and Remuneration director	Director and Management
5. Mr. Nattavuth Tangkaravakoon	Director	Non-management
6. Mrs. Busatree Wanglee	Director/Executive Director	Director and Management
7. Mrs. Prisana Praharnkhasuk	Independent Director/Chairman of the Audit Committee/Nomination and Remuneration director	Non-management
8. Mrs. Chanatip Weerasubpong	Independent Director/Audit Committee	Non-management
9. Mr. Veerasak Kositpaisal	Independent Director/Audit Committee/ Chairman of Nomination and Remuneration Committee	Non-management

Committee as follows

The TOA's authorized signatories are Mr. Vonnarat Tangkaravakoon or Mr. Jatuphat Tangkaravakoon or Mr. Nattavuth Tangkaravakoon or Mrs. Busatree Wanglee. Two of these four directors jointly sign and affix the Company's seal.

### The scope of authorities and responsibilities of the Board of Directors

The Board of Directors Meeting No. 2/2017 held on March 9, 2017 and No. 3/2017 held on April 19, 2017 have determined roles and responsibilities of Board of Director as follows:

- (1) Perform duties in compliance with laws, company objectives, articles of association, and Board of Directors and shareholders' resolutions with accountability, prudence, and integrity.
- (2) Consider providing details and endorse vision, mission business strategy, business direction, business policy, goal, guideline, operating plan, and budget of the Company and its subsidiary companies as prepared by the Executive Director and the management.
- (3) Supervision of management and performance of Executive Committee, Chief Executive Officer, President, the management, or any persons assigned to perform such duties in order to comply with Vision, Mission, Business Strategy, Business Direction, Business Policy, Goals, Guideline, Operational Plans and Budget formulated by the Board of Director.
- (4) Monitor the operating results of the Company continuously in order to meet with the operating plan and budget of the Company.
- (5) Ensure that the Company and its subsidiary companies apply appropriate and efficient

accounting system, as well as establish the internal control system and the internal audit system efficiently and sufficiently. To provide assessment process for the suitability of the internal control system of the Company and subsidiaries as usually.

- (6) Ensure that the balance sheet and profit and loss statement are made available at the end of the fiscal year of the Company, and sign to certify the said financial statements for further proposal to shareholders for consideration and approval in the Annual General Meeting of Shareholders.
- (7) Consider and endorse the selection and nomination of the auditor, as well as consider appropriate remuneration as proposed by the Audit Committee for further proposal to shareholders for consideration and approval in the Annual General Meeting of Shareholders;
- (8) Formulate the corporate governance policy in writing and apply such policy into practice efficiently in order to ensure that the Company is accountable to all concerned parties equally.
- (9) Consider and appoint persons possessing desirable qualifications and having no prohibited characteristics as stipulated in the Public Limited Companies Act, the Securities and Exchange Act, as well as the announcements, rules, and/or related regulations to take up the directorship in case of vacancy in the Board of Directors for other reasons than retire by rotation. Consider and endorse the appointment of directors to replace those who retire by rotation, as well as determine the directors' remuneration for further proposal in the Annual General Meeting of Shareholders for consideration and approval.
- (10) Appoint the sub-committees, Audit Committees,

Executive Committees or any other various committees in order to assist and support the Board of Directors in the discharge of its responsibilities. And as well as determine remuneration of the various sub-committees (No more than the total amount approved by the shareholders.)

- (11) Consider and appoint executives as defined by the Securities and Exchange Commission or the Capital Market Supervisory Board and the Company Secretary, as well as determine remuneration of such executives based on the budget proposed by the management.

Notably, executives appointed must not conduct business or hold the position of a Director or an executive in other companies (apart from the companies in the Group, and Sherwood Chemical PCL), which are paint producers and distributor for the retail customers, that appear competitive with the Company (directly or indirectly). Executive has the responsibility to inform the Company's Board of such incident prior to the nomination (if applicable). If, following the appointment by the Board, the mentioned executive conducts business, or assume the role of Director or executive in other companies (apart from the companies in the Group, and Sherwood Chemical), which are paint producers and distributor for the retail customers, that appear competitive with the Company (directly or indirectly). The Board may proceed as they deem appropriate to eradicate such conflict of interests.

- (12) Determine approval for financial expenditure in investment, other operations, loans or credits from a financial institution, as well as serving as a guarantor, for normal course

of business of the Company or subsidiaries, including companies within the Group; without financial limit, under the Company's Article of Association and regulations or rules with relevance to SET and Capital Market Supervisory Board.

- (13) Determine approval for related transaction between the Company, subsidiaries and associated Companies as stated in the securities and Exchange Act. This includes regulations with relation to SET and Capital Market Supervisory Board. Also, determine approval for general trade agreements regarding transaction between the Company and its subsidiaries, with directors, executives, or related individuals – in order to establish an operational framework for Management with the authority to proceed with the mentioned transaction, within the boundaries of laws and relevant criteria.
- (14) Arrange for appropriate channels of communication with each group of shareholders. Supervise disclosure of information in order to ensure correctness, clearness, transparency, credibility, and highest standards.
- (15) Appoint an individual to serve as a director or executive of the subsidiaries or associated companies, at minimum number according to shareholding proportion in subsidiaries. Boundaries, authority and responsibilities of the appointed directors and executives have been clearly set; in tandem with authority to set clear boundary in exertion of authority and exercising of considerations in the Board's meeting, either in subsidiaries or associated companies, on crucial matter; requiring approval from the Company's board first. This arrangement allows management control to be in accordance

with the Company's policy, and ensuring that all transactions are conducted legally, including disclosure of financial position, operating results, related-party transactions, as well as acquisition or disposal of significant assets in a correct and comprehensive manner.

- (16) To consider the approval of interim dividend payment.
- (17) To appoint and change the names of Directors who have the authority to sign to bind the Company.
- (18) Seek professional opinions from external organizations if necessary so as to contribute to making proper decisions.
- (19) Manage the Company's corporate governance, ensure it operates efficiently, and protects any interests related to all stakeholders.
- (20) Arrange the Annual General Meeting of Shareholders (AGM) every year within 4 months after the end of each fiscal year.
- (21) Arrange the board meetings at least once every three months.
- (22) Publish the Board's Annual Report, and is responsible in preparing and disclosing the financial statements of the Company and its subsidiaries, to present financial position and operating results of the Company and subsidiaries, for the year then ended. The information will be subsequently presented in the AGM for consideration and approval.
- (23) Assess the overall performance of the Board of Directors, including individual performance assessment, to review achievements, problems and obstacles in a given year. This enable future application of the assessment result for development and improvement in various aspect of operations.
- (24) Govern the Company's and subsidiaries'

management and operation to be in alignment with established policy of the Company, securities laws, including announcement, mandates and other criteria related to the Capital Market Supervisory Board, SEC, and Stock Exchange of Thailand, such as related party transaction, acquisition or disposal of significant asset, as long as there was no infringement with other laws. An appropriate and sufficient internal control system, and an internal audit system have also been established.

The Board is able to grant authority and/or assign a representative to work on a specific task on their behalf; by granting the authority, or sub-granting the authority at a certain period. The sub-conduct must be within the boundaries of the letter of authority, and/or in compliance to the rules, regulations, or the mandates of the Company's Board of Directors and/or stated by the Company. Notably, authority and responsibility granting does not have the form of authority transfer, or authority transfer that would enable the Company's Board of

Directors, or the recipient, able to approve transaction that the grantor, or the recipient, may have conflicts with (as defined according to SEC, Capital Market Supervisory Board and SET and/or other relevant functions), may have stakes it, or may benefit in any forms, or may have conflict of interests with the company, or the Company's subsidiaries. The exemption would be for transactions which are in accordance with the policy, and the criteria approved by the shareholder assembly or the Company's Board of Director. The transaction must be a business-as-usual by nature, with general trade conditions, in consistent with the Capital Market Supervisory Committee and/or SET and/or relevant functions.

(25) Review the Company's Board of Director charter at least once annually.

## 2.2 Audit Committee

Audit Committee of the Company consist of 3 Independent Directors the qualifications are as specified by The Capital Market Supervisory Board and SET regulations. As at December 31, 2017, the members of Audit Committee are as follows:

Name	Position
1. Mrs. Prisana Pranarnkhasuk	Independent Director and Chairman of the Audit Committee
2. Mrs. Chanatip Weerasubpong	Independent Director and Member of the Audit Committee
3. Mr. Veerasak Kositpaisal	Independent Director and Member of the Audit Committee

Mrs. Prisana Pranarnkhasuk and Mrs. Chanatip Weerasubpong have sufficient knowledge and experience to review the reliability of the financial statements. Mr. Ampon Songjarin is secretary of Audit Committee

### The scope of authorities and responsibilities of Audit Committee

Board of Directors Meeting No. 22/2016 held on November 28, 2016 determined the scope of authorities and responsibilities of Audit Committee as follows;



- (1) Review the Company's financial reports to ensure the correctness and sufficiency of financial reports in accordance with the relevant financial reporting standards and to cooperate with the external auditor and the management in preparing quarterly and annual financial reports. The audit committee may also suggest the auditor review or audit any transaction which is deemed important and necessary during the audit of the financial reports.
- (2) Review the internal control and internal audit system and ensure that they are suitable, sufficient and efficient.
- (3) Assess the internal audit unit's independence, and approve the appointment, transfer, dismissal the head of internal audit
- (4) Has the access authority to all level of information within the Company, including invitation to executives, management, department heads, employees, or other relevant individuals into the meeting for information clarification. This includes distributing and sharing related information, in accordance to the practice under the authority boundary, as assigned by the Company's Board of Directors.
- (5) Consider and approve the annual budget, manpower and resources required for the internal audit and approve the internal audit plan and any material change to such plan including ensuring the operations of internal audit conform to the approved annual internal audit plan and International Standards for the Professional Practice of International Auditing, evaluating the quality of the internal audit performance annually and participating in meeting(s) with the head of internal audit to discuss important matters at least once a year.
- (6) Review the Company's compliance with laws and regulations of the Stock Exchange of Thailand and Capital Market Supervisory Board or laws relating to the Company's business.
- (7) Consider, select, and nominate an independent auditor, to propose the independent auditor's remuneration, and to attend a non-management meeting with the independent auditor at least once a year.
- (8) Review related party transactions, or any transactions that may lead to conflicts of interest, acquisition and disposal of asset transactions, and to ensure that they are done in compliance with laws and the regulations of the SET, SEC and the Capital Markets Supervisory Board and are reasonable and beneficial to the Company and shareholders.
- (9) To provide the report of the Audit Committee publicly printed in the Company's Annual Report signed by the Chairman of Audit Committee consists of the following information:
  1. Comment on the accuracy, completeness, and reliability of financial reporting of the Company.
  2. Comment on the adequacy of the internal control system of the company.
  3. Commenting on the compliance, with the Securities and Exchange Commission Terms of the Stock Exchange or the laws relating to the Company's business.
  4. An opinion on the suitability of an auditor.
  5. Commenting on the transactions that may have conflicts of interest.
  6. The number of meetings of the Audit Committee, and attendance of each member of the Audit Committee.

7. Opinions or overall observation that the Audit Committee has the duty under the charter.
8. Other matters that shareholders and investors should know, under the scope of duties and responsibilities as assigned by the Board of Directors.
- (10) Review and monitor risk management results, as well as conducting assessment of the risk from risk management team. There must be at least one executive within the Committee.
- (11) Review and propose modifications to the Audit Committee's charter as appropriate at least once a year.
- (12) Review the results of operations in the previous year and report to the Board of Directors at least once a year.
- (13) Seeks third-party opinions from independent consultants, in order to give opinions or suggestions within the responsible work scope, in a manner that is appropriate and fitting to the Company's budget.
- (14) To carry out other duties as assigned by the Board of Directors and approved by the Audit Committee.

To carry out the initial role, the Audit Committee has a direct responsibility to the Company's Board of Directors, and the Board of Directors also has the responsibility in Company's operations to external parties.

The Company's Board of Directors has the authority to modify, change, define, and set qualification of independent directors, as well as the Audit Committee's charter; in order to maintain consistency to the criteria of SEC, SET Capital Marketing Supervisory Board, and/or other related laws

### Report of the Audit Committee

- (1) To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman.
- (2) To report to the Board of Directors the work carried out by the Audit Committee at least once per quarter.
- (3) Under the performance of duty, should the Audit Committee has found or suspected that any transaction or action may cause material impact to the Company's financial position and/or operation, the Audit Committee is required to report to the Board of Directors for a timely rectification. Transaction and action may include:
  1. Any transaction that may create conflict of interests
  2. Any corruption and/or irregularities in relation to internal control system
  3. Violation of any rules and regulations as stipulated by the Securities Exchange Commission, the Stock Exchange of Thailand or The Capital Market Supervisory Board and any relevant business laws

If the Audit Committee discovers that the Board of Directors or the executives are not working to improve on aforementioned actions, without an acceptable justification, any audit committee member may report the discovered content to SEC or SET.
- (4) The Audit Committee reports to shareholders current activities, and responsibilities assigned by the Board of Directors, as signed by chairman of the Audit Committee, and disclosed in the Company's annual report.

## 2.3 Executive Committee

As at December 31, 2017, executive committee consists of 7 members as the following persons:

Name	Position
1. Mr. Jatuphat Tangkaravakoon	Chairman of the executive committee
2. Mr. Prachak Tangkaravakoon	Executive Director
3. Mrs. La-or Tangkaravakoon	Executive Director
4. Mr. Vonnarat Tangkaravakoon	Executive Director
5. Mrs. Busatree Wanglee	Executive Director
6. Mr. Pongcherd Jameekornkul	Executive Director
7. Ms. Taweepon Patanakitraung	Executive Director

### The scope of authorities and responsibilities of Executive Committee

The Board of Directors Meeting No. 22/2016 held on November 28, 2016 and March 9, 2017 determined the scope of authorities and responsibilities of Executive Committee as follows;

- (1) To consider the business of the Company and its subsidiaries in preparing any policies, business strategies, targets, business plans, financials plans and budget, taking into account any business factors, before presenting the same to the board of directors for approval. Once the Board of Directors have approved a budget, the executive committee has the discretion to determine the proper use of such budget if there is any change in the policy, business strategy, target, business plan or financial plan related to such budget.
- (2) To control, verify and monitor the business of the Company and ensure that it is aligned with the policies, business strategies, targets, business plans, financials plans and budget of the Company that have been approved by the Board of Directors. In addition, the executive has the responsibility to advise and provide suggestions in relating to the management of the Company by its executives.
- (3) Conduct feasibility study for new project investment, and has the authority to consider and approve for the Company to invest or set up joint venture with individual, juristic persons, or other business organization; preferably in a form deemed appropriate by the Executive Committee, in order to achieve the Company's objectives. This includes consideration and approval of expenditure for said investment, entering into a legal contract, and/or any operations related to the topic until it reaches the set financial limit and/or applicable laws and criteria, and/or the Company's mandates.
- (4) To monitor the progress and overall performance of the Company's businesses and investments, report any problems that may arise, and provide the Board of Directors with suggestions for improvement.
- (5) To examine and advise the dividend payment policy of the Company and report to the Board of Director.
- (6) Consider and make suggestions or opinions to the Company's Board of Directors in relation

to the proposed projects or any transactions in association to the Company's business operations. This includes considerations for fundraising when necessary, or when exceeds the financial limit and/or the applicable laws, related criteria, or the Company's mandate set, whereby shareholders' meeting and/or the Company's Board of Directors approves.

- (7) Consider and approve entering into transactions with financial institution in opening accounts, loans, credits, pawns, mortgage, guarantor and others, including trading and registration of land title. This follows the objective of benefiting the Company's business operation, including entering into legal contracts, making proposals, contact, or legal actions with the governmental agency; which grant any rights to the Company and/or operations related to the said topics, until reaching the set financial limit, and/or the related laws, regulations, or the Company's mandate. Notably, the Executive Committee has the authority to approve investment according to what is permitted by the Board of Director, no more than 50,000,000 Baht. In the case where there is a failure to adhere to the budget as approved by the Board of Directors, the Executive committee has the autonomous authority to approve no more than 15,000,000 Baht each time.
- (8) To consider and approve any rules, regulations, management policies relating to the management of the Company's business or any other actions which bind the Company.
- (9) To appoint and/or assign the executive director or any other person(s) to act within the scope of the executive committee within the period as considered appropriate by the executive committee. The executive committee may revoke, withdraw or amend the assigned power.
- (10) To provide opportunities to executives, management or employees of the Company to attend executive committee meetings and/or provide relevant information to be considered in an executive committee meeting.
- (11) Has the authority or any responsibilities as assigned, or according to policies granted by the Board of Directors on a case by case basis.
- (12) To seek counselor or any other person to provide independent advice when necessary.
- (13) To report to the Board of Directors all actions taken by the executive committee within its scope of power, including any other matter which may be necessary and appropriate to be presented before and acknowledged by the Board of Directors.
- (14) To consider and approve any work-related policies and scope of responsibility of management in order to ensure that all acts taken by management are conducted in an orderly manner.
- (15) To consider and approve the day-to-day operations of the Company, including the entering into of any agreements in the ordinary course of business, in accordance with the investment budget and estimates approved by the Board of Directors. The amount for each item shall be in accordance with the budget schedule approved by the Board of Directors and shall not exceed the yearly budget approved by the Board of Directors. Including the contract that related.
- (16) To evaluate performance of the Chief Executive Officer, the President, and the executive committee, as a group and individually, annually for areas of future improvement. To review the work, problems and obstacles each year. The results can be used to develop and improve the performance in various areas.

## 2.4 Nomination and Remuneration Committee

Nomination and Remuneration Committee was established by the Board of Directors Meeting No. 9/2017 held on December 4, 2017, the Nomination and Remuneration Committee consists of 3 members as the following persons:

Name	Position
1. Mr. Veerasak Kositpaisal	Chairman of Nomination and Remuneration Committee
2. Mrs. Prisana Pranarnkhasuk	Nomination and Remuneration Director
3. Mr. Jatuphat Tangkaravakoon	Nomination and Remuneration Director

Mr. Smith Sampattavanija is secretary of Nomination and Remuneration Committee

### The scope of authorities and responsibilities of Nomination and Remuneration Committee

- (1) Consider the nomination policy and criteria for qualified individual suitable for the position of a director, president, and top executives; including identification and nomination of qualified individuals, as well as nomination of a retired individual to be reinstituted into a position. The nominations will be presented to the Company's Board of Director, and/or shareholders' meeting for consideration of the Company's director appointment.
- (2) Consider and review policy and criteria on remuneration and benefits of the Company's Board of Directors, president, and top executives.

- (3) Suggest to the Company's Board of Director to propose remuneration for directors, president, and top executives to the Board of Director meeting and/or the shareholders' meeting for approval. The Company's Board of Directors will approve remuneration and benefits of the president, and top executives; as for the remuneration and benefits of the directors, the Company's Board will propose to shareholders' meeting for approval.

## 2.5 Management Team

As at March 1, 2018, Management Team consists of 11 members as the following persons:

Name	Position
1. Mr. Jatuphat Tangkaravakoon	Chief Executive Officer
2. Mr. Pongchard Jameekornkul	President and acting Vice President, Overseas Business Division 2
3. Mrs. Busatree Wanglee	Executive Vice President, Office of Chief Executive Officer
4. Ms. Suporn Lelatasatorn	Executive Vice President, Resin Division
5. Mr. Somkid Ngernsongsang	Vice President, Production Division (Acting)
6. Ms. Feungladda Chirawiboon	Vice President, Overseas Business Division 3



Name	Position
7. Ms. Bancharee Maneedith	Vice President, Research and Development, Quality Control and Technical Support Division
8. Mr. Worapoj Supimaros	Vice President, Retail Sales Division
9. Ms. Puangpen Saengphet	Vice President, Marketing Communication Division and acting Senior manager, Decorative product
10. Ms. Taweeporn Patanakitraung	Vice President and acting Assistant Vice President, Finance and Account Division
11. Mr. Smith Sampattavanija	Vice President, Human Resources and Admin Division

In addition, Mrs. Saovakhon Somabot, Senior Manager, Finance and Account Division was appointed to have direct responsibility in controlling and monitoring the Company's accounting.

### The scope of authorities and responsibilities of Chief Executive Officer

The Board of Directors Meeting No. 2/2017 held on March 9, 2017 determined the scope of authorities and responsibilities of Chief Executive Officer as follows:

- (1) Work jointly with executives to govern, ensuring for the establishment of vision, business direction, policies, business strategy, goals, operating plan, and annual budget plan of the Company and its subsidiaries; in order to propose to the Executive Committee and/or Board of Directors for further approval.
- (2) Communicate the vision, business direction, policies, and strategies of the Company, those which were approved by the Board of Directors; so that high-level executives can utilize them as a framework for work plan, and business management plan in each function.
- (3) Manage the company's operations to be in accordance to the set plans, including that of relevant laws and regulations from different government agency, as well as the Company's mandate. This would lead to results for both financial- and non-financial targets.
- (4) Review the Company's report and business operation plan
- (5) Approve various expenditures, including any remuneration under budget plan, work plan, or operational framework as approved by the Executive Committee and/or the Company's Board of Directors. Following the authority granted, the CEO has the authority to approve budget, approved prior by the Board of Directors, at no more than 20,000,000 Baht. This includes a case where there is a failure to adhere to the budget assigned by the Board of Directors. The CEO has the authority to approve under the financial limit of no more than 10,000,000 Baht.
- (6) Ensure the Company has an appropriate internal control practice system in alignment with the guideline provided by the Audit Committee and/or the Company's Board of Directors.
- (7) Ensure the company has an appropriate risk management and control system in alignment with the guideline provided by the Audit Committee and/or the Company's Board of Directors.
- (8) Explore business opportunities and new investment related to the main business of the Company and its subsidiaries to generate income to the Company.

- (9) Manage the overall human resources for the Company.
- (10) Appoint consultants on various necessary fields, those crucial to business operations, and instantaneously maintain consistency with SEC and SET.
- (11) Represent the Company in corporate public fields in public, particularly in creating networks and good reputation of the organization at a national and international level.
- (12) Represent the Company in communications with shareholders
- (13) Support the Company's Board of Directors in communicating with shareholders suitably, regularly, with information disclosure that is standardized and transparent.
- (14) Has the authority to grant or Sub-grant authority and/or assigned other individual to perform certain tasks instead by sub-granting and/or granting of authority under the scope of letter of authority, or in accordance to the rules, regulations and mandates the Company's Board and/or other sub-committees have established. Notably, authority transfer and responsibility of the CEO or the respective representative, Notably, authority and responsibility granting does not have the form of authority transfer, or authority transfer that would enable the CEO or the grantee, able to approve transaction that the granter, or the grantee, may have conflicts with (as defined according to SEC, Capital Market Supervisory Board and SET and/or other relevant agencies), may have stakes it, or may benefit in any forms, or may have conflict of interests with the company, or the Company's subsidiaries. The exemption would be for transactions

which are in accordance with the policy, and the criteria approved by the shareholders' meeting or the Company's Board of Director. The transaction must be a normal course of business with general trade conditions, in consistent with the SEC, Capital Market Supervisory Board and/or SET and/or relevant agencies.

- (15) Other operations as assigned by the Board and/or various sub-committees under the Company's rules and mandates, Securities and Exchange laws, as well as announcement, regulations and other criteria in association to the Capital Market Supervisory Board, and SEC.

### 3. The selection and appointment of the directors and Chief Executive Officer

#### 3.1 Independent Director

Qualifications of Independent Director having qualifications in accordance follow definitions defined in the notification of the Capital Market Supervisory Board, summarized as follows.

- (1) Holding not more than 1.0% of the total voting shares of the Company, its subsidiary, associated company or juristic persons with potential conflict of interest, with the number of shares held by the director's related persons being counted. (related persons mean person according to Section 258 of Securities and Exchange Act)
- (2) Neither being a director who takes part or used to take part in management, nor being or used to be an employee, staff, an advisor who receives regular salary, nor the controlling person of the Company, subsidiaries, associated companies, major shareholders or the controlling person of the Company, unless such director has resigned from such position for at least two years.

However, 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.

- (3) Not being a person related by blood or by legal registration as father, mother, spouse, sibling, and child, including spouse of child of the executive, major shareholder, controlling person, or person to be nominated as executive or controlling person of the Company or its subsidiaries.
- (4) Neither having nor used to having a business relationship with the Company, its parent company, subsidiaries, associated companies, major shareholder or controlling person of the Company, in the manner which may interfere with his independent judgement, and neither being nor used to being a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiaries, associate companies, major shareholder or controlling person of the Company, unless the foregoing relationship has ended not less than two years.
- (5) Neither being nor used to being an auditor of the Company, its parent company, subsidiaries, associated companies, major shareholder or controlling person of the Company, and not being a significant shareholder, controlling person, or partner of the audit firm which employs auditors of the Company, its parent company, subsidiaries, associated companies, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years.
- (6) Neither being nor used to being any professional service provider who receives service fee of exceeding two million Baht per year from the

Company, its parent company, subsidiaries, associated companies, major shareholder or controlling person of the Company, and not being a significant shareholder, controlling person or partner of the aforementioned professional service provider, unless the foregoing relationship has ended not less than two years.

- (7) Not being a director appointed as representative of directors of the Company, major shareholder or shareholder who is related to major shareholder.
- (8) Not undertaking any business of the same nature and competing with that of the Company or its subsidiaries or not being a significant partner in a partnership or being a director, employee, staff member, advisor who receives regular salary or holding shares exceeding one percent of the total number of shares with voting rights of other companies which undertake businesses of the same nature as and competing with that of the Company or its subsidiaries.
- (9) Not having any other characteristics which cause the inability to render independent opinions with regard to the Company's business operations.

The Board of Director will select qualified person and be free of any disqualification in accordance and represent in the meeting.

### 3.2 Board of Directors

The Board of Directors may, depending on individual cases, act on its power to select and appoint a person of appropriate qualifications a place at the board. And does not propose any person with prohibited characteristic to the Board of directors' meeting and AGM (case by case) to consider and appoint such person as a director. For the company's benefits and the Corporate Good Governance framework.



## The structure of the Board of Directors

- (1) The Company's Board of Directors shall consist of not less than five Directors and not less than one half of the total number of Directors shall have domicile in the Kingdom.
- (2) The Board of Directors shall consist of Independent Directors not less than one-third of the total number of Directors of the Company and must not be less than three.

## Qualifications

- (1) Including no possession of characteristics indicating inappropriateness for trust in the administration of a business with the public being shareholders as stipulated in specified rule by SEC
- (2) A director will be a person with knowledge, ability and experience beneficial to business operations, who upholds a commitment and business ethics
- (3) Able to make considerations independent from Management and other beneficial groups. Notably, all Directors have the obligation to inform the Chairman of the Board, and chairman of the Audit Committee immediately in writing, in the case where the Director conducts businesses, or hold an active positions in other companies (apart from the Company, the companies in the Group and Sherwood Chemical PCL), which operate business for production and distribution of decorative and non-decorative paints for retail customers, in a manner that is competitive to the Company ("Paints and Coatings Business for retail customers") (direct or indirect). In such case, the Board of Directors will proceed as appropriate to eliminate the said conflict of interests. Notably, in the case where the said member has to reach his retirement time, the Board will not nominate the individual for re-appointment.

- (4) Dedicate to the Company in which he/she is a director sufficiently and carefully perform duty under his/her scope of responsibility.
- (5) If the director is an independent director, the mentioned director must have the qualification asset in Market Capital Supervisory Announcement number 39/2016, on Permission Requests and Selling of New Stocks, dated 30th September 2016 (with additional revisions) and any additional modifications imminent in the future.

## Term of Office

At each Annual General Meeting of Shareholders, one-third of the directors, or the number nearest to one-third if the number is not a multiple of three, must retire from office. Retiring directors may be re-elected in the Annual General Meeting of Shareholders.

Aside from retirement due by rotation, the directors shall retire due to

- (1) Passing Away
- (2) Resignation (Effective from the date that the Company get a resignation letter.)
- (3) Qualifications fall short of the criteria or incompatibility as specified by law, regulations and announcements issued by the law or in accordance with the Company's regulations.
- (4) Resolution to be removed by the Annual General Meeting of Shareholders
- (5) Order by the Court to resign.

## Sub-Committees

The Board of Directors may inaugurate a sub-Committee, or more, to support the Company's Board of Directors' work. The sub-Committee has the duty to review key topics, specifically. The Board of Directors would determine approval in appointing members of sub-Committee, charter of sub-Committee, in order to set various rules relevant to the sub-Committee's component, or establishment of boundaries, authority,

duty and responsibility, as well as other matter associated to this particular sub-Committee. The Company's Board of Director will review the charter of each sub-Committee.

### 3.3 Audit Committee

The Audit Committee was established by the Board of Director, and is considered an important mechanisms for good corporate governance system, to support the Company's Board of Director in performing their duties, in monitoring the quality and credibility of accounting system, monitoring system, internal control system, and corporate financial reporting process.

#### Qualifications

- (1) Having qualifications in accordance by law. Especially, Public Limited Companies Act and Securities and Exchange Act.
- (2) Hold position the director and independent director of the Company.
- (3) Holding shares not exceeding one percent of the total number of shares with voting rights of the Company, its parent company, subsidiaries, associated companies, major shareholder or controlling person of the Company, which shall be inclusive of the shares held by related persons of such independent director.
- (4) Neither being nor used to being a director who takes part in the management, employee, staff member, advisor who receives a regular salary, or controlling person of the Company, its parent company, subsidiaries, associated companies, major shareholder or of the controlling person of the Company, unless the foregoing status has ended not less than two years prior to submitting the permit to the Securities and Exchange Commission Office. However, 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

- (5) Not being a person related by blood or by legal registration as father, mother, spouse, sibling, and child, including spouse of child of other Director, Executive, major shareholder, controlling person, or person to be nominated as Director, Executive or controlling person of the Company or its subsidiaries.
- (6) Neither having nor used to having a business relationship with the Company, its parent company, subsidiaries, associated companies, major shareholder or controlling person of the Company, in the manner which may interfere with his independent judgement, and neither being nor used to being a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiaries, associate companies, major shareholder or controlling person of the Company, unless the foregoing relationship has ended not less than two years prior to submitting the permit to the Securities and Exchange Commission Office.

The term "business relationship" under the first paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, and any other similar actions, which result in the Company or its counterpart 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 method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions mutatis mutandis. The consideration of such indebtedness shall include indebtedness occurred during the period of one year prior to the date on which the business relationship with the person commences.

- (7) Neither being nor used to being an auditor of the Company, its parent company, subsidiaries, associated companies, major shareholder or controlling person of the Company, and not being a significant shareholder, controlling person, or partner of the audit firm which employs auditors of the Company, its parent company, subsidiaries, associated companies, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to submitting the permit to the Securities and Exchange Commission Office.
- (8) Neither being nor used to being any professional service provider including a legal counselor or financial advisor who receives service fee of exceeding two million Baht per year from the Company, its parent company, subsidiaries, associated companies, major shareholder or controlling person of the Company, and not being a significant shareholder, controlling person or partner of the aforementioned professional service provider, unless the foregoing relationship has ended not less than two years prior to submitting the permit to the Securities and Exchange Commission Office.
- (9) Not being a director appointed as representative

of directors of the Company, major shareholder or shareholder who is related to major shareholder.

- (10) Not undertaking any business of the same nature as and competing with that of the Company or its subsidiaries or not being a significant partner in a partnership or being a director who takes part in the management, employee, staff member, advisor who receives regular salary or holding shares exceeding one percent of the total number of shares with voting rights of other companies which undertake businesses of the same nature as and competing with that of the Company or its subsidiaries.
- (11) Not having any other characteristics which cause the inability to render independent opinions with regard to the Company's business operations.
- (12) Audit Committee member is not a director delegated by the Board of Directors to make decisions in the operation of the Company, its parent company, subsidiaries, associated companies, major shareholder or the controlling person of the Company.
- (13) Audit Committee member is not a director of the parent company, subsidiaries, which is a listed company.

Furthermore, at least one independent director, active in the role of Audit Director, must be a knowledgeable person with sufficient experience in accounting or finance that would enable effectiveness work in reviewing the credibility of financial budget. The Company also considers qualifications of other aspects, such as business experiences, expertise related to business, and ethics.

### Committee Compositions

The Audit Committee shall consist of at least

three members. Each Committee member shall be an Independent Director and meet the independence and financial literacy requirements for serving on audit committees, and at least one member shall have accounting or related financial management expertise, all as set forth in the applicable rules of the Stock Exchange of Thailand. The Committee shall maintain free and open communication with the independent auditors, the internal auditors and management of the Company. One member of the Committee shall be appointed as chairman.

### Term of Office

The Audit Committee serves a term of three years since the appointment date. The retiring members of the Audit Committee shall be re-elected at the Board of Directors or the shareholders' meeting deems appropriate. In cases of vacancy for the member of Audit Committee due to other reasons aside from retirement by rotation, the Board of Directors shall appoint those possessing complete qualification to be the member of Audit Committee in order to replace the vacant position as specified by law or related regulations not later than 3 months as of the date of incomplete composition of the Audit Committee.

Aside from retirement due by rotation, the Audit Committee shall retire due to

- (1) Vacating the position
- (2) Expire from term of office
- (3) Passing Away
- (4) Resignation
- (5) Demotion

In the case of any Audit Committee member resigning before completing the term of office, a written notice stating reasons for resignation should be presented to the Company at least one month prior to the resignation, so that the Board can appoint a replacement director accordingly.

Audit Committee is the party that appoint the head of corporate internal audit department, to serve as the secretary to the Audit Committee, and to support work of Audit Committee through meeting facilitation, and other works as assigned by the Audit Committee.

### 3.4 The Nomination and Remuneration Committee

The Nomination and Remuneration Committee is appointed by the Board of Directors is considered an important mechanism for good corporate governance to aid the Board in nominating the suitable individual as a director, top executive, and determining appropriate remuneration for directors and executives.

#### Qualification of Nomination and Remuneration Committee Members

Members of the Nomination and Remuneration Committee must meet the following criteria:

- (A) In the case where Nomination and Remuneration Committee member is independent director, all qualifications according the definitions of independent director, announced by the Capital Market Supervisory Board, must be met.
- (B) Is not a director assigned from the Board to make decisions in business operations, for the Company, subsidiaries, or associated companies, major shareholders, or those with controlling interest of the Company
- (C) Is not a director of the Company, subsidiaries, only for listed companies.
- (D) Has sufficient knowledge and experience to fulfill their role as a nomination and remuneration committee member.

### Components of Nomination and Remuneration Committee

- (1) The Nomination and Remuneration Committee consisting of not less than 3 members and

most of the members are independent directors (more than 50%).

- (2) Chairman of the Nomination and Remuneration Committee must to be independent directors.

#### Term of Office

- (1) The Nomination and Remuneration Committee has a three year term from the date of appointment
- (2) Members who have completed their terms may be re-appointed as seen suitable by the Board.

Nomination and Remuneration Committee member may depart for the following reasons:

- (1) Depart from position refers to the end of director appointment, or end of the set tenure, or resign, or removal from the position
- (2) In the case where a member of the Nomination and Remuneration Committee expects to leave prior to the end of their tenure, the said member should inform the Company 1 month in advance, and provide a justification. This allows the Company's Board to consider appoint a suitable candidate to fulfill the vacancy in the Nomination and Remuneration Committee. The Company must report the departure to SET.
- (3) The in case where a member of the Nomination and Remuneration Committee is removed from position before the end of their tenure, the Company should report the removal and provide reasons for such removal to SET. The removed member may also provide justification to SET.

Nomination and Remuneration Committee appoints the Company's head of human resources, to serve as the secretary to the Nomination and Remuneration Committee, and facilitate the

Committee's performance, provide meeting support, and any other works as assigned by the Nomination and Remuneration Committee.

## 4. Corporate Governance Policy for Subsidiaries and Associated Companies

The Company set Corporate Governance Policies for subsidiaries and associated companies, with the objective to set measures and mechanisms, both direct and indirect, so that the Company can govern and manage business operation of subsidiaries and associated companies. This includes monitoring the subsidiaries and associated companies for compliance to set measures and mechanisms, as if it is their own function, also in accordance to the Company's policy, Public Limited Companies Act, Civil and Commercial Code, any relevant laws, including announcement, regulations, and other related criteria of the Capital Market Supervisory Board, SEC, and SET. This is to protect the Company's interests from investment in the subsidiaries and associated companies, as follows.

- (1) The Company nominates a representative to serve as a director in each subsidiaries and/or associated companies, in proportion to shares hold in each Company. Their duty is to govern subsidiaries and/or associated companies to ensure compliance with law, good corporate governance policy, and other policies in the Company. However, the nomination into each subsidiaries and/or associated companies must be reviewed and approved in the Board's meeting, with considerations to the Company's appropriateness.

- (2) If conducting a transaction, or any other operations of subsidiaries is related to acquisition or disposal of assets, following the Rules on Entering into Material Transactions

Deemed as Acquisition or Disposal of Assets or Connected transaction following notification of the SET for disclosure of information and other Acts of Listed Companies concerning the acquisition and disposition of asset which may affect the company; there is the duty to request for approval from the Company's Board and/or from the shareholders' meeting, or related agencies, prior to entering into the transaction. Subsidiaries may proceed with the transaction only upon being permitted by the Board's meeting and/or shareholders' meeting and/or related agencies (case by case basis) already.

Notably, If there are any cases that the subsidiaries' transaction is classified to disclose to SET according to the announcement from SET. Representative director of that subsidiaries has the duty to inform the Company's management immediately upon having learnt the Company is about to proceed with the transaction, or of the said circumstances.

- (3) The Board and Management of subsidiaries and/or associated companies have the scope of authority and responsibilities, in accordance to relevant laws, on topics such as disclosure of financial position and operating results for the Company. This was achieved by putting to force relevant announcement from Capital Market Supervisory Board, and SET, with a room to disclose and deliver information on own stakes and that of relation to the Board – in order to demonstrate relationship and transaction with companies, companies and/or associated companies in a format that may induce conflicts of interests, and avoid proceeding with transaction that may cause conflict of interests
- (4) The Company set the necessary working and performance plan, in order to ensure that

subsidiaries and/or associated companies has information disclosure on operating results and financial position and the company will proceed with what is necessary and monitor subsidiaries and/or associated companies to ascertain sufficient and appropriate information disclosure system, and an internal control system.

Furthermore, the Company also closely monitor the operating results and operation of subsidiaries and/or associated companies, and propose analysis, opinions and suggestions to the Company's Board, and committees of that subsidiaries and associated companies; which is used to consider policy, or improve subsidiaries' business and/or associated companies business for continuous development and growth.

Notably, the Company has assigned qualified and experienced representative to serve as director of both domestic and international subsidiaries, in accordance to the Company's shareholding proportion, which is in accordance to corporate governance policy of subsidiaries and associated companies. An approval from the Board is needed. the company's representatives would be sent to serve as the highest executive in the said subsidiaries. Furthermore, the Company also nominates and interview accountant, accounting and finance managers, or accountants for subsidiaries, to monitor subsidiaries' accounting practice.

The Company takes control and produce consolidated financial statements by a joint-work between the subsidiaries' accounting function. Subsidiaries' performance was monitored regularly, including setting process for preparing consolidated financial statements. This ensure that the Company's consolidated financial statements is accurate and finished

timely. The Company emphasizes the importance of setting the subsidiaries' auditor to be from the same audit office with the auditor of the Company. The Company therefore plan to let the Company's auditors of the Company and subsidiaries be completely under the same network in the future.

Furthermore, the Company has the delegation of authority to proceed with the subsidiaries, ensuring that the operation is effective via significant transaction, or material transaction, such as large investment, business expansion, debts or obligations, conducting a transaction that deemed as acquisition or disposal of assets, or other intercompany transaction, which needs to be approved by the Board, directors executives, managing director of the said companies; all in all, also representatives of the Company or the Board and/or the Company's shareholders, and/or related agencies (if applicable) prior to taking actions.

## 5. Insider Trading Policy

The Company have established a policy and procedures for overseeing and preventing directors, executives, and employees from using our inside information that has not been disclosed to the public for personal gain and securities trading. The Company's policy includes the following:

- (1) The Company will ensure that the directors and executives are informed of their duty to prepare and submit a report regarding the securities of the Company they hold, as well as any securities in the Company held by their spouses, reputed spouses, minor children and any juristic person in which the directors and executives, their spouses, reputed spouses and minor children hold more than 30% of the total voting rights, to the SEC, in compliance

with Section 59 and the penal provision under Section 275 of the Securities and Exchange Act. The abovementioned persons also have the duty to report their acquisition or disposal of the securities of the Company in compliance with Section 246 and the penal provision under Section 298 of the Securities and Exchange Act.

- (2) The Company requires that the directors and executives prepare and submit a report regarding the securities of the Company they hold, as well as any securities in the Company held by their spouses, reputed spouses, minor children and any juristic person in which the directors and executives, their spouses, reputed spouses and minor children hold more than 30% of the total voting rights, using the securities holding report form, to the Company Secretary prior to submission to the SEC within 30 days from the date of their appointment as a director and/or executive and every time any changes occur. If there is any change to the securities holding, the report on the change of the securities holding to reflect such change shall be prepared and submitted within three business days from the date on which the securities trading, transfer or receipt of transfer transaction takes place. Every six months, the Company Secretary shall prepare a summary of the securities holding and change of securities holding reports for presentation during the Board of Directors meeting and acknowledgement by the Board of Directors.
- (3) The Company requires that the directors, executives, and employees holding an executive position at the division manager level and above in the Finance and Account Division, and all relevant staff and persons who are assumed to know or possess inside information under the Securities and Exchange Act, or



are aware of material inside information that will affect the price or value of a security, be prohibited from trading, making trade offers to trade the securities of the Company, soliciting others to trade or make trade offers to trade the securities of the Company (whether directly or indirectly), during the period prior to the disclosure of the Company's financial statements or information relating to its financial position and status to the public, or the embargo period, being the one month period prior to and including the date on which the Company discloses its operational and financial results on a quarterly and annual basis. The Company will inform the directors and executives by a notice in writing to suspend trading of the Company's securities at least one month prior to the disclosure of the information to the public, and to wait at least 24 hours after the information disclosure to the public to resume trading. Directors and executives are prohibited from disclosing any material inside information to third parties.

- (4) The Company prohibits the directors, executives, and employees of the Company and its subsidiaries, as well as other persons who are assumed to know or possess inside information under the Securities and Exchange Act (the "Insiders") from using, whether directly or indirectly, the inside information of the Company and its subsidiaries, which has or may have an impact on the price of the Company's securities and which has not yet been disclosed to the public but was made known to them ("Non-public Information"), for making trade offers to trade the securities of the Company, or soliciting others to trade or make trade offers to trade the securities of the Company (whether directly or indirectly). This prohibition shall apply regardless of whether

such act is taken for an Insider's personal gain or for the benefit of others. Insiders shall not disclose any Non-public Information for the purpose of having third parties commit the same acts, regardless of whether or not they gain benefits in return.

- (5) The Company imposes on current and former directors, executives, and employees of the Company and its subsidiaries a duty to maintain confidentiality of all secrets and/or inside information of the Company, its subsidiaries, and its business partners and their subsidiaries, which they have come to know in the course of their performance. The secrets and/or inside information of the Company, its subsidiaries, and its business partners and their subsidiaries shall not be used for the benefit of other companies. Those secrets and/or inside information shall not be disclosed to any third party even if the disclosure thereof will not have an adverse impact on the Company, its subsidiaries, or its business partners and their subsidiaries.
- (6) The directors, executives, and employees of the Company and its subsidiaries shall not abuse their authority in the Company and its subsidiaries or use the any inside knowledge or other information which was made known to them or which they have come to know in the course of their performance of their duties for the Company and/or its subsidiaries, and which has not been disclosed to the public, to unlawfully seek benefits, or disclose such inside knowledge or other information to third parties for their personal gain or for the benefit of others, whether directly or indirectly, regardless of whether or not they gain benefits in return.
- (7) The Company imposes on the directors, executives, and employees of the Company

and its subsidiaries a duty to comply with the guidelines for the use of inside information prescribed by the Securities and Exchange Act and all other relevant rules and regulations.

- (8) Disciplinary measures have been established and disciplinary action including written warnings, deduction of wages, suspension of work without pay, or termination of employment will be taken against executives and relevant staff who use inside information in order to seek personal gains. The type of disciplinary action warranted will be based on the nature and seriousness of the prohibited act.

## 6. Sanction Policy

The U.S. and other jurisdictions or organizations, including the EU and the United Nations have comprehensive or broad economic sanctions targeting countries such as the Sanctioned Countries and Sanctioned Persons.

Board of Directors Meeting No. 4/2017 held on May 3, 2017, the Board of Directors adopted a sanctions policy designed to prevent the Company from engaging in any dealings or transactions with a person who carries on a business in one of the Sanctioned Countries, or individuals and/or entities specified on the list of Specially Designated Nationals and Blocked Persons (“Specially Designated Nationals” or “SDNs”). The Company have no plans to make any investments in any Sanctioned Countries. The policy covers all types of requests, or any other form of solicitation to enter into any dealings, from a government of, a person with nationality of, or a person who carries on a business in, any of the Sanctioned Countries, or from persons that are SDNs (each, a “Solicitation”). Once identified, based on the policy, the President following consultation with the Chief Executive Officer or Chief Financial Officer of

the Company, will reject the Solicitation.

## 7. Antitrust Policy

Board of Directors Meeting No. 4/2017 held on May 3, 2017, the Board of Directors adopted an antitrust policy as part of our efforts to ensure compliance with antitrust laws. To mitigate the company’s risks of breaching antitrust laws, the company’s antitrust policy sets out examples of activities that may violate antitrust laws that all our employees are prohibited from engaging in. Examples of prohibited activities are engaging in cartel behavior, including price fixing, customer or market allocation and the boycott of certain customers, suppliers or competitors, anti-competitive monopolistic behavior, including predatory pricing and forcing unfair trading conditions on trading partners, and other anti-competitive conduct.

The policy requires all employees to report as soon as possible to their direct supervisor, who shall be obligated to further discuss with the Chief Executive Officer, or the President, immediately: (1) any conduct that is an actual violation of the antitrust laws; (2) any conduct that the employee suspects might be a violation of the antitrust laws; and (3) any suspicious conduct that might constitute evidence of a violation.

## 8. Auditor’s Remuneration

For the years ended December 31, 2016, The Company paid remuneration to the auditors, EY Office Limited in Thailand and Vietnam and other auditors in other countries, in total, 7,929,509.0 Baht, with additional service fees of 140,401.3 Baht.

At the end of fiscal year, December 31, 2017, the Company paid remuneration to the auditors, EY Office Limited in Thailand and Vietnam, and other auditors in other countries, in total 6,668,932.2 Baht, with additional service fees of 217,965.0 Baht.

# Details of Boards, Executives, Authorized Directors and Company secretary

## 1. Mr. Prachak Tangkaravakoon

Chairman of the Board and Executive Director

Age 74 years

### Education/Training

- Mini MBA, Thammasat University
- Bachelor's degree, Bangkok Thonburi University
- Director Accreditation Program (DAP) 21/2004, Thai Institute of Directors (IOD)

### Company's Shareholding Percentages<sup>(1)</sup>

21.0%

- Directly held 4.5%, Indirectly held through TOAGH 6.0% Total 10.5%
- Held by spouse 4.5%, held through TOAGH 6.0% Total 10.5%

### Family relationship among directors and executives

- The spouse's Mrs. Laor Tangkaravakoon
- The father's 1) Mr. Vonnarat Tangkaravakoon  
2) Mr. Jatuphat Tangkaravakoon  
3) Mr. Nattavuth Tangkaravakoon and  
4) Mrs. Busatree Wanglee

### Work experience

#### 2016 - Present

Chairman of the Board and Executive Director  
TOA Paint (Thailand) Public Company Limited

#### 1996 – Present

Director

Sherwood Chemical Public Company Limited

#### 1994 – Present

Director Takata-TOA Co., Ltd.

#### Present

- Director TOA Paint (Vietnam) Co., Ltd.
- Director TOA-Chugoku Paints Co., Ltd.

- Director TOA Group Holding Co., Ltd.
- Director Pings Surawong International Co., Ltd.
- Director Sinsubtawee (1987) Co., Ltd.
- Director TOA Chemical Industries Co., Ltd.

#### 1989 - 2016

Executive Chairman TOA-Shinto (Thailand) Co., Ltd.

#### 1988 - 2016

Director TOA Performance Coating Corporation Co., Ltd.

#### 1977 – 2016

Chairman of advisor

TOA Paint (Thailand) Public Company Limited

## 2. Mrs. Laor Tangkaravakoon

Vice chairman and Executive Director

Age 71 years

### Education/Training

- Bachelor's degree in Political Science, Ramkhamhaeng University

### Company's Shareholding Percentages<sup>(1)</sup>

21.0%

- Directly held 4.5%, Indirectly held through TOAGH 6.0% Total 10.5%
- Held by spouse 4.5%, held through TOAGH 6.0% Total 10.5%

### Family relationship among directors and executives

- The spouse's Mr. Prachak Tangkaravakoon
- The mother's 1) Mr. Vonnarat Tangkaravakoon  
2) Mr. Jatuphat Tangkaravakoon  
3) Mr. Nattavuth Tangkaravakoon and  
4) Mrs. Busatree Wanglee

Note: <sup>(1)</sup> Percentage of the company shareholding include held personality, spouse and minor children as at December 29, 2017

### Work experience

#### 2016 – Present

Vice chairman and Executive Director  
TOA Paint (Thailand) Public Company Limited

#### Present

- Director TOA Group Holding Co., Ltd.
- Director TOA Chemical Industries Co., Ltd.

#### 2011 – 2016

Vice Chairman of Advisor TOA Paint (Thailand)  
Public Company Limited

### 3. Mr. Vonnarat Tangkaravakoon

Director, Executive Director and Authorized  
Director

Age 46 years

#### Education/Training

- Bachelor's degree in Managerial Accounting,  
Chulalongkorn University

#### Company's Shareholding Percentages <sup>(1)</sup>

13.5%

- Directly held 9.0%, Indirectly held through  
TOAGH 4.5% Total 13.5%

#### Family relationship among directors and executives

- Son's Mr. Prachak Tangkaravakoon and  
Mrs. Laor Tangkaravakoon
- Brother's 1) Mr. Jatuphat Tangkaravakoon  
2) Mr. Nattavuth Tangkaravakoon and  
3) Mrs. Busatree Wanglee

### Work experience

#### 1998 - Present

Director and Executive Director  
TOA Paint (Thailand) Public Company Limited

#### 2017 - Present

TOA Group Holding Co., Ltd.

#### 2014 - Present

Chairman and Chief Executive Officer  
MM Logistics Company Limited

#### 2015 - Present

Chairman and Chief Executive Officer  
Phelps Dodge International (Thailand) Co., Ltd.

#### 2011 - Present

Director Sherwood Chemical Public Company Limited

#### Present

- Director British Paints Co., Ltd.
- Director Imagica Co., Ltd.
- Director TOA Paint (Vietnam) Co., Ltd.
- Director TOA Paint Products Sdn. Bhd.
- Director TOA Coating Sdn. Bhd.
- Director Team A Holding 2 Co., Ltd.
- Director TOA Co., Ltd.
- Director TOA Auto Sales Co., Ltd.
- Director TOA Chemical Industries Co., Ltd.
- Director TOA Venture Holding Co., Ltd.
- Director TOA Holding Co., Ltd.
- Director Erawan Sugar Co., Ltd.
- Director PT Real Estate Co., Ltd.
- Director Poolpholsap Co., Ltd.
- Director Wealth Business Co., Ltd.
- Director Wealth Property Co., Ltd.
- Director Wor.Patrawut (1987) Co., Ltd.
- Director iTOA Auto Sales Co., Ltd.
- Director Best Auto Sales Co., Ltd.
- Director Ekamai Charoensuk Holding Co., Ltd.
- Director Erawan Power Co., Ltd.
- Director N.E. BIO Energy Co., Ltd.

### 4. Mr. Jatuphat Tangkaravakoon

Director, Chairman of Executive Committee  
Nomination and Remuneration Director and Chief  
Executive Officer and Authorized Director  
Age 44 years

#### Education/Training

- Master's degree in Management,  
Purdue University
- Bachelor's degree in Business Administration,  
Chulalongkorn University

- Director Accreditation Program (DAP) 14/2014, Thai Institute of Directors (IOD)

#### Company's Shareholding Percentages <sup>(1)</sup>

13.5%

- Directly held 9.0%, Indirectly held through TOAGH 4.5% Total 13.5%

#### Family relationship among directors and executives

- Son's Mr. Prachak Tangkaravakoon and Mrs. Laor Tangkaravakoon
- Brother's 1) Mr. Vonnarat Tangkaravakoon  
2) Mr. Nattavuth Tangkaravakoon and  
3) Mrs. Busatree Wanglee

#### Work experience

##### 2011 – Present

Director, Chairman of Executive Committee  
Nomination and Remuneration Director and Chief  
Executive Officer

TOA Paint (Thailand) Public Company Limited

##### 2008 - Present

Acting Managing Director Erawan Sugar Co., Ltd.

##### Present

- Director Captain Coating Co., Ltd.
- Director British Paints Co., Ltd.
- Director Imagica Co., Ltd.
- Director Professional PC Service Co., Ltd.
- Director TOA Paint (Vietnam) Co., Ltd.
- Director TOA Paint Products Sdn. Bhd.
- Director TOA Coating Sdn. Bhd.
- President TOA Paint (Myanmar) Co., Ltd.
- President TOA Coating (Myanmar) Co., Ltd.
- Chairman of Board of Director TOA Paint (Cambodia) Co., Ltd.
- Chairman of Board of Director TOA Skim Coat (Cambodia) Co., Ltd.
- President TOA Paint (Laos) Co., Ltd.
- Director TOA Group Holding Co., Ltd.
- Director TOA Co., Ltd.

- Director TOA Chemical Industries Co., Ltd.
- Director TOA Holding Co., Ltd.
- Director Thaval Co., Ltd.
- Director Khembus Co., Ltd.
- Director Erawan Power Co., Ltd.
- Director Lad Swai Agriculture Co., Ltd.
- Director The Thai Sugar Trading Corporation Ltd.
- Director Sabsin Business Holding Co., Ltd.
- Director Bangyai Dinthong Co., Ltd.
- Director Sinsap Real Estate Co., Ltd.
- Director Erawan Supply Group Co., Ltd.
- Director Erawan Ethanol Co., Ltd.
- Director Erawan Holding Co., Ltd.
- Director LT & Son Co., Ltd.
- Director Thai Sugar Millers Corporation Limited
- Director Thai Saeng Charoen Company Limited
- Director N.E.Bio Energy Company Limited

## 5. Mr. Nattavuth Tangkaravakoon

Director and Authorized Director

Age 43 years

#### Education/Training

- Master's of science degree in Engineering Management, University of Southern California, USA
- Bachelor's degree in Engineering, Chulalongkorn University

#### Company's Shareholding Percentages

13.5%

- Directly held 9.0%, Indirectly held through TOAGH 4.5% Total 13.5%

#### Family relationship among directors and executives

- Son's Mr. Prachak Tangkaravakoon and Mrs. Laor Tangkaravakoon
- Brother's 1) Mr. Vonnarat Tangkaravakoon  
2) Mr. Jatuphat Tangkaravakoon and  
3) Mrs. Busatree Wanglee

## Work experience

### 2011 – Present

- Director TOA Paint (Thailand) Public Company Limited

### 2016 – Present

- Managing Director iTOA Auto Sales Co., Ltd.
- Director Shinto TOA Vietnam Co., Ltd.

### 2011 – Present

- Director TOA Performance Coating (Vietnam) Co., Ltd.

### 2010 – Present

- Director TOA Paint (Malaysia) Sdn. Bhd.

### 2009 – Present

- Director TOA-Chugoku Paints Co., Ltd.
- President TOA Performance Coating Corporation Co., Ltd.

### 2005 – Present

- President TOA-Shinto (Thailand) Co., Ltd.
- Director Takata-TOA Co., Ltd.

### 2004 – Present

- Managing Director TOA-Union Paint (Thailand) Co., Ltd.

### Present

- Director British Paints Co., Ltd.
- Director Imagica Co., Ltd.
- Director TOA Paint (Vietnam) Co., Ltd.
- Director TOA Paint Products Sdn. Bhd.
- Director TOA Coating Sdn. Bhd.
- Director TOA Group Holding Co., Ltd.
- Director TOA Auto Sales Co., Ltd.
- Director TOA Co., Ltd.
- Director TOA Chemical Industries Co., Ltd.
- Director TOA Venture Holding Co., Ltd.
- Director TOA Holding Co., Ltd.
- Director Sabsin Business Holding Co., Ltd.
- Director TOA-PPIH Company Limited
- Director TOA-ISM Auto Refinish Paint Ltd.
- Director Phrom Phicha Panich Co., Ltd.
- Director Millionaire Co., Ltd.

- Director JCE-TOA Company Limited
- Director Erawan Holding Co., Ltd.
- Director Thai Saeng Charoen Company Limited
- Director N.E.Bio Energy Company Limited

## 6. Mrs. Busatree Wanglee

Director, Executive Director, Executive Vice President, Office of Chief Executive Officer and Authorized Director

Age 40 years

### Education/Training

- Master's degree in Business Administration, University of Virginia, USA
- Bachelor's degree in Accounting, Chulalongkorn University
- Director Accreditation Program (DAP) 67/2007, Thai Institute of Directors (IOD)

### Company's Shareholding Percentages<sup>(1)</sup>

13.5%

- Directly held 9.0%, Indirectly held through TOAGH 4.5% Total 13.5%

### Family relationship among directors and executives

- Daughter's Mr. Prachak Tangkaravakoon and Mrs. Laor Tangkaravakoon
- Sister's 1) Mr. Vonnarat Tangkaravakoon  
2) Mr. Jatuphat Tangkaravakoon and  
3) Mr. Nattavuth Tangkaravakoon

### Work experience

#### 2001 – Present

Director, Executive Director, Executive Vice President, Office of Chief Executive Officer TOA Paint (Thailand) Public Company Limited

#### Present

- Director Captain Coating Co., Ltd.
- Director British Paints Co., Ltd.
- Director Imagica Co., Ltd.
- Director Professional PC Service Co., Ltd.



- Director TOA Paint (Vietnam) Co., Ltd.
- Director TOA Group Holding Co., Ltd.
- Director TOA Co., Ltd.
- Director TOA Chemical Industries Co., Ltd.
- Director TOA Holding Co., Ltd.
- Director Erawan Sugar Co., Ltd.
- Director PT Real Estate Co., Ltd.
- Director Poolpholsap Co., Ltd.
- Director Wealth Business Co., Ltd.
- Director Wealth Property Co., Ltd.
- Director Wor.Patrawut (1987) Co., Ltd.
- Director Khembus Co., Ltd.
- Director Best Auto Sales Co., Ltd.
- Director Ekamai Charoensuk Holding Co., Ltd.
- Director Erawan Power Co., Ltd.
- Director Sherwood Chemical Co., Ltd.
- Director Taweasab Real Estate Company Limited
- Director Taweasab Holding Company Limited
- Director T.S.O Trade Center Co., Ltd.
- Director Pinklao Garden City Co., Ltd.
- Director PT Real Estate Ltd.
- Director Poonsinsap Business Company Limited
- Director Poonsinsap Real Estate Company Limited
- Director Wealth Real Estate Co., Ltd.
- Director Mangkang Sinsap Holding Co., Ltd.
- Director Mangkang Trading Co., Ltd.
- Director Rayong Polimers Corporation Ltd.
- Director Natural Park Properties Co., Ltd.
- Director Natural Park Home Co., Ltd.
- Director Erawan Ethanol Co., Ltd.
- Director Erawan Holding Co., Ltd.
- Director LT & Son Co., Ltd.
- Director Thai Saeng Charoen Company Limited
- Director N.E.Bio Energy Company Limited

#### Education/Training

- Master's degree in Business Administration, Tarleton State University, USA
- Bachelor's degree in Accounting, Chulalongkorn University
- Bachelor's degree in Business Administration, Kirk University
- The Board's Role in Mergers and Acquisitions (M&A 1/2011), Thai Institute of Directors (IOD)
- Director Certification Program (DCP 119/2009), Thai Institute of Directors (IOD)
- Financial and Fiscal Management Program for Senior Executive, Class 1
- PTT Executive Leadership Development GE Crotonville, USA
- Capital Market Academy, Class 14, Capital Market Academy
- Certificate of NIDA-Wharton Executive Leadership Program, Wharton University of Pennsylvania, USA
- Certificate of Completion CFO Certification Program, Federation of Accounting Professions under the Royal Patronage of His Majesty the King
- Sasin Senior Executive Program (SEP13), Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Certificate of Insurance College of Insurance, London
- Advance Audit Committee Program (AAP25/2017)

#### Company's Shareholding Percentages<sup>(1)</sup>

-

#### Family relationship among directors and executives

-

## 7. Mrs. Prisana Praharnkhasuk

Independent Director Nomination and Remuneration  
 Director and Chairman of Audit Committee  
 Age 63 years

## Work experience

### 2016 - Present

- Independent Director and Chairman of Audit Committee and Nomination and Remuneration Committee TOA Paint (Thailand) Public Company Limited
- Independent Director and Audit Committee Bangchak Petroleum Public Limited Company
- Independent Director and Chairman of the Audit Committee Thai Credit Guarantee Corporation
- Director Siam Solar Power Public Company Limited
- Director the Workmen's Compensation Fund (No. 10)

### 2017 - Present

- Independent Director and Chairman of Audit Committee Industrial Estate Authority of Thailand

### Present

- Director Siamese Asset Co., Ltd.

### 2011 - 2017

Director and the President Managing Account  
The Federation of Accounting Professions

### 2009 - 2017

Director and Chairman, Investment Committee  
Dhipaya Insurance Public Limited Company

### 2015 - 2016

- President TOP Maritime Service Co., Ltd.
- Director Thai Oil Marine Co., Ltd.

### 2014 - 2015

- Deputy Managing Director of Finance and Accounting Thai Oil Public Limited Company
- Director Thai Paraxylene Public Limited Company
- Director Sukchai Sit Co., Ltd.
- Director Thai Lube Best Co., Ltd.
- Director Thai Oil Ethanol Co., Ltd.
- Director TOP SPP Co., Ltd.

- Director Sub-Tip Co., Ltd.
- Director Maesod Clean Energy Co., Ltd.

### 2006 - 2013

Assistant Managing Director Corporate Accounts  
PTT Public Limited Company

## 8. Mrs. Chanatip Weerasubpong

Independent Director and Audit Committee

Age 62 years

### Education/Training

- Master's degree in Political Science, Thammasat University
- Master's degree in Accounting, Thammasat University
- Bachelor's degree in Law, Ramkhamheang University
- bachelor's degree in Accounting, Thammasat University
- The Joint State-Private Course (Class 20), Thailand National Defence College
- Anti-Corruption for Executive Program (ACEP 14/2015), Thai Institute of Directors Association
- Corporate Governance for Capital Market Intermediaries (CGI 6/2015), Thai Institute of Directors Association
- Advanced Audit Committee Program (AACP 14/2014), Thai Institute of Directors Association
- Director Certification Program (DCP 176/2013), Thai Institute of Directors Association
- Top Executives in the Energy Education Program (Class 7), Thailand Energy Academy
- Executive Program (Class 19), Capital Market Academy (CMA)
- Executive Program, Advanced Justice Process (Class 18), Judicial Training Institute
- Governance for Directors and Executives of Enterprises and Public Organizations, Class 12, Public Directors Institute

- Executive Finance Management Program, Fiscal Policy Research Institute Foundation
- HR Management Program, University of California, Berkeley, USA
- Strategic Advisor Program, Kellogg School of Management, USA

#### Company's Shareholding Percentages <sup>(1)</sup>

-

#### Family relationship among directors and executives

-

#### Work experience

##### 2016 - Present

- Independent Director and Audit Committee TOA Paint (Thailand) Public Company Limited
- Independent Director and Audit Committee JJ Advance Public Company Limited

##### 2014 - 2015

Principal Advisor of Taxbased Management, Revenue Department

##### 2012 - 2014

Deputy Director Tax Administration Revenue Department

##### 2004 - 2008

Deputy Director of the Bureau of Large Business Tax Administration Revenue Department

## 9. Mr. Veerasak Kositpaisal

Independent Director, Chairman of Nomination and Remuneration committee and Audit Committee

Age 63 years

#### Education/Training

- Master's degree in Mechanical Engineering, Texas A&I University, USA
- Bachelor's degree in Mechanical Engineering, Chulalongkorn University
- Director Certification Program (DCP 82/2006), Thai Institute of Directors Association

- Finance for Non-Finance Directors Program (FND 30/2006), Thai Institute of Directors Association
- Top Executive Program in Commerce and Trade (TEPCoT 2/2009), Commerce Academy, University of the Thai Chamber of Commerce
- Executive Program, Energy Education, Class 5, Thailand Energy Academy
- Leadership Development Program "Enhancing Competitiveness", International Institute for Management Development (IMD)
- Executive Program (Class 11), Capital Market Academy (CMA)

#### Company's Shareholding Percentages <sup>(1)</sup>

-

#### Family relationship among directors and executives

-

#### Work experience

##### 2016 - Present

- Independent Director, Chairman of Nomination and Remuneration committee and Audit Committee TOA Paint (Thailand) Public Company Limited
- Specialist in Good Corporate Governance and Social Responsibility The Stock Exchange of Thailand and its subsidiaries

##### 2015 - Present

Independent Director, Chairman of Corporate Governance Committee and Member of Risk Management Committee, MCOT Public Limited Company

##### 2014 - Present

Chairman of the Board HMC Polymers Co., Ltd.

##### 2010 - Present

Chief Executive Officer Institute of Industrial Energy The Federation of Thai Industries

##### 2008 - Present

Vice President Federation of The Thai Industries

**Present**

Director sub-Tip Co., Ltd.

**2012 - 2014**

Chief Executive Officer Thai Oil Public Limited Company

**2011 - 2012**

Chief Executive Officer PTT Global Chemical Public Company Limited

## 10. Mr. Pongcherd Jameekornkul

Executive Director, President and Acting Vice President and Overseas Business Division 2  
Age 55 years

**Education/Training**

- Master's degree in Management (Marketing), Sasin Graduate Institute of Business Administration, Chulalongkorn University
- Master's degree in Business Administration from Thammasat University
- Bachelor of Civil Engineering from King Mongkut's Institute of Technology
- Thailand and ASEAN Community in Global Political Economy, King Prajadhipok's Institute
- Public Participation Development for Executives, King Prajadhipok's Institute
- Certificate, Capital Market Academy Leadership Program (Class 25)

**Company's Shareholding Percentages <sup>(1)</sup>**

-

**Family relationship among directors and executives**

-

**Work experience**

**2013 - Present**

Executive Director, President and Acting Vice President and Overseas Business Division 2 TOA Paint (Thailand) Public Company Limited

**2015 - Present**

- President Captain Coating Co., Ltd.
- President British Paints Co., Ltd.

**2013 - Present**

- President Professional PC Service Co., Ltd.

**Present**

- Director TOA Paint (Vietnam) Co., Ltd.
- Director TOA Paint Products Sdn. Bhd.
- Director TOA Coating Sdn. Bhd.
- Director TOA Paint (Myanmar) Co., Ltd.
- Director TOA Coating (Myanmar) Co., Ltd.
- President PT TOA Coating Indonesia
- President PT TOA Paint Indonesia
- Director TOA Paint (Cambodia) Co., Ltd.
- Director TOA Skim Coat (Cambodia) Co., Ltd.
- Director TOA Paint (Laos) Co., Ltd.

**2008 - 2012**

Vice President

TOA Paint (Thailand) Public Company Limited

**2000 - 2007**

Vice President, Marketing and Selling

TOA Paint (Thailand) Public Company Limited

**1997 - 1999**

Vice president, Selling Division

TOA Paint (Thailand) Public Company Limited

## 11. Ms. Feungladda Chirawiboon

Vice President, Overseas Business Division 3  
Age 54 years

**Education/Training**

- Master's degree in Business Administration in Marketing, National Institute of Development Administration
- Bachelor of Chemistry, King Mongkut's Institute of Technology
- Thailand and ASEAN Community in Global Political Economy, King Prajadhipok's Institute

### Company's Shareholding Percentages <sup>(1)</sup>

-

### Family relationship among directors and executives

-

### Work experience

#### Present

- Vice President, Overseas Business Division 3 TOA Paint (Thailand) Public Company Limited
- Director TOA Paint (Myanmar) Co., Ltd.
- Director PT TOA Coating Indonesia
- Director PT TOA Paint Indonesia

#### 2011 - 2017

Vice President, Non-Decorative Product Division and Overseas Business Division 3 TOA Paint (Thailand) Public Company Limited

#### 2006 - 2009

Senior Manager, Business Development Division TOA Paint (Thailand) Public Company Limited

#### 2002 - 2006

Senior Manager, New Product Development Division TOA Paint (Thailand) Public Company Limited

#### 1997 - 2002

Manager, Marketing Division TOA Paint (Thailand) Public Company Limited

#### 1995 - 1997

Manager, Project Selling TOA Paint (Thailand) Public Company Limited

#### 1993 - 1995

Assistant Manager, Project Selling TOA Paint (Thailand) Public Company Limited

#### 2009 - 2011

Country Manager TOA Paint (Vietnam) Co., Ltd.

## 12. Ms. Bancharee Maneedith

Vice President, Research and Development, Quality Control and Technical Support Division  
Age 56 years

### Education/Training

- Bachelor of Science in Organic Chemistry, Silapakorn University
- Business Analysis Program, Faculty of Economics, Chulalongkorn University
- Paint Technology course The Paint Research Association (PRA), UK
- ISO 9001 Program, Thai Industrial Standards Institute (TISI)
- ISO/IEC Guide 25 (ISO 17025), Nation Measurement Accreditation Service (NAMAS)
- Executive Development Program, Center for International Studies, Thammasat University
- Efficient Management of Work, Executive Development Program, National Institute of Development Administration
- Modern Management Program, Management Development Program, National Institute of Development Administration

### Company's Shareholding Percentages <sup>(1)</sup>

-

### Family relationship among directors and executives

-

### Work experience

#### 2014 - Present

Vice President, Research and Development, Quality Control and Technical Support Division TOA Paint (Thailand) Public Company Limited

#### 2010 - 2014

Assistant Vice President, Research and Development, Decorative and Technical Support Division TOA Paint (Thailand) Public Company Limited

**2005 - 2010**

Senior Manager, Technical Department TOA Paint (Thailand) Public Company Limited

**1995 - 2005**

Manager, Technical for Protective Coatings Department TOA Paint (Thailand) Public Company Limited

**1990 - 1995**

Assistant Manager, Research and Development, Decorative Department TOA Paint (Thailand) Public Company Limited

**1985 - 1990**

Senior Chemist, Decorative Paint Product Department TOA Paint (Thailand) Public Company Limited

**1984 - 1985**

Chemist, Raw Material Department TOA Paint (Thailand) Public Company Limited

**Present**

Director TOA Coating (Myanmar) Co., Ltd.

**2009 - 2010**

Assistant Vice President, Retail Division TOA Paint (Thailand) Public Company Limited

**2007 - 2008**

Senior Manager, Sales Department TOA Paint (Thailand) Public Company Limited

**2006 - 2007**

Manager, Trade Development Department TOA Paint (Thailand) Public Company Limited

**2005 - 2006**

Manager, Sales Department TOA Paint (Thailand) Public Company Limited

**2002 - 2005**

Assistant Manager, Sales Department TOA Paint (Thailand) Public Company Limited

**2010 - 2011**

General Manager, Sales and Marketing Department Captain Coating Co., Ltd.

**2008 - 2010**

General Manager TOA Paint (Laos) Co., Ltd.

### 13. Mr. Worapoj Supimaros

Vice President, Retail Division

Age 49 years

**Education/Training**

- Master's degree in Business Administration, Kasetsart University
- Bachelor of Engineering, King Mongkut's Institute of Technology Ladkrabang

**Company's Shareholding Percentages <sup>(1)</sup>**

-

**Family relationship among directors and executives**

-

**Work experience**

**2011 - Present**

Vice President, Retail Division

TOA Paint (Thailand) Public Company Limited

### 14. Ms. Puangpen Saengphet

Vice President, Business Strategy and Marketing Communication Division

Age 49 years

**Education/Training**

- Master's degree in Marketing, Webster University, USA
- Bachelor of Arts, Thammasat University

**Company's Shareholding Percentages <sup>(1)</sup>**

-

**Family relationship among directors and executives**

-



### Work experience

#### Present

Vice President, Business Strategy and Marketing Communication Division TOA Paint (Thailand) Public Company Limited

#### 2011 - 2017

Vice President, Decorative Product and Marketing Communication Division TOA Paint (Thailand) Public Company Limited

#### 2009 - 2010

Assistant Vice President, Marketing Division in Decorative Paint TOA Paint (Thailand) Public Company Limited

#### 2007 - 2008

Senior Manager, Marketing Division in Decorative Paint TOA Paint (Thailand) Public Company Limited

#### 2006 - 2007

Manager, Marketing Division in Decorative : Medium Paint TOA Paint (Thailand) Public Company Limited

## 15. Ms. Suporn Lelatasnatorn

Executive Vice President, Resin Division  
Age 63 years

### Education/Training

- Executive Master's degree in Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor of Science in Chemistry, Chulalongkorn University

### Company's Shareholding Percentages <sup>(1)</sup>

-

### Family relationship among directors and executives

-

### Work experience

#### 2016 - Present

Executive Vice President, Resin Division TOA Paint (Thailand) Public Company Limited

#### 1983 - 2015

Deputy Managing Director TOA Chemical Industries Co., Ltd.

#### Present

Director TOA-Shinto (Thailand) Co., Ltd.

## 16. Ms. Taweeporn Patanakitraung

Executive Director, Vice President, and Assistant Vice President (Acting), Finance and Account Division  
Age 52 years

### Education/Training

- Master's degree in Business Administration, Ramkhamhaeng University
- Bachelor of Accounting, Kasetsart University

### Company's Shareholding Percentages <sup>(1)</sup>

-

### Family relationship among directors and executives

-

### Work experience

#### 2017 - Present

Executive Director, Vice President and Assistant Vice President (Acting) Finance and Account Division TOA Paint (Thailand) Public Company Limited

#### Present

- Director TOA Paint (Myanmar) Co., Ltd.
- Director TOA Coating (Myanmar) Co., Ltd.

#### 2011 - 2017

Assistant Vice President, Finance and Account Division TOA Paint (Thailand) Public Company Limited

#### 2008 - 2011

Senior Manager, Budget and Financial Analysis  
Department, Finance and Account Division TOA  
Paint (Thailand) Public Company Limited

#### 2001 - 2008

Manager, Budgeting and Financial Analysis  
Department, Finance and Account Division TOA  
Paint (Thailand) Public Company Limited

#### 1999 - 2001

Manager, Financial Management Department  
TOA Paint (Thailand) Public Company Limited

#### 1995 - 1999

Assistant Manager, Financial Management  
Department TOA Paint (Thailand) Public  
Company Limited

#### 1993 - 1995

Cost Accounting Controller TOA Paint (Thailand)  
Public Company Limited

### 17. Mr. Smith Sampattavanija

Vice President, Human Resources and Admin  
Division

Age 53 years

#### Education/Training

- Master's degree in Public Administration,  
Kentucky State University, USA
- Bachelor of Political Science, Ramkhamhaeng  
University
- National Qualification of Advance Professional  
Competence, Thailand Professional  
Qualification Institute
- HR Law for Organization Management, Thai  
Bar Under The Royal Patronage
- Advance Personal Management (APM 33),  
Personal Management Association of Thailand

#### Company's Shareholding Percentages <sup>(1)</sup>

-

#### Family relationship among directors and executives

-

#### Work experience

#### 2016 - Present

Vice President, Human Resources and Admin Division  
TOA Paint (Thailand) Public Company Limited

#### 2013 - 2015

Assistant Vice President, Human Resources  
and Admin Division TOA Paint (Thailand) Public  
Company Limited

#### 2007 - 2013

Manager, Human Resources and Admin Department  
Maxim Integrated Products (Thailand) Co., Ltd.

### 18. Mr. Somkid Ngernsongsang

Acting Vice President, Production Division

Age 55 years

#### Education/Training

- Master's degree in Business Administration,  
Ramkhamhaeng University
- Bachelor of Science in Chemistry, King Mongkut's  
Institute of Technology Ladkrabang

#### Company's Shareholding Percentages <sup>(1)</sup>

-

#### Family relationship among directors and executives

-

#### Work experience

#### 2017 - Present

Acting Vice President, Production Division TOA  
Paint (Thailand) Public Company Limited

#### 2011 - 2017

Assistant Vice President, Production Division TOA  
Paint (Thailand) Public Company Limited

#### 2011 - 2011

Senior Manager, Samrong Plant TOA Paint  
(Thailand) Public Company Limited

#### 2009 - 2011

Senior Manager overview TOA Paint (Vietnam)  
Co., Ltd TOA Paint (Thailand) Public Company  
Limited

**2008 - 2009**

Senior Manager, Emulsion Department  
TOA Paint (Thailand) Public Company Limited

**2001 - 2008**

Manager, Emulsion Department TOA Paint  
(Thailand) Public Company Limited

**1992 - 2001**

Assistant Manager, Production Planning Department  
TOA Paint (Thailand) Public Company Limited

**1988 - 1992**

Controller, Emulsion Department TOA Paint  
(Thailand) Public Company Limited

**19. Weerawong Chinnavat & Partners Ltd.**

Company Secretary by Mr.Banphot Kittikinglert,  
Senior Attorney, as Coordinator

**Education/Training**

- Formerly the Bangkok office of White & Case LLP, which first commenced business in Thailand in 1993. WC&P is an independent Thai law firm established on January 1, 2009.
- WC&P assist their customers in a full range of legal issues, including banking and finance, capital markets, corporate commercial, mergers and acquisitions, litigation, arbitration, dispute resolution, private and public debt restructuring, energy, infrastructure and project finance, real estate, licensing and permitting, in-court rehabilitation, bankruptcy and tax

**20. Mrs. Saovakhon Somabot**

Senior Manager, Finance and Accounting Division  
Age 50 years

**Education/Training**

- Master's degree in Accounting, Ramkhamhaeng University
- Bachelor's degree in accounting from Bangkok University
- Vocational Certificate in Accountancy  
Chao Phraya Commercial College of Technology

**Company's Shareholding <sup>(1)</sup>**

- 4,300 shares

**Family relationship among directors and executives**

-

**Work experience****2012 - Present**

Senior Manager, Financial and Account Division  
TOA Paint (Thailand) Public Company Limited

## Details of the Directors of the Subsidiaries Company

	Subsidiaries Company / Director	Mr. Prachak Tangkaravakoon	Mr. Vonnarat Tangkaravakoon	Mr. Jituphat Tangkaravakoon	Mr. Nattavuth Tangkaravakoon	Mrs. Busatree Wanglee	Mr. Pongchard Jameekornkul	Mr. Chairat Kosolwathawongse	Ms. Feungladda Chirawitboon	Mr. Paltoon Lertpenmaetha	Mr. Worapoj Supimarnos	Ms. Taweepon Patanakittraung
1	Captain Coating Co., Ltd.			I		I	III					
2	British Paint Co., Ltd.		I	I	I	I	III					
3	Professional PC Service Co., Ltd.			I		I	III					
4	Imagica Co., Ltd.		I	I	I	I						
5	TOA Paint (Vietnam) Co., Ltd.	I	I	I	I	I	I					
6	TOA Paint (Laos) Co., Ltd.			X			I					
7	TOA Paint Products Sdn. Bhd.		I	I	I		I					
8	TOA Coating Sdn. Bhd.		I	I	I		I					
9	PT TOA Paint Indonesia						X		I			
10	PT TOA Coating Indonesia						X	I	I	I		
11	TOA Paint (Myanmar) Co., Ltd.			X			I	I	I			I
12	TOA Coating (Myanmar) Co., Ltd.			X			I			I	I	I
13	TOA Skim Coat (Cambodia) Co., Ltd.			X			I					
14	TOA Paint (Cambodia) Co., Ltd.			X			I					

	Subsidiaries Company / Director	Mr. Naphong Harirugpaiboon	Sou Yong	Daw Thet Thet Nu Aung	Mr. paradorn Kunkongkaphan	U Myint Oo	Mrs. Yupaphan Sereenirach	Kriswanto Sanjaya Santoso	Mr. Thanom Chinaworn	Sok Hout	IWAN CHANDRA
1	Captain Coating Co., Ltd.										
2	British Paint Co., Ltd.										
3	Professional PC Service Co., Ltd.										
4	Imagica Co., Ltd.										
5	TOA Paint (Vietnam) Co., Ltd.										
6	TOA Paint (Laos) Co., Ltd.										
7	TOA Paint Products Sdn. Bhd.	I	I								
8	TOA Coating Sdn. Bhd.	I	I								
9	PT TOA Paint Indonesia						I	I			
10	PT TOA Coating Indonesia										I
11	TOA Paint (Myanmar) Co., Ltd.			I	I	I	I				
12	TOA Coating (Myanmar) Co., Ltd.								I		
13	TOA Skim Coat (Cambodia) Co., Ltd.									I	
14	TOA Paint (Cambodia) Co., Ltd.										

Remarks: X = Chairman of the Board I = Director III = Executive





# Corporate Social Responsibilities: CSR

## Overall Policy

The Company striving to operate its business, being responsible for various effects caused from its business operations, promoting transparent, verifiable and ethical business operations, upholding human rights principles, taking stakeholders' benefits into account, trying to produce quality and safe paints for consumers, caring for community and environment, conforming to law and other requirements or related international practices and developing and improving the foundation of continuous and sustainable social responsibility.

The Company believes that CSR is an integral part of our business and encourage volunteer activities among our staffs. The Company has been involved in various programs and activities as part of our endeavor to fulfill our corporate social responsibility. The Company has participated in CSR projects relating to reforestation

and vocational education. The Company is also a member of the CSR-DIW network. Bangna Plant has qualified for the CSR-DIW award in connection with the standard for corporate social responsibility set by the Department of Industrial Works every year since 2014 while Samrong Plant has qualified for the CSR-DIW award since 2015. In Vietnam, our subsidiary, TOA Paint (Vietnam) Co., Ltd, cooperates with Ho Chi Minh City's Social Welfare Center for Young People in the Colors of Love Program, a city-wide initiative which focuses on the repaint of dirty whitewash and peeled paint inside local schools' classrooms. In addition, we also participate in a project run by the Department of Industrial Works designed to encourage factories to be sustainably responsible towards the society and its surrounding communities.

## Corporate Culture Policy in Relation to the Environment

The Company operates a decorative and non-decorative paints and coating products business with the emphasis on the importance of maintaining economic development along with environmental management for sustainable development. As such, it is committed to promoting and instilling environment-related corporate cultures in all concerned parties, from the personnel of all levels to the company's stakeholders, such as business affiliates, customers, and the communities, by operating in accordance with the following guidelines:

1. Assess and implement countermeasures against the significant environmental impact that concern company personnel and stakeholders alike, and disclose information of said environmental impact to the public.
2. Establish and encourage environment related corporate cultures within company personnel and stakeholders across the supply chain, and implement strategies for continuous and sustainable development.
3. Promote environmental activities and emphasize on the education and participation of company personnel and stakeholders, and the creation of environmental values and morality that will grow into environment-related corporate cultures.
4. Strictly enforce and maintain legal and regulative compliance pertaining to the environment, including the adoption and application of global guidelines to reduce environmental impact.
5. Emphasize on and respect the human rights of company personnel and stakeholders by providing channels for complaints pertaining to environmental injustice.
6. Periodically follow up on and assess the sustainability of environment-related corporate

culture for the sake of continuous development and improvement.

## Waste Management Policy

In its desire to maintain a sustainable coexistence with its community and society and the commitment to create and promote an environment-centric business as well as corporate social responsibility, the Company creates the waste management policy that serves as an optimal guideline in managing waste generated from the production process. The policy consists of the following details:

1. Reduce the amount of waste that is released into the environment and contributes to its deterioration through the promotion of waste recycling practice.
2. Reduce the amount of disposed waste through the 3Rs (Re-use/Reduce/Recycle) waste management approach that will enhance the Company's systematic waste disposal.
3. Designate performance standards and promote all departmental analysis of appropriate waste reduction and waste disposal approach, as well as regularly monitor compliance with waste management standards.
4. Organise an interdepartmental communication and exchange of waste disposal knowledge and understanding in order to establish environment-related corporate culture and develop the association of waste management with all company personnel.
5. Organise periodical waste management performance audits in accordance with the established indicators, and regularly develop and improve waste management activities.
6. Designate a clear chain of command for internal waste management.



## Energy Policy

The Company operates a decorative and non-decorative paints and coating products business with a strong commitment towards the sustainable development of product and organization along with energy management. The Company considers energy management an essential element and the duty for all levels of management to give direct support and take responsibility for such matter, and for all personnel to cooperate and contribute to the continuous and sustainable energy management approach.

As such, the Company has designated its energy policy that serves as a guideline for energy operations and the promotion of efficient energy use for maximum benefits, with the following details:

1. Operate and develop an appropriate energy management system by designating energy management as part of the company's operations and ensure strict legal and regulatory compliance.
2. Continuously manage and improve an efficient approach to the use of energy resources that fits the Company's business framework, available technology, and good practice.
3. Designate the Company's annual action plan and goal for energy management and communicate with all personnel to ensure their understanding and accurate compliance.
4. The energy conservation is the duty and responsibility of all executives and employees at all levels and that they are required to deliver their cooperation to comply with the energy conservation measures, to monitor and report relevant issue to the Energy Management Committee.
5. Support by means of necessity, including resources, personnel, communication technology, budget, and the amount of time invested in training courses and participation through suggestion to ensure that energy operations are efficiently developed.
6. Assessment and control energy consumption to continuously improve energy efficiency and suit with company's energy consumption.
7. Design and procure machineries, tools, production equipment, and other services of necessity by taking the energy efficiency of said products and services into consideration.
8. Executives and Energy Management Committee shall revise the energy policy, goal and plan on annual basis.

## Social Responsibility and Anti-Corruption Policy

The Company conducts its business in accordance with the principles of corporate governance with transparency and accountability. It aims to concurrently improve its business and maintain a balance of economic, social and environmental awareness.

One of the Company's pledges is to be a good corporate citizen, which operates sustainably, grows steadily and gains public recognition based on its code of ethics and corporate governance. The Company also strives for healthy returns to shareholders; however, any effects of its operations may have on all stakeholders are always taken into account.

Taking the view that social responsibility is important, the Company has established a CSR policy consisting of the following components:

## 1. Business Conduct with Fairness

Guidelines to treat all stakeholders with responsibility are provided in the Company's code of conduct. Stakeholders include shareholders, employees, customers, trading partners, and contractual parties, as well as local communities, wider society and the environment. The Company's code of conduct also embraces the principles of free and fair competition, the prevention of conflicts of interest and infringements of intellectual property rights, and anti-corruption. Key policies can be summarized as follows:

### (1) Corporate governance

The Company aims to operate fairly, honestly and transparently, and with public accountability, as well as disclose material information. It always considers both the benefits and effects that may be experienced by shareholders, customers, trading partners, employees and all stakeholders. The Company considers the right and fair sharing of profit to be crucial.

### (2) Corporate social responsibility (CSR)

The Company pursues the CSR policy under the code of ethics to ensure fairness toward all stakeholders. The principles of corporate governance also serve as guidelines for the Company to maintain a balance between its performance and its economic, community, social and environmental awareness, which will lead to the success and sustainability of its business.

### (3) Compliance policy

The Company recognises the significance of compliance with laws, environment and health regulations and safety at local, national and regional levels. Including the code of conduct in accordance with international standards. All of its directors, executives and employees must comply with applicable laws, rules and regulations and avoid being involved in, supporting or otherwise dealing with a breach of law and related regulations.

## (4) Supervision of Compliance with Intellectual Property Laws

The Company does not conduct any operation that violates intellectual property rights by ensuring that its directors, management, and personnel act in compliance with the laws and regulations, and that they are not under any circumstance complicit in, contribute to, or act in such a way that violates the laws and regulations pertaining to intellectual property.

### (5) Responsible use of resources

All of the Company's directors, executives and employees are encouraged to appropriately, efficiently and sustainably use resources for the utmost benefit. The Company always communicates with all employees and stakeholders to promote and educate about the responsible use of resources for the benefit of the organisation, to ensure awareness of resource management is inherent in the Company.

## 2. Anti-Corruption

The Company has always conducted its business with transparency and awareness of the importance of all forms of anti-corruption by ensuring that its operations are lawful and beneficial to the society, and encouraging its personnel to work with morality and the duties of a good citizen in mind.

In this regard, the Company has imposed the Anti-Corruption Policy that serves as the guideline in its explicit prevention and opposition of corruption by creating a corporate culture that encourages the awareness of the harm of corruption for all involved parties, creates appropriate values, and inspires all stakeholders' confidence. The Company ensures that its anti-corruption framework proceeds effectively with the following details:

- (1) Forbid the directors, executives, and employees of all levels from abusing their authority or failing altogether to act within their scope of responsibilities, acting in such a way that constitutes legal and moral violation, either a direct and indirect complicit party to all forms of corruption, and seek profit by unlawful means, such as demanding and offering of valuables to public officials or the Company's business partners.
- (2) Define the principles for giving or receiving gifts or entertainment as part of the Company's Code of Conduct. Employees must not offer, demand, receive, or agree to receive money, items, meals, entertainment, or any other benefits which may give rise to the suspicion of bribery and corruption behavior. Gifts received should be sensible, are not related to business commitment, and must not be in the form of cash or cash equivalents. Employees must always be aware that all actions and non-actions must take into transparency, fairness, and accountability.
- (3) Set regulations on procurement, and objectives for entering into transactions, agreements, disbursement or any contract; whereby each step requires definitive supporting evidence and appropriate designation of authority for each level of management.
- (4) Communicate the values of Anti-Corruption Policy to work units within the Company via various channels such as employee training, the Company's internal communication channels to inform the relevant parties to ensure further compliance.
- (5) Establish whistleblower channels by providing a variety of communication channels for employees and stakeholders to raise concerns. Additionally,

the Company implements its whistleblower protection program by strictly regulating and protecting the witness's identity, allowing them to avoid retaliation in the form of unfair punishment, transfer, or workplace harassment in any way, as well as appointing personnel to investigate and monitor the complaints.

- (6) Formulate its anti-corruption measures in accordance with related laws, including the principles of moral. Risk assessment is conducted on activities that are related or at risk for corruption and the results were used in preparing countermeasures and preventive strategies through consistent internal communication.
- (7) Should the directors, executives, and employees act in such a way that directly or indirectly violates or constitutes non-compliance with the policy, they will be subjected to disciplinary punishment as stipulated by the Article of Association of the Company or conviction on law.

As such, all employees are required to understand and comply with each and every procedure introduced by the anti-corruption policy, and immediately report any wrongdoing or action that violates such policy to the authorized supervisor or department.

### 3. Respect for human rights

The Company recognises the importance of respect for human rights, and emphasises the equitable treatment of those within and outside of the Company. The Company constantly monitors and do not let the business of the company get involved with the direct or indirect infringements of an individual's rights or freedoms e.g. forced labour and child labour. It also stresses the fair and respectful treatment of all stakeholders on the basis of human dignity, and issues of equal treatment for all company

employees, which include discrimination by origin of birth, race, gender, age, complexion, religion, physical appearance, social status or class, genealogical history, or other statuses that do not directly affect work performance, are strongly opposed. Internally, the Company promotes a mechanism for the monitoring of all employees compliance with its rules on human rights, encourages the compliance with the international standards of human rights, and ensure that the business responsibility pertaining to human rights are shared by all parties involved, from company affiliates, joint ventures, and business partners.

#### 4. Fair labor practices

The employees' right to enjoy a working life in a good and respectful environment is highlighted on the Company's agenda. Employees at all levels are encouraged to treat their colleagues with respect. Taking advantage of other colleagues is ardently discouraged. In relation to labor practices, the Company has a comprehensive policy of human resources management involving recruitment, HR development and training, fair remuneration and welfare benefits. All employees are offered opportunities for career prospects, with training courses provided to employees at all levels with a view to improving their professional skills. Key policies of the Company can be summarised as follows:

##### (1) Remuneration and welfare benefits

The Company has a policy to provide fair remuneration in the forms of salary and bonus, enhance job security, and promote career paths for all employees. It provides all necessary employee welfare benefits as required by law, such as social security benefits. Also offered are extra welfare benefits other than those required by law, such as health and accident insurance and financial contributions towards the funeral costs of employee's parents.

##### (2) Know-how improvement and training

The Company promotes HR development by encouraging all employees to improve upon their knowledge and enhance their ability, potential, attitude, morals and ethics and embrace the spirit of teamwork. Training workshops and seminars are organised from time to time to affect those improvements.

Further, the Company supports corporate and human resources development, focusing on efficiently implementing operating procedures, clearly defining the scope of employees' roles and duties, determining appropriate rates of remuneration, improving the performance evaluation system and expanding employee's capacity.

##### (3) Occupational health and safety

Company policy stresses the importance of employee occupational health and safety in a good work place. Great efforts have been made to implement precautionary measures to avoid work-related accidents with great efforts. Safety awareness is established among employees. Training sessions are held from time to time to promote and educate all employees about occupational health and any acts or things that are detrimental to the health or condition of customers or service users should be avoided. All employees are encouraged to keep the workspace in a hygienic and safe condition at all times.

#### 5. Responsibility towards Customers and Consumers

The Company is committed to deliver high quality products to its customers and ensure maximized customer satisfaction by complying with the following guidelines:

- (1) The Company prioritizes product quality and standard by focusing on using high quality raw

materials and standardized production process to ensure that the customers can enjoy high quality products that bring them maximum satisfaction.

- (2) The Company continuously develops new initiatives for new products tailored to customers' needs to ensure that customers can experience products with high variety, quality, and standard.
- (3) The Company believes in the concept of fair market, and enforces its belief through policies that direct customers to the accurate and sufficient source of product information without any distortion, obscurity, or over-exaggeration, that will help support their buying decisions.
- (4) The Company is aware of the matter of customer safety and is readily committed to providing its customers with high quality and safe products in accordance with international safety standards, regulations, and laws, which include continuous creative product designing and development that inspires the customers' confidence in the Company's product quality standard and safety.
- (5) The Company establishes a customer relation system as a basis of two ways communication between the Company and its customers, which also includes an efficient product quality complaint channel that timely responds to the customers' needs.
- (6) The Company maintains its secrecy policy pertaining to customers' private information and will not misuse such information.

## 6. Environmental Protection

The Company highly prioritises its social responsibility towards environmental protection by ensuring that its production process and operations are strictly in compliance with the environmental protection laws. Under the concept of environmental care and

awareness, the Company focuses on monitoring and development of environmentally friendly production process and selection of raw materials with no environmental impact. Additionally, the Company also emphasizes on reducing waste generated from the production process by employing the principles of green engineering – minimizing material consumption as much as necessary – with the purpose of recycling shared resources for maximum efficiency and environmental preservation and avoidance of deforestation by means of procuring an environment-centric system that serves as both guideline and business management tool. Campaign-wise, the Company promotes various energy saving policies of cost-effective consumption of workplace consumables, such as using re-used papers, turning electrical appliances and air-conditioners off during break time, distributing digitalized documents (soft files) instead of hard files, emphasizing on Internet-based communication, meeting, and transaction to reduce otherwise mandatory interdepartmental visits.

## 7. Participation in social developments

The Company strongly aims to contribute benefits to the country's economy and society and to be a good citizen that complies with all applicable laws and regulations. It also commits itself to improving and elevating the quality of life of locals in proximity to its premises as well as expanding its business at the same time



To foster a good relationship with local communities, the Company always supports local activities and campaigns, taking into account the suitability and benefits to the communities to enhance their sustainable

development, which also includes consistently engaging company personnel in community activities as well as supporting them.



**“TOA’s Painter Development”** is a project that focuses on the community’s painting knowledge and ability development, laying the foundation for a potential occupation and a source of income for the community members.



The **“Happy Colouring for a Risk-Free Life”** Project is one of the Company’s projects that focus on the improvement of activities that pose a potential risk towards small children at school. The project engages the community in basic safety management education, such as basic operation of fire extinguisher and emergency guidelines, to equip both the teachers and the children with the useful knowledge that can be applied at school and at home.





### “Sociocultural Project”

is a project that allows both children and their parents in the community to co-organise activities in collaboration with Wat Sao Thong Klang Child Development Center. The project’s activities range from giving children an opportunity to display their abilities and express their gratitude toward the benefactors, awarding scholarships to the academically gifted, as well as organizing various booths that parents and children can enjoy together in the occasion of National Mother’s day.



### “Fire Drill and Basic Extinguishing Methods Project”

promotes and supports the education of teachers, students, and community members of the significance of fire hazard, proactive preparations for various emergencies that may occur in daily life situations, and timely responses. Through this project, the Company organizes an educational simulation of fire emergency occurred inside the Wat Mahawong School’s premise and invites teachers and students to participate in the drill to enhance their knowledge, understanding, and readiness for the actual occurrence.



“TOA’s Children Day at the Pookmitpattanakaona Community, Moo 2” is the product of collaboration with nearby communities in organising the National Children Day’s fair to promote children’s happy and fun participation, and also instill in them the environmental significance of waste sorting, proper waste disposal method, and the importance of school safety. The activity invites children to think of preventive actions against school-related dangers using the various risky and dangerous spots provided by the staff to formulate the solution.

## 8. Innovation and Dissemination of Innovation from Social Responsibility Operations

As a result of its social responsibility operations, the Company is able to conceptualize new ideas and transform them into tangible business innovations that enhance its competitive advantage in the business and social contexts. This is done through a full-scale procedural assessment of the Company's current business implementations, which includes evaluating the potential risk or negative impact posed on the society and the environment and developing solutions that can combat and reduce such impact in order to create an opportunity for new business innovation discoveries and product creations for the sake of sustainable business growth and profitability.

## 9. Social and Environmental Accounting and Reporting

The Company will disclose information pertaining to its compliance with corporate social responsibility to the benefits of all stakeholders by providing a social and environmental operation report that covers all related business, environmental, safety, and social operations with verified documentation and a variety of distribution channels for stakeholders' easy accessibility.





# Internal Control and Risk Management

## Suggestions of Directors on Internal Control

Board of Directors is aware of the significance of efficient, appropriate, and sufficient internal control system to support the company's performance to achieve the goal, objectives, law and relevant regulations efficiently and effectively aiming to the sustainable business in all regions and communities to create value to customers, employees, and all relevant sectors.

Board of Directors Meeting No.3/2017 on April 19, 2017 which independent directors and audit committee attended, considered and assessed the sufficiency of internal audit of the company according to COSO (The Committee of Sponsoring Organizations of the Treadway Commission "COSO") which consisted of:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

Board of Directors, Audit Committee, and Management team implement the internal control of the company to follow the internal control framework based on COSO and had the internal audit division to assess the sufficiency of company internal control.

The company has the policy to foster the management and all employees to be aware of risk management, monitoring, performance, and internal control, as well as the structure, segregation of duties, and the authorization of approval which including the transactions with the conflict person, and business reporting with the relevant person sufficiently and appropriately based on the criteria set by The Stock Exchange of Thailand.

Furthermore, the company recognizes the importance of the development of internal audit so the company emphasizes on the structure of internal audit to be independent from the management. Moreover, the company organizes the training to develop knowledge of internal audit team to be capable for performing efficiency and effectively, as well as to catch up with the changing risk, business operation, rules and regulations, and technology.

In addition, the company internal audit coordinates with the risk management team of the company to transfer the policy and guidelines for risk management and relevant internal control to the company and the domestic and international subsidiaries so the management and employees will be part of the internal control management. Internal audit team will create the audit plan based on the risk-based audit. Besides, the internal audit team coordinates with the auditor from EY Office Limited to strengthen the internal audit and internal control of the company and the subsidiaries for more efficiency and effectiveness.

## Report of Internal Control Auditor on Internal Control System

The company hired Deloitte Touche Tohmatsu Jaiyos Advisory Co., Ltd ("Deloitte") to audit and monitor the internal control of the company (not including subsidiaries). The first audit was conducted during May-June 2016. The scope of overall internal control audit at the level of organization and activity included eight principle process: (1) Revenue process (2) Procurement and payment process (3) Production and costing process (4) Maintenance and environmental conservation process (5) Fixed assets management (6) Finance and accounting process (7) Inventory management (8) Information technology process, and the random audit of the past year (May 1, 2015 - April 30, 2016).

After the first audit, the company acknowledged the above issues and took action to resolve the problem detected by Deloitte. After that, Deloitte followed up with the company during February-March 2017 and

reported that the company resolved the respected problem that Deloitte detected from the first audit. However, one issue was under the process that could be concluded as follows:

Audit Topics	Findings	Opinion of Management	Follow up Results
Overall performance	The company should set the written official policy and work procedure that related to the expense of executives and (or) the expense operated by the executives.	<ul style="list-style-type: none"> <li>• The directors would set the policy and work procedure that related to the expenses operated by the executives and/or directors which cover the expenses of business operation such as seminar expense, business trip expense, traveling expense, donation, as well as the regulations of disbursements and advance payment.</li> <li>• The company was reviewing the regulation of authorization to be consistent with the attribution from Board of Directors. The company had cleared the balance of 11 items of disbursement discovered by Deloitte in September 2016.</li> </ul>	<ul style="list-style-type: none"> <li>• The company set the list of authorization to support the expenses operated by the executives and/or directors to allow the appropriate person to consider the expenses before approval.</li> <li>• The company considered annual budget to set important expense, as well as the expenses operated by executives and/or directors.</li> <li>• However, the company was in the process of setting policy and work procedure relevant to the expenses operated by executives and/or directors which covered the expenses relating to business operation of company such as seminar expense, business trip expense, traveling expense, donation, as well as the regulations of disbursements and advance payment. The executives expected to finish and propose to Board of Directors by the second quarter of 2017.</li> </ul>

The company revised and added the regulations and work procedure relevant to some expenses such as seminar expense, business trip expense, traveling expense, and donation that was approved from the Board of Directors Meeting No.3/2017 on April 19, 2017. The company assigned the company internal audit team to monitor the aspect and reported to the audit committee and Board of Directors on May 3, 2017.

### Auditor's Remark

EY Office Limited ("EY"), the company's auditor, audited financial statement of the fiscal year ended December 31, 2017. The auditor had to assess the risk from the material misstatements from the fraud or error. In the risk assessment, the auditor studied and assessed the efficiency of internal control of the company relevant to the issue and proposal of financial statement of

the business to design the appropriate audit to the situation, and tested the control system to obtain the evidence of audit in regard to the effectiveness of implementation. The selected audit method depended on the auditor's consideration. The assessment and test was in accordance with auditing standard aiming to facilitate the auditor to express opinion on financial statements and not aiming to express opinion on the effectiveness of internal control.

From the assessment and test, the auditor did not detect significant fault of the internal control system, and did not issue the report on the remark on internal control system of 2017 to the company.

### Leader of Internal Audit Team

The company appointed the internal audit team which reported to the Audit Committee directly in order to support the monitoring of internal audit to be independent, efficient, and effective. The Audit Committee Meeting No.1/2017 on January 20, 2017 agreed to appoint Mr. Ampon Songjarin to be the leader of the internal audit team because of his appropriate qualifications, education, work experience, and the suitable training which were sufficient and beneficial for the position.

The consideration of appointment, transfer, and withdraw the position of internal audit team leader shall be approved from the Audit Committee.

Currently, the company internal audit division comprised of the knowledgeable team members based in Thailand and Vietnam who were capable of performing internal audit. Vietnam team would report directly to the head in Thailand. The Audit Committee Meeting No.1/2017 on January 20, 2017 agreed to approve the 2017 audit plan of internal control system and the Audit Committee Meeting No.8/2017 on August 8, 2017 agreed to approve the audit plan for internal control system of TOA Paint (Thailand) Public Company Limited and the subsidiaries in foreign countries during 2017-2019. The plan covered the revenue and payment process, inventory management process, fixed assets management process, sale and marketing expenses process, and procurement and payment process. The team would start the audit of the subsidiaries in Vietnam in 2017, in Indonesia and Myanmar in 2018, and in Cambodia, Laos, and Malaysia in 2019. Furthermore, the company might consider the additional audit for the company and the subsidiaries both in Thailand and foreign countries as suggested by the Audit Committee (if any).



# Audit Committee's Report

Dear Shareholders,

The Audit Committee of TOA Paint Public Company Limited comprises 3 independent directors who have different area of expertise and sufficient knowledge and experience to perform the tasks within their capacity as the Audit Committee according to the Stock Exchange of Thailand (SET)'s regulations and related professional standards.

In 2017, the Audit Committee convened 9 times. Committee members' meeting attendance is as follows:

The Audit Committee members	Meeting attendance (times)
Mrs. Prisana Praharnkhasuk	8
Mrs. Chanatip Weerasubpong	8
Mr. Veerasak Kositpaisal	9

The Audit Committee has performed its duty according to the scope of responsibility stated in the Audit Committee Charter approved by the Board of Directors, which corresponds to SET's regulations. Essences are as follows:

## Review of Financial Reports

The Audit Committee has reviewed the Company's financial reports and important information in the quarterly and 2017 annual financial reports, disclosed Notes to the financial statements, accounting policy, annual forecast, other information prepared according to Thai Financial Reporting Standards (TFRS) and the auditor's notes to financial statement. The Committee held meetings with the auditors without the presence of executives to discuss the independence of the auditors in performing their duties and explanation of the auditors' opinion. The auditors confirmed they could perform their duties as planned without obstacle or operational limitation. At the same time, they confirmed that they could openly and independently express opinion according to the international auditing standards.

## Review of Connected Transactions

The Audit Committee has reviewed connected transactions and conflict of interest items as well as timely disclosed the correct connected transactions to SET.

## Review of Corporate Governance Practice

The Audit Committee has reviewed the efficiency and effectiveness of corporate governance practice and found that the Directors, Management, and employees have strictly complied with the company's corporate governance policy. The practice and related policy have also been introduced and applied to its business partners.



## Review of Risk Assessment

The Audit Committee has reviewed the efficiency and effectiveness of the risk management process, which is implemented by the Risk Management Committee, on quarterly basis. The Company's Management has set up a Risk Management Committee, comprising the President as the committee chair and executives as the members. The Risk Management Committee is responsible for considering policy and direction, reviewing, and monitoring the Company's risk management on monthly and quarterly basis, and preparing risk management plans and measures by considering significant risk factors with possibility to occur in the future.

## Review of Internal Control and Internal Audit

The Audit Committee has reviewed the internal control practice, implemented by the Internal Audit Department, and prepared quarterly report. The review showed the internal control practice is sufficient and appropriate for the type of business the Company is operating. The result corresponds to the Auditor's opinion citing that no significant weakness which may affect the Company's financial report was found. In terms of Internal control, the Board of Directors has reviewed the Audit Committee's Charter and the Internal Audit Department's Charter every year. The Internal Audit Department prepared the annual and three-year audit plans based on the risk assessment result and coordination with the Company's auditor. The plans serve as a guideline for efficient and effective auditing practice for the Company and its subsidiaries. The Company also gives high importance to the improvement of Internal Audit Department efficiency through knowledge and skill development and ensuring that the internal control tools meet with international standards and professional practice.

## Review of Fraudulent Acts

The Company has prepared anti-corruption policy and develop complaint reception system and the whistle blowing system for outsiders in addition to those of employees. Outsiders can lodge complaints via the Company's website: [http://investor-th.taogroup/whistle\\_blowing.html](http://investor-th.taogroup/whistle_blowing.html). Complaints can be submitted to the Board of Directors, Assistant Vice President-Internal Audit and the Corporate Secretary via telephone, mail, and email. The wrongful act covers all action that is against the law, corporate governance policy, Employee Code of Ethics, anti-corruption policy and related practices.

## Review of the Appointment of the Auditor and Auditor Remuneration for 2017

The Audit Committee has reviewed the appointment of the auditor and auditor remuneration for the year 2017, according to the Audit Committee Charter. The Committee had the scope of auditing expanded to cover the Company's overseas subsidiaries in order that the financial statements prepared by subsidiaries in Thailand and other countries are audited under the same auditing standards. EY Internal Audit Co., Ltd. was selected and appointed as the Company's auditor for the accounting period ending 31 December 2017 with remuneration of 3.55 million baht. The Committee considered that EY Internal Audit has high working standard and expertise in auditing. Its auditors also have independence, skills, knowledge, capability, and experience in auditing the Company's financial statements and have provided knowledge and recommendation on the company's business in addition to auditing. In the past year, the assessment of their performance was satisfactory. The Audit Committee therefore proposed to the Board of Directors to consider EY Internal Audit Co., Ltd.

The Company's shareholders' meeting resolution later approved the appointment of EY Office Limited as the Company's auditor for the fiscal year 2017 with details as follows:

Auditors		Auditor License No.
Mr. Supachai	Panyawattano	3930
Mr. Narong	Pantawong	3315
Ms. Krongkaew	Limkittikul	5874

The Audit Committee has completely performed its duty within the scope of responsibility stated under the Audit Committee Charter with full capacity, carefulness, and independence for the best benefit of the Company without limitation related to information acquisition and cooperation from the Company. For 2017, The Audit Committee also conducted self-assessment to ensure it has performed its duty with effectiveness and efficiency as assigned by the Board of Directors.



Mrs. Prisana Praharnkhasuk  
Chairman of the Audit Committee

## Related Party Transactions

Related Party transactions between the Company and subsidiaries and the entities that may have conflict.

Related Party Transactions between the Company and subsidiaries and entities that may have conflict in fiscal year ends 31 December 2017 is concluded as follows:

Person who may have a conflict	Relationship	Items	Amount (million Baht)	Necessity and Reasonability of item
1. TOA Paint (Malaysia) Sdn. Bhd. ("TPM")	<ul style="list-style-type: none"> <li>TOA Group Holding Co., Ltd. ("TOAGH") who is the major shareholder indirectly holding 72.00% of shares in TPM.</li> <li>Mr. Nattavuth Tangkaravakoon is the joint- director.</li> </ul>	<a href="#">1.1 Sales income</a> <ul style="list-style-type: none"> <li>Sales income</li> <li>Debtor</li> </ul>	5.67 1.80	The company mainly distributes color spray to TPM with as same price and conditions as to the outsiders. TPM is the first company starts marketing and distributes the products in Malaysia. Thus, TPM has more proficient in marketing than the company. Therefore, the company distributes the products through TPM.  The subsidiary purchases finished products such as Enamel from TPM, who is proficient in product manufacturing with the standard required by the company, to distribute to customers as the inclusive service. The selling price includes profit.
		<a href="#">1.2 Purchasing</a> <ul style="list-style-type: none"> <li>Cost of sales</li> <li>Creditor</li> </ul>	1.20 0.27	
2. TOA Performance Coating Corporation Cp., Ltd. ("TOAPC")	<ul style="list-style-type: none"> <li>TOAGH who is the major shareholder indirectly holding 95.10% shares in TOAPC.</li> <li>The three directors: (1) Mr. Vonnarat Tangkaravakoon, (2) Mr. Jatuphat Tangkaravakoon, and (3) Mr. Nattavuth Tangkaravakoon, are the shareholder of TOAPC holding 1.56% of shares each.</li> <li>Mr. Nattavuth Tangkaravakoon is the joint- director.</li> </ul>	<a href="#">2.1 Sales income</a> <ul style="list-style-type: none"> <li>Sales income</li> <li>Debtor</li> </ul>	196.05 66.55	The company distributes OEM products, mostly Resin products, to TOAPC which pricing on cost plus margin, which is comparable to the market price. The company distributes Resin products to TOAPC because the company has exceeding productivity and the increase of productivity minimizes the average cost of Resin production.  Since the office and factory of TOAPC are situated in the same area of the company's factory at Bang Na, the company signs the contract to 1) provides IT service at the same price and conditions as to the outsiders, and 2) provides security service at the service rate based on the actual service cost.
		<a href="#">2.2 Service Income</a> <ul style="list-style-type: none"> <li>Other incomes</li> <li>Debtor</li> </ul>	2.53 0.29	

Person who may have a conflict	Relationship	Items	Amount (million Baht)	Necessity and Reasonability of item
		<a href="#">2.3 Rental income</a> • Other incomes • Debtor	5.49 0.76	The company sets the rental rate according to the appraisal rate from the independent appraiser approved by S.E.C. and the service fee relating to the warehouse to be consistent with actual service and expenses.
		<a href="#">2.4 Other incomes</a> • Other incomes • Debtor Service deposit • Creditor	0.35 1.95  0.10	Most other incomes are from maintenance service charge and safety equipment requisition at the actual expenses. The company has the deposit on maintenance service charge and safety equipment requisition.
		<a href="#">2.5 Product purchasing</a> • Cost of sales • Creditor	212.27 59.17	The company and subsidiary purchase Paint products from TOAPC such as sandpaper and surface equipment to distribute to customers as the inclusive service. The price and conditions are comparable to the market.
3. TOA-Union Paint (Thailand) Co., Ltd. ("TUP")	<ul style="list-style-type: none"> <li>TOAGH is the major shareholder indirectly holding 55.00% of shares in TUP.</li> <li>Mr. Nattavuth Tangkaravakoon is the joint-director.</li> </ul>	<a href="#">3.1 Sales income</a> • Sales income • Debtor	62.05 21.30	The company distributes OEM products, mostly Wood Stain, to TUP which the pricing is based on cost plus margin. TUP earns gross profit from selling products as same as other company in the industry. Product sales is in accordance with the Joint Venture Agreement between the company and Union Paint Co., Ltd.
		<a href="#">3.2 Service income</a> • Other incomes	0.34	Since the office and factory of TUP are situated in the same area of the company's factory at Samrong, the company signs the contract to provides security service which the fee rate is based on the actual service cost.
		<a href="#">3.3 Rental income</a> • Other income • Debtor	0.85 0.07	The company rents the factory, warehouse, and office which are in the same area with the company's factory at Samrong to TUP. Rental rate is based on the market price.

Person who may have a conflict	Relationship	Items	Amount (million Baht)	Necessity and Reasonability of item
		<a href="#">3.4 Expense on a Manufactured Product</a>		The company employs TUP to produce OEM products, industrial wooden paint. The company pays TUP as agreed in the contract. As the previous structure, TUP was the owner of machinery and production labor. Thus, the company has to pay production wage to TUP. However, the company cancelled the contract on 1 April 2017 because the company purchased the machine from TUP at the appraisal price from the approved appraiser by S.E.C. The company signed the labor contract with TUP because TUP's labors are skillful in production and machinery using. The service fee is based on the actual labor expenses.
		• Cost of sales	0.59	
		Expense on outside services		
		• Cost of sales	1.81	
		• Creditor	0.22	
		<a href="#">3.5 Purchasing list</a>		The company purchases TOA spray rust pro from TOAPC for distribution. The price and conditions are as same as the transaction with the outsiders.
		• Cost of sales	0.03	
		• Debtor	0.05	
		<a href="#">3.6 Asset purchase list</a>		The company purchased the machine for production from TUP on 1 April 2017 at the appraisal price from the approved independent appraiser by S.E.C.
		• Machinery and equipment	1.72	
4. TOA Chugoku Paint Co., Ltd. ("TCP")	<ul style="list-style-type: none"> <li>• TOAGH is the major shareholder indirectly holding 51.00% of shares in TCP.</li> <li>• The two joint-directors are (1) Mr. Prachak Tangkaravakoon and (2) Mr. Nattavuth Tangkaravakoon</li> </ul>	<a href="#">4.1 Sales income and other incomes</a>		The company sells Decorative Coating Paint to TCP who distributes the products to customers. The price and conditions are as same as the transaction with the outsiders.
		• Sales income and other incomes	1.16	
		• Debtor	0.11	
		<a href="#">4.2 Chemical products purchase</a>		The company purchases some chemicals from TCP occasionally to distribute to the project customers for the inclusive service. The company earns profit from the resale.
		• Cost of sales	0.13	
		• Debtor	0.04	
		<a href="#">4.3 Service income</a>		TOA Paint (Myanmar) Co., Ltd., the company's subsidiary rents the unused office area and other services to TCP (Myanmar) in Myanmar. The service fee is based on the actual expenses and the related operations.
		• Service income	1.17	
		• Deferred income	0.47	



Person who may have a conflict	Relationship	Items	Amount (million Baht)	Necessity and Reasonability of item
5. Sherwood Chemicals (Public) Co., Ltd (“SWC”)	<ul style="list-style-type: none"> <li>TOAGH is the major shareholder indirectly holding 69.41% of shares in SWC.</li> <li>The two joint-directors are (1) Mr. Prachak Tangkaravakoon and (2) Mr. Vonnarat Tangkaravakoon</li> </ul>	<a href="#">5.1 Shipping service</a> <ul style="list-style-type: none"> <li>Other incomes 0.16</li> <li>Debtor 0.15</li> </ul>		The company owns shipping division and provides import and export service to the related companies such as customs clearance and shipping. Service fee and conditions are as same as the transaction with the outsiders.
		<a href="#">5.2 Finished products purchase and other expenses</a> <ul style="list-style-type: none"> <li>Cost of sales and expenses 445.63</li> <li>Creditor 105.55</li> <li>Accrued income 8.19</li> </ul>		List of finished products purchase and other expenses consists of the purchasing products relating to company’s products for the inclusive service such as Chaidrite to prevent insects and termites. The company distributes products to the dealers. The company signs the contract as the dealer of SWC at the same price and conditions as the transaction with the outsiders. The company has trade discount if the sales volume meets the agreed number set by SWC. The company recorded the accrued income as of 31 December 2017 of 25,608.19 million baht.
6. TOA Chemicals Industry Co., Ltd. (“TOAC”)	<ul style="list-style-type: none"> <li>OAGH is the major shareholder directly holding 30.00% of shares in TOAC.</li> <li>The four directors: (1) Mr. Vonnarat Tangkaravakoon, (2) Mr. Jatuphat Tangkaravakoon, and (3) Mr. Nattavuth Tangkaravakoon, and (4) Mrs. Busatree Wanglee are the major shareholder of TOAC holding 20.97, 19.03, 15.00 and 15.00% of shares respectively.</li> </ul>	<a href="#">6.1 Building and land rental</a> <ul style="list-style-type: none"> <li>Cost and expenses 89.42</li> <li>Creditor 18.82</li> </ul>		The company signs the 10 years leasing contract at the appraisal rental rate by the approved appraiser by S.E.C. The rent period can be extended for another 10 years for the land and buildings of factory and warehouse, and another 3 years for land and building of office.

Person who may have a conflict	Relationship	Items	Amount (million Baht)	Necessity and Reasonability of item
7. TOA-Shinto (Thailand) Co., Ltd. ("TST")	<ul style="list-style-type: none"> <li>TOAGH is the major shareholder indirectly holding 51.00% of shares at TST.</li> <li>Mr. Nattavuth Tangkaravakoon is the joint-director.</li> </ul>	<a href="#">7.1 Sales income</a> <ul style="list-style-type: none"> <li>Sales income</li> <li>Debtor</li> </ul>	278.37 76.48	The company sells OEM semi-finished products that TST uses in production process. The sales is in accordance with the manufacturing contract between (1) Shinto Paint Co., Ltd. (2) the company (3) TOAC (4) TOAPC and (5) TST. Pricing is based on cost plus margin.
		<a href="#">7.2 Service income</a> <ul style="list-style-type: none"> <li>Service income</li> <li>Debtor</li> </ul>	0.70 0.02	As the company's factory and warehouse are located at Bang Na, the company provides security service to the relating companies located in the same area for the collective safety affecting the company assets. Service fee is based on the actual service cost.
		<a href="#">7.3 Other incomes</a> <ul style="list-style-type: none"> <li>Other incomes</li> <li>Debtor</li> </ul>	0.05 0.20	Most of other incomes are from maintenance service charge which is based on the actual expenses.
		<a href="#">7.4 Chemicals purchase</a> <ul style="list-style-type: none"> <li>Cost of sales</li> <li>Creditor</li> </ul>	0.59 0.01	<p>The Chemical purchase lists mainly include purchasing cost that the material used in production process from TST at the cost plus operation fee.</p> <p>However, this is not the regular list since the company purchases the chemicals from TST only in the emergency case and the purchase from the outside distributor is impossible. Further, the company purchases some chemicals from TST for product testing which TST purchases the product to use in production.</p>
8. TOA Dovechem Industry Co., Ltd. ("TDIC")	<ul style="list-style-type: none"> <li>Mr. Pravitt Tangkaravakoon, the brother of Mr. Prachak Tangkaravakoon (Chairman of the Board) holds 5.53% of shares and is in the position of Director at TDIC.</li> </ul>	<a href="#">8.1 Sale income</a> <ul style="list-style-type: none"> <li>Sales income</li> <li>Debtor</li> </ul>	0.41 0.04	The company sells Decorative Coating Paint and Heavy Duty Coatings to TDIC at the same price and conditions as the transaction with the outsiders.

Person who may have a conflict	Relationship	Items	Amount (million Baht)	Necessity and Reasonability of item
		<a href="#">8.2 Service income</a> • Service income	2.06	As the company's factory and warehouse are located at Bang Na, the company provides security service to the relating companies located in the same area for the collective safety affecting the company assets. Service fee is based on the actual service cost.
		<a href="#">8.3 Other incomes</a> • Other incomes • Debtor	0.27 0.05	Other incomes mainly comprise of truck weighing revenue and training revenue which calculate rely on number of the actual service.
		<a href="#">8.4 Chemicals purchase</a> • Cost of sales • Creditor	2.26 0.62	The Chemicals purchasing list mainly include purchasing for product production are the materials which can be used together. In additions, the company purchases the materials from TDIC at the same price and conditions as the transaction with the outsiders.
9.TOA Holding Co., Ltd. ("TOAH")	• The four directors: (1) Mr. Vonnarat Tangkaravakoon, (2) Mr. Jatuphat Tangkaravakoon, and (3) Mr. Nattavuth Tangkaravakoon, and (4) Mrs. Busatree Wanglee are the major shareholder of TOAH holding 35.00, 25.00, 20.00, and 20.00% of shares respectively, and hold the position of Director at TOAH.	<a href="#">9.1 Car rental</a> • Cost of sales and expenses	13.57	The company and subsidiaries sign the car lease contract from TOAH for 1-5 years for using as the vehicle of the executives of the company and subsidiaries. The rental rate is as same as the annual return of car rental business of registered company.  The TOAH performs car rental business from the shareholders' company. Thus, TOAH rents the car to the company and some the subsidiary.
10.Thanakorn Vegetable Oil Products Co., Ltd.	• Mr. Kham Wanglee, the spouse of Mrs. Busatree Wanglee (Director) holding 0.86% of shares and is in the position of Director at Thanakorn Vegetable Oil Products Co., Ltd.	<a href="#">10.1 Chemicals purchase</a> • Cost of sales	22.36	The company purchases raw material from Thanakorn Vegetable Oil Products Co., Ltd. to using in Oil Paint and Spray Paint Products. The price and conditions are same as the transaction with the outsiders.

Person who may have a conflict	Relationship	Items	Amount (million Baht)	Necessity and Reasonability of item
11.P.T. Real Estate Co., Ltd.	<ul style="list-style-type: none"> <li>The four directors: (1) Mr. Vonnarat Tangkaravakoon, (2) Mr. Jatuphat Tangkaravakoon, and (3) Mr. Nattavuth Tangkaravakoon, and (4) Mrs. Busatree Wanglee are the major shareholder of P.T. Real Estate Co., Ltd. holding 25.00% of shares.</li> <li>The two joint-directors are (1) Mr. Vonnarat Tangkaravakoon, and (2) Mrs. Busatree Wanglee.</li> </ul>	<a href="#">11.1 Land rental</a>		The company rents two pieces of land from P.T. Real Estate Co., Ltd. which are (1) 10 plots for the factory at Bang Na and (2) 2 plots for the factory at Samrong as the company's factory and warehouse at the agreed rental rate between the parties at the appraisal rental rate from the approved appraiser by S.E.C. The lease contract is for 10 years which can be extended for another 10 years.
		• Cost and expenses	14.38	
		• Creditor	4.17	
		• Debtor	1.80	
12. Super Save Corporation Co., Ltd.	<ul style="list-style-type: none"> <li>The four directors: (1) Mr. Vonnarat Tangkaravakoon, (2) Mr. Jatuphat Tangkaravakoon, and (3) Mr. Nattavuth Tangkaravakoon and (4) Mrs. Busatree Wanglee are the major shareholder of Super Save Corporation Co., Ltd. holding 25.00% of shares.</li> </ul>	<a href="#">12.1 Rental income and service space</a>		The Super Save Corporation Co., Ltd. rents the space and service from the Company for the convenient store business in the factory at Bang Na. The contract period is 3 years at the same rental rate and condition as the transaction with the outsiders.
		• Other income	0.48	
		• Debtor	0.04	
		<a href="#">12.2 Other expenses</a>		Other expenses are the expenses of purchasing consumable products for promotion activities such as instant noodle and energy drink etc. The price and condition are as same as the transaction with the outsiders.
		• Expenses	0.33	
		• Creditor	0.13	
		<a href="#">12.3 Income from selling assets</a>		The company sells the unused office equipment to Super Save Corporation Co., Ltd. at the price based on the policy of selling fixed assets.
		• Sales income	0.03	

Person who may have a conflict	Relationship	Items	Amount (million Baht)	Necessity and Reasonability of item
13. Phelps Dodge International (Thailand) Co., Ltd.	<ul style="list-style-type: none"> <li>The Company director, Mr. Vonnarat Tangkaravakoon is the major shareholder of Phelps Dodge International (Thailand) Co., Ltd. holding 99.98% of shares in Team A Holding 2 Co., Ltd. who is holding 89.45% of shares in Phelps Dodge International (Thailand) Co., Ltd.</li> <li>The joint-director is Mr. Vonnarat Tangkaravakoon.</li> </ul>	<a href="#">13.1 Product sales income</a> <ul style="list-style-type: none"> <li>Sales income</li> </ul>	0.05	The company sells Decorative Coating Paint and Thinner to Phelps Dodge International (Thailand) Co., Ltd. to using in the company's business at the same price and conditions as the transaction with the outsiders.
		<a href="#">13.2 Service income</a> <ul style="list-style-type: none"> <li>Other incomes</li> </ul>	0.48	The company signs the service contract with Phelps Dodge International (Thailand) Co., Ltd. for space rental for server and other services at the same price and conditions as the transaction with the outsiders because the company has enough space to provide service.
14. Sampeng Superstore Co., Ltd.	<ul style="list-style-type: none"> <li>TOAGH is the major shareholder of the Company directly holding 100.00% of shares in Sampeng Superstore Co., Ltd.</li> </ul>	<a href="#">14.1 Product sales income</a> <ul style="list-style-type: none"> <li>Sales income</li> </ul>	0.04	The company sells mostly products about of Universal Adhesive Latex to Sampeng Superstore Co., Ltd. to distribute in the shop at the same price and conditions as the transaction with the outsiders.
		<a href="#">14.2 Assets sales</a> <ul style="list-style-type: none"> <li>Other incomes</li> </ul>	0.03	The company sells the unused office equipment to Sampeng Superstore Co., Ltd. at the price based on the policy of selling fixed assets.
		<a href="#">14.3 Rental income</a> <ul style="list-style-type: none"> <li>Other incomes</li> <li>Debtor</li> </ul>	1.56 0.45	Sampeng Superstore Co., Ltd. rents the office/warehouse from the Company. The contract period is for 3 years and the rental/service rate is at the agreed rate between the parties.
15. HMC Polymers Co., Ltd.	<ul style="list-style-type: none"> <li>The independent director of the company is Mr. Veerasal Khositpaisan, the Chairman of the Board and the authorized director of HMC Polymers Co., Ltd.</li> </ul>	<a href="#">15.1 Chemicals purchase</a> <ul style="list-style-type: none"> <li>Cost of sales</li> </ul>	4.20	The company and subsidiaries purchase raw material such as Polypropylene Beads from HMC Polymers Co., Ltd. to using in the plastic tank production at the same price and conditions as the transaction with the outsiders.

Person who may have a conflict	Relationship	Items	Amount (million Baht)	Necessity and Reasonability of item
16. TOA Performance Coating (Vietnam) Co., Ltd.	<ul style="list-style-type: none"> <li>TOAGH is the major shareholder of the Company indirectly holding 100.00% of shares in TOA Performance Coating (Vietnam) Co., Ltd.</li> </ul>	<a href="#">16.1 Products purchase</a> <ul style="list-style-type: none"> <li>Cost of sales</li> </ul>	0.63	The subsidiaries purchases the finished goods, sandpaper, from TOA Performance Coating (Vietnam) Co., Ltd. to resell to customers of the subsidiaries for the inclusive service. The subsidiary signs contract of sale with TOA Performance Coating (Vietnam) Co., Ltd. The resale price adds profit from cost of purchase.
		<a href="#">16.2 Rental income and other related services</a> <ul style="list-style-type: none"> <li>Other incomes</li> <li>Debtors</li> </ul>	0.09	TOA Performance Coating (Vietnam) Co., Ltd. rents the warehouse from the subsidiaries in Vietnam due to the subsidiary does not utilize the area, as well as provides other relating services such as insurance service etc. Rental rate is as agreed and the service fee is based on the actual cost.
			0.01	

## Measures and procedures on approval of related party transactions or connected transactions

The Board of Directors' Meeting No. 26/2016 held on December 21, 2016 approved the policy on related party transactions or connected transactions and the criteria on related party transactions or connected transactions on an arm's length basis which can be summarized as follows:

The related party transaction or connected transaction between the Company and its subsidiaries shall comply with the criteria in the SEC Act and the relevant criteria set out by the Capital Market Supervisory Board and/or the Thai SEC and the SET. The Company shall also comply with the requirements on the disclosure of related party transactions in the note to financial statements reviewed by the auditor and in the annual registration statement (Form 56-1). Upon entering into such transaction, the Company shall verify and monitor such transaction to ensure that the interested person will not be involved in the decision-making to enter into the related party transaction.

The Board of Directors has established the approval process for related party transactions or connected transactions based on a good ethical framework. The approval process is carefully reviewed by the Audit Committee by taking the interests of the Company and its shareholders into account. The Board of Directors ensures the compliance of the approval process in line with the criteria set out by the Capital Market Supervisory Board, the Thai SEC, and the SET, and also ensures the correctness and completeness of the public disclosure of related party transactions or connected transactions.

In case of ordinary business transactions or support ordinary transactions in the ordinary course and transaction business which can be on-going the Company has the policy to define the framework to enter into such transactions as follows: the trading terms must be similar to those terms a reasonable business person would be expected to enter into with other parties in general in similar circumstances with an equal bargaining power, free of any undue pressure as a result of a person being a director, executive or related person and must not constitute a transfer or loss of benefits



on the part of the Company and/or it must be able to demonstrate that the prices and conditions for a transaction are fair and reasonable. If the Board of Directors resolves to approve the framework to enter into a transaction in principle, the management may enter into a transaction that meets the framework without having to seek further approval from the Board of Directors. The Company shall prepare the summary of related party transactions or connected transactions to report to the meeting of the Audit Committee and the meeting of the Board of Directors in every quarter in compliance with the SEC Act Securities an Exchange Act, regulations, notifications, orders or requirements provided by the SEC, the Capital Market Supervisory Board, and the SET.

With respect to other related party transaction or connected transactions, the Company shall propose a transaction to the Audit Committee for its opinion as to whether the proposed transaction is reasonable and the price is appropriate.

In case of the Audit Committee does not have relevant expertise to consider the proposed transaction, the Company shall arrange for an expert, such as the independent auditor or appraiser, to provide an opinion on the proposed transaction for consideration by the Board of Directors or the shareholders, as the case may be. A person with potential conflict of interests or who has interests in the proposed transaction shall not be allowed to consider and approve the proposed transaction, in order to ensure that the transaction will not constitute a transfer or loss of benefits on the part of the Company and that it will be primarily in the best interests of the Company and every shareholder. The Company shall disclose the related party transactions in the note to the audited financial statements, in the annual report, and in the annual registration statement (Form 56-1).

## Policy in future Related Party Transactions

Should the Company enter into a related party transaction in the future, it shall comply with the SEC Act, regulations, notifications, orders or requirements provided by the Thai SEC, the Capital Market Supervisory Board, and the SET. The entering into of such transaction shall not constitute a transfer or loss of benefits on the part of the Company. Generally, a related party transaction must be entered into with regards to the best interests of the Company and every shareholder.

For transactions in the ordinary course of business or transactions that support transactions in the ordinary course of business on an on-going basis, the Company will determine the criteria and practice guidelines to conform to the general trading terms based on the prices and conditions that are appropriate, fair, reasonable, and verifiable. The criteria and practice guidelines will be proposed to the Audit Committee for opinion and the Board of Directors for approval.

Moreover, in the case of a related party transaction or connected transaction, or a change to the terms and conditions for a related party transaction between the Company and its major shareholders, directors, executives or persons with potential conflict of interest or connected persons, the directors with interests in the particular issue will not be present at the meeting of the Board of Director when the agenda concerning the approval on such transaction is being discussed.

# Management Discussion and Analysis

## 1. Overview

We are the leading paint and coating producer and distributor in Thailand. According to Frost & Sullivan, we are the largest retail decorative paint and coating manufacturer in Thailand based on sales revenue, with an approximately 48.7% market share in 2016. In addition, we have a wide manufacturing and distribution footprint across the ASEAN Economic Community (the “AEC”). According to Frost & Sullivan, we had an approximately 13.0% market share of the paint and coating market in the AEC in 2016. The founders of the Company have over 50 years of experience in the paint and coating industry for manufacturing high-quality products with strong brand recall status supported by market-leading technology and customer service, including the research and development of innovative high-quality products to meet the demand of consumers. We believe that we achieved our market-leading position in Thailand as a result of our long established presence and the economies of scale associated with our incumbency as a large manufacturer, especially with mass-media branding and brand recognition, innovative product

development using advanced technologies, full product range, widespread distribution compared to other operators in Thailand, cost production efficiencies and product quality.

## 2. Corporate Reorganization

In anticipation of the Combined Offering, we completed a Corporate Reorganization and divested six subsidiaries previously consolidated under TOA, investments in three joint venture companies, one associate company and two other long-term investments to TOA Venture Holding Co., Ltd. and TOA Group Holding Co., Ltd.

The following companies were divested on February 19, 2016, by way of a transfer from the Company to TOA Integration Co., Ltd. as a capital contribution. On February 29, 2016, TOA Integration Co., Ltd. sold these companies to TOA Venture Holding Co., Ltd., a 100% subsidiary of TOA Group Holding Co., Ltd., our controlling shareholder, at cost as indicated below:

Company's Name	Nature of Business	Country of Incorporation	Shareholding <sup>(1)</sup> (%)	Cost/Sales Price (million baht)
1. TOA Performance Coating (Vietnam) Co., Ltd.	Import and distribution of abrasive paper, auto refinish paint and industrial paint	Vietnam	100.0	15
2. TOA Performance Coating Corporation Co., Ltd	Manufacture and distribution of abrasive paper, auto refinish paint and industrial paint	Thailand	95.3	513
3. TOA Paint (Malaysia) Sdn. Bhd.	Import and distribution of abrasive paper and auto refinish paint	Malaysia	72.0	10

Company's Name	Nature of Business	Country of Incorporation	Shareholding <sup>(1)</sup> (%)	Cost/Sales Price (million baht)
4. TOA-Union Paint (Thailand) Co., Ltd. <sup>(2)</sup>	Distribution of premium grade wood coatings for the furniture industry	Thailand	55.0	7
5. TOA-Chugoku Paint Co., Ltd. <sup>(2)</sup>	Manufacture and distribution of marine and container coatings	Thailand	51.0	36
6. iTOA Auto Sales Co., Ltd. <sup>(2)</sup>	Distribution of "Suzuki" brand cars	Thailand	51.0	13
7. Sherwood Chemicals Public Company Limited <sup>(3)</sup>	Manufacture and marketing of chemical products	Thailand	36.0	65
8. Takata-TOA Co., Ltd. <sup>(4)</sup>	Manufacture and distribution of car safety products	Thailand	10.0	20
9. YMP Press & Dies (Thailand) Co., Ltd. <sup>(4)</sup>	Manufacture and distribution of parts for press stamping machines, die making molds and welding jigs	Thailand	6.3	121

Notes: <sup>(1)</sup> Shareholding percentage as at the time of sale.

<sup>(2)</sup> Joint venture company.

<sup>(3)</sup> Associate company.

<sup>(4)</sup> Other long-term investments.

The following subsidiaries were divested on March 29, 2016 and were sold to TOA Group Holding Co., Ltd. at net book value as indicated below:

Company's Name	Nature of Business	Country of Incorporation	Shareholding <sup>(1)</sup> (%)	Net Book Value <sup>(2)</sup> (THB)	Sales Price (THB)
1. TOA Paint (India) Private Limited	Manufacture and distribution of decorative paint and coating products and other products	India	100.0	0	1
2. TOA-ISM Auto Refinish Paint Co.,Ltd.	Manufacture and distribution of auto refinish paint	Thailand	99.7	0	61,824,914
3. Conchubar Energy Private Limited	Holding company	Singapore	100.0	0	1

Notes: <sup>(1)</sup> Shareholding percentage as at the time of sale.

<sup>(2)</sup> Net book value as at the time of sale.

As a result of the corporate reorganization therefore the Statutory Financial Statements year 2016 did not present the structure of the Group after the restructuring, which was completed in Q1 of 2016. For the purpose of this management's discussion and analysis with respect to Carve-out Financial Statements which its shown financial position, results of operations and cash flows of current group structure. The Company does not apply the financial statements of its subsidiaries under the restructuring to the carve-out financial statements. (for more information on the basis of presentation of the carve-out financial information, see Note 2 of the notes of the Carve-out Financial Statements which attached in the Company's prospectus for the offering of shares)



### 3. Results of Operations and Profitability

#### Results of Operations

##### (1) Sales Revenue

For the year ended December 31, 2016 and 2017, our sales revenue was THB 16,297.3 million and THB 15,717.7 million, respectively, which decreased THB 579.6 million, or 3.6%. The decrease in sales revenue was largely due to a decrease in decorative paint and coating products sales revenue due to a decrease in sales volume of medium to economy grade product as a result of the economic slowdown continuing from 2016, as well as a decrease in non-decorative paint and coating products sales revenue, which was primarily due to the decreased sales volume and decreased average selling prices of wood coatings as a result of market competition. By distribution channel, the reduction in sales revenue was largely due to the decrease in sales revenue from retail dealers, while modern trade sales revenue increased, as well as other channels sales revenue increased mainly due to a higher number of projects using our products. By customer location, the decrease in sales revenue was largely due to a decrease in sales revenue from products sold to customers in Thailand together with a decrease in overseas countries sales revenue, which was largely due to the decrease in sales revenue in Vietnam. The following table sets forth the breakdown of our sales revenue:

Sales by product group	Year ended December 31,			
	Carve-out Financial Statements		Consolidated Financial Statements	
	2016		2017	
	THB million	%	THB million	%
<b>Decorative Products</b>	<b>11,330.5</b>	<b>69.5</b>	<b>10,809.8</b>	<b>68.8</b>
Premium	4,723.2	29.0	4,638.6	29.5
Medium to Economy	5,853.0	35.9	5,467.6	34.8
Other Decorative <sup>(1)</sup>	754.3	4.6	703.6	4.5
<b>Non-decorative Products</b>	<b>4,459.6</b>	<b>27.4</b>	<b>4,358.3</b>	<b>27.7</b>
Construction Chemicals	626.6	3.9	668.2	4.2
Heavy Duty Coatings	476.3	2.9	485.5	3.1
Other Non-decorative <sup>(2)</sup>	3,356.7	20.6	3,204.6	20.4
<b>Other Business Products<sup>(3)</sup></b>	<b>507.2</b>	<b>3.1</b>	<b>549.6</b>	<b>3.5</b>
<b>Sales</b>	<b>16,297.3</b>	<b>100.0</b>	<b>15,717.7</b>	<b>100.0</b>

Notes: <sup>(1)</sup> "Other Decorative" comprises sales revenue from colorants used for Auto Tinting Machines, as well as decorative thinners, being solvents used to dilute paints, make paints easier to use and/or apply, or clean up paints and equipment.

<sup>(2)</sup> "Other Non-decorative" comprises sales revenue from wood coatings, hardware, power tools, Shell brand products, Chindrite brand products, special architectural coatings and Auto Tinting Machines.

<sup>(3)</sup> "Other Business Products" comprise sales of certain products to the related companies, such as raw materials and semi-finished materials.

Sales by distribution channel	Year ended December 31,			
	Carve-out Financial Statements		Consolidated Financial Statements	
	2016		2017	
	THB million	%	THB million	%
Retail Dealers	12,474.5	76.5	11,519.3	73.3
Modern Trade	2,176.8	13.4	2,401.5	15.3
Others <sup>(1)</sup>	1,646.0	10.1	1,796.9	11.4
<b>Sales</b>	<b>16,297.3</b>	<b>100.0</b>	<b>15,717.7</b>	<b>100.0</b>

Note: <sup>(1)</sup> "Others" primarily comprise sales revenue from distribution through projects, exports and distribution to the Divested Companies and related companies.

Sales by geography	Year ended December 31,			
	Carve-out Financial Statements		Consolidated Financial Statements	
	2016		2017	
	THB million	%	THB million	%
Thailand	14,176.3	87.0	13,645.8	86.8
Overseas	2,121.0	13.0	2,071.9	13.2
Vietnam	1,332.4	8.2	1,220.3	7.8
Others <sup>(1)</sup>	788.6	4.8	851.6	5.4
<b>Sales</b>	<b>16,297.3</b>	<b>100.0</b>	<b>15,717.7</b>	<b>100.0</b>

Note: <sup>(1)</sup> "Others" mainly comprise sales revenue from customers in Laos, Myanmar, Cambodia, Indonesia, and Malaysia.

## (2) Cost of sales

Our cost of sales increased THB 256.5 million, or 2.5%, from THB 10,094.6 million for the year ended December 31, 2016 to THB 10,351.1 million for the year ended December 31, 2017. This increase was

primarily attributable to the increased prices of key raw materials used in our production process such as titanium dioxide (TiO<sub>2</sub>), solvents, resin and latex. The following table sets forth the breakdown of our cost of sales:

Cost of sales	Year ended December 31,			
	Carve-out Financial Statements		Consolidated Financial Statements	
	2016		2017	
	THB million	%	THB million	%
Raw materials costs	6,700.5	66.4	6,937.0	67.0
Packaging costs	1,118.7	11.1	1,068.3	10.3
Labor costs	559.1	5.5	566.6	5.5
Overhead costs <sup>(1)</sup>	370.8	3.7	344.0	3.3
Depreciation and amortization costs	189.3	1.9	201.4	2.0
Cost of trading goods	1,156.2	11.4	1,233.8	11.9
<b>Cost of sales</b>	<b>10,094.6</b>	<b>100.0</b>	<b>10,351.1</b>	<b>100.0</b>

Note: <sup>(1)</sup> "Overhead costs" comprise costs such as utility costs, maintenance costs, rent, contract manufacturing costs (e.g. the cost for using Auto Tinting Machines paid to in the stores of retail dealers for mixing paint shades for projects) and third party service costs (e.g. security services provided to production plants).

## (3) Gross Profit

For the years ended December 31, 2016 and 2017, gross profit was THB 6,202.7 million and THB 5,366.6 million, respectively, or as a percentage of sales revenue,

38.1% and 34.1%, respectively. The decrease in gross profit margin was mainly attributable to the increase in the cost of raw materials as mentioned above.



#### (4) Selling expenses

Total selling expenses increased THB 156.5 million, or 8.0% , from THB 1,944.6 million for the year ended December 31, 2016 to THB 2,101.1 million for the year ended December 31, 2017. This increase was primarily attributable to higher sales employee costs due to the transfer of some administrative employees to the sales support function and higher advertising expenses

due to the focus on AEC market expansion, partially offset by lower sales promotions expenses primarily attributable to our efforts to effectively manage our use of sales promotions by focusing efforts on sales promotions which incur less expense including using other methods of sales promotions. The following table sets forth the breakdown of our selling expenses:

Selling expenses	Year ended December 31,			
	Carve-out Financial Statements		Consolidated Financial Statements	
	2016		2017	
	THB million	%	THB million	%
Sales employee costs	696.8	35.8	733.8	34.9
Sales promotions <sup>(1)</sup>	375.3	19.3	233.6	11.1
Advertising expenses <sup>(2)</sup>	364.7	18.8	421.7	20.1
Freight expenses	226.7	11.7	242.7	11.6
Commissions and incentives <sup>(3)</sup>	62.6	3.2	282.4	13.4
Depreciation and amortization	70.3	3.6	66.8	3.2
Other selling expenses <sup>(4)</sup>	148.2	7.6	120.1	5.7
<b>Selling expenses</b>	<b>1,944.6</b>	<b>100.0</b>	<b>2,101.1</b>	<b>100.0</b>

Note: <sup>(1)</sup> "Sales promotions" primarily comprise trade promotions such as gifts or sales promotion activities.

<sup>(2)</sup> "Advertising expenses" are our expenditures relating to the advertising we use to drive sales.

<sup>(3)</sup> "Commissions and incentives" are commissions paid to our sales force when they have reached certain sales targets.

<sup>(4)</sup> "Other selling expenses" primarily comprise fees, miscellaneous expenses and rental.

<sup>(5)</sup> The classification of selling expenses for the year ended December 31, 2016 is different from the classification of selling expenses for the year ended December 31, 2017. The classification of selling expenses primarily includes (1) commissions and incentives which were previously categorized as sales employee costs and sales promotions and are currently changed to commissions and incentives and (2) sales employee welfare which was previously categorized as fees and miscellaneous expenses (as other selling expenses) and is currently changed to sales employee costs.

#### (5) Administrative expenses

Total administrative expenses decreased THB 89.8 million, or 7.0%, from THB 1,282.4 million for the year ended December 31, 2016 to THB 1,192.6 million for the year ended December 31, 2017. This decrease was primarily attributable to the decrease in bad debt and allowance for doubtful accounts as we changed a provisioning policy for bad debt which resulted in higher than usual

bad debt allowance for doubtful accounts in the 2016 reporting period and the decrease in administrative employee costs primarily attributable to the transfer of some administrative employees to the sales support function. Moreover, a decrease in fee and miscellaneous expenses was due to the exchange rate losses expenses in 2016. The following table sets forth the breakdown of our administrative expenses:

Administrative expenses	Year ended December 31,			
	Carve-out Financial Statements		Consolidated Financial Statements	
	2016 <sup>(3)</sup>		2017 <sup>(3)</sup>	
	THB million	%	THB million	%
Administrative employee costs	599.2	46.7	561.1	47.0
Rental	113.2	8.8	115.4	9.7
Fees and miscellaneous expenses <sup>(1)</sup>	240.1	18.7	153.1	12.8
Depreciation and amortization	94.8	7.4	72.1	6.1
Bad debt and allowance for doubtful accounts	29.0	2.3	9.9	0.8
Other administrative expenses <sup>(2)</sup>	206.1	16.1	281.0	23.6
<b>Administrative expenses</b>	<b>1,282.4</b>	<b>100.0</b>	<b>1,192.6</b>	<b>100.0</b>

Notes: <sup>(1)</sup> "Fees and miscellaneous expenses" comprise expenses relating to exchange rate losses, property and land tax, and other fees.

<sup>(2)</sup> "Other administrative expenses" primarily comprise donations, service expenses, repair and maintenance and utilities.

<sup>(3)</sup> The classification of administrative expenses for the year ended December 31, 2016 is different from the classification of administrative expenses for the year ended December 31, 2017. The classification of administrative expenses primarily includes administrative employee welfare which was previously classified as fees and miscellaneous expenses and is currently classified as administrative employee costs.

## (6) Profit for the year

Our profit for the year decreased by THB 804.0 million, or 32.1%, from THB2,507.4 million for the year ended December 31, 2016 to THB1,703.4 million for the year ended December 31, 2017. Our net profit margin decreased from 15.2% for the year ended December 31, 2016 to 10.8% for the year ended December 31, 2017. The decrease in net profit margin was primarily attributable to the increase in average selling price of the main raw materials.

## 4. Asset Management Ability

### Current Assets

#### (1) Cash and Cash Equivalents

Our cash and cash equivalents consist of cash and bank deposits. As at December 31, 2016 and 2017, we had cash and cash equivalents of THB 1,713.4 million, THB 1,816.2 million, respectively. Our cash and cash equivalents were primarily affected by the increases and decreases of our net cash from or used in operating, investing and financing activities.

## (2) Investments in Trading Securities – Mutual Fund

As at December 31, 2016 and 2017, we had investments in mutual funds of THB 442.4 million and THB 4,468.0 million, respectively. The increases in our mutual fund investments mainly from increasing in capital and raise fund in public.

#### (3) Trade and Other Receivables

Our trade and other receivables primarily consist of trade receivables from related and unrelated parties and other receivables, including accrued income. As at December 31, 2016 and, 2017, we had trade and other receivables of THB 2,839.6 million and THB 2,936.3 million respectively. Trade and other receivables increase primarily because of increasing in sale revenue in fourth quarter in 2017.

The table below sets out trade based on the due date:

	For the ended December 31,	
	2016	2017
	THB million	THB million
<b>Related Parties</b>		
Not yet due	116.6	150.8
Past due - up to 3 months	32.7	58.2
Past due - up to 3-6 months	-	14.7
Past due - up to 6-12 months	-	4.5
Past due - more than 12 months	15.1	18.5
<b>Total trade receivables related parties</b>	<b>164.4</b>	<b>246.7</b>
Allowance for doubtful debt	(15.1)	(15.2)
<b>Total trade receivables related parties - net</b>	<b>149.3</b>	<b>231.5</b>
<b>Unrelated Parties</b>		
Not yet due	2,003.6	2,109.2
Past due - up to 3 months	395.9	348.9
Past due - up to 3-6 months	58.7	62.3
Past due - up to 6-12 months	66.4	33.7
Past due - more than 12 months	197.8	197.7
<b>Total trade receivables unrelated parties</b>	<b>2,722.5</b>	<b>2,751.8</b>
Allowance for doubtful debt	(171.3)	(170.5)
<b>Total trade receivables unrelated parties - net</b>	<b>2,551.2</b>	<b>2,581.3</b>
<b>Total trade receivables - net</b>	<b>2,700.5</b>	<b>2,812.8</b>

As at December 31, 2016 and 2017, THB 766.7 million and THB 738.6 million of our trade receivables was not yet due respectively. For December 31, 2016 and 2017, the allowance made for doubtful debt for trade receivables was THB 186.4 million and THB 185.7 million.

We have a policy to establish allowance for doubtful accounts by taking into account the ability to collect future debts, past collection history, the aging profile of outstanding debts, type of debtor, and prevailing economic conditions. TOA and our Subsidiaries have the same policy to establish bad debt provisions, by setting aside a minimum amount of allowance

for doubtful accounts with such minimum amount being a percentage of accounts receivables that are overdue. The percentage set aside is dependent on the length of time such account receivables are past due. In Vietnam, the policy to establish allowance for doubtful accounts is different from TOA and our other Subsidiaries. Instead of using account receivables aging to determine the minimum allowance for doubtful accounts, the percentage of accounts receivables set aside in Vietnam must be in line with the establishment of allowance for doubtful accounts for tax calculations as specified by the Ministry of

Finance in Vietnam. In addition to the preceding factors, we also take into account the ability of each account receivable debtor to pay debts. If at any point of time, we determine account receivables cannot be collected at all, we will make allowance for the full amount of the doubtful accounts.

Trade receivables that are overdue for more than one year, but have yet to have the allowance for doubtful accounts be established in the full amount are primarily from returned goods of which the documents are in the process of being verified for acceptance of such goods. From past practice, we and our customers were able to reach an agreement and such customers would make payment to us. However, it takes several months for some customers to process the documentation, but the process is no longer than two years. The reason for the long period of receivables is due to the coordination between us and many relevant third parties. However, we pay close attention to the coordination and follow-up of these matters.

Our average collection period approximately 68 days in 2016 and 2017, which is in-line with credit terms provided to our clients of 30 to 90 days.

#### **(4) Current Portion of Long-term Hire Purchase Receivables**

Current portion of long-term hire purchase receivables comprised hire purchase agreements for the Auto Tinting Machines which are due within one year. As at December 31, 2016 and 2017, our current portion of long-term hire purchase receivables was THB 122.1 million and THB 77.3 million, respectively. Current portion of long-term hire purchase receivables is primarily affected by the decrease in the number of hire purchased Auto Tinting Machines and changes in the terms and conditions of our hire purchase agreements.

#### **(5) Inventories**

Inventories consist of finished goods, work in process, raw materials, packing materials, spare parts and factory supplies, and goods in transit. As at December 31, 2016 and 2017, we had inventories of THB 2,018.6 million and THB 2,231.7 million, respectively. Inventories increased as at December 31, 2017 primarily due to the increase in the level of raw material of baht 210.7 from last year due to a increase in price.

Inventory days in 2016 and 2017 approximately 33 days.

#### **Non-current Assets**

##### **(1) Long-term Hire Purchase Receivables not due within one year, Net of Current Portion**

Long-term hire purchase receivables, net of current portion, comprised hire purchase agreements for the Auto Tinting Machines which are not due within one year. As at December 31, 2016 and 2017, we had long-term hire purchase receivables of THB 146.3 million and THB 137.5 million, respectively.

The decrease in long-term hire purchase receivables not due within one year as at December 31, 2016 was primarily due to the decrease in the number of hire purchase Auto Tinting Machines and changes in the terms and conditions of our hire purchase agreements. As at December 31, 2017, we had hire purchase receivables that were overdue for more than three months at an amount of THB 17.0 million and had made an allowance of THB 9.0 million.

We are not focused on the hire purchase business but operate the hire purchase of Auto Tinting Machines to assist our retail dealer stores to sell more products. The receivables that were overdue relating to hire purchase fees were mainly from customers that still purchase goods from us. The amount of allowance for doubtful accounts we prepare for hire purchase receivables is dependent on the length of time such

hire purchase receivables are past due. In addition, we take into account the ability of each account receivable debtor to pay debts. If we determine hire purchase receivables cannot be collected at all, we will make allowance for doubtful accounts in the full amount.

In selling the Auto Tinting Machines under a hire purchase plan, the payment by installments is generally fixed at between four to twelve years based on the arrangement between us and the customers. This is in line with the ability of such customers to pay their debt and the value of the Auto Tinting Machines. This approach is intended to comply with our strategy of encouraging retail shops to own the Auto Tinting Machines in order to better serve the customers' needs and to sell our products. The useful life of the Auto Tinting Machine is more than twelve years, provided that maintenance and repair is conducted by our technician on a regular basis at intervals.

## **(2) Investment Properties**

Investment properties relate to investment in real properties and comprise of a building in Huay Kapi district, Chonburi province. As at December 31, 2016 and 2017, investment properties was nil, THB19.6 million and THB17.0 million, respectively. The building has been partially leased to a related party.

## **(3) Property, Plant and Equipment**

Property, plant and equipment consist of land, land improvements, buildings and building improvement, machinery and equipment, furniture, fixtures and office equipment, motor vehicles, and assets under installation. As at December 31, 2016 and 2017, we had property, plant and equipment of THB 1,935.4 million and THB 1,945.0 million, respectively. The increase in property, plant and equipment as at December 31, 2017, was primarily due to investments in 2017 being higher than the depreciation in 2017.

## **(4) Intangible Assets**

Intangible assets comprise computer software and leasehold rights. As at December 31, 2016 and 2017 intangible assets was THB 158.1 million and THB 153.6 million, respectively. The Intangible assets are lower as at December 31, 2017 primarily due to investments in intangible assets in 2017 being less than the annual amortization in 2017.

## **(5) Other non current assets**

Other non current assets consist of advance payment for land and withholding tax refundable. As at December 31, 2016 and 2017, we had other non current assets THB 32.3 million and THB 86.4 million, respectively. The increase in other non current assets as at December 31, 2017, was primarily due to advance payment for land at Phnom Penh SEZ Pcl for 50 years for preparing paint factory in Cambodia.

## **Current Liabilities**

### **(1) Short-term Loans from Financial Institutions**

Our short-term loans from financial institutions represent promissory notes. As at December 31, 2016 and 2017, we had short-term loans from financial institutions of THB 3,560.0 million and THB 1,205.0 million, respectively. Our short-term loans from financial institutions decreased as at December 31, 2017 due to the repayment of certain loans that reached maturity.

### **(2) Trade and Other Payables**

Our trade and other payables consist of trade payables to our raw material suppliers and other payables to related and unrelated parties as well as accrued expenses.

As at December 31, 2016 and 2017, we had trade and other payables of THB 3,602.2 million and THB 3,825.8 million respectively. The increase in trade and other payables as at December 31, 2017 was primary due to high purchasing. The average days

outstanding for trade and other payables decreased from 104 days in 2016 and 102 days as at December 31, 2017 due to us having relatively better bargaining power against raw materials distributors in accordance with the general practice whereby we aim to agree on the terms of payment with distributors within 90 to 120 days from month's end.

### **(3) Income Tax Payable**

As at December 31, 2016 and 2017, income tax payable, being corporate income tax, was THB 329.6 million and THB 175.3 million. The decrease in corporate income tax payable is consistent with the decrease in the Company's profit before tax in 2017.

## **Non-current Liabilities**

### **(1) Long-term Loans from Financial Institutions**

As at December 31, 2016 and 2017, the long-term loans from financial institutions was in aggregate THB 333.2 million and THB 166.4 million, respectively. The portion due within one year as at December 31, 2016 and 2017, was THB 166.8 million and THB 166.4 million, respectively. Principally, these loans are used to support the general investments of the Company. The Long-term loans from financial institutions decreased as at December 31, 2017 due to the repayments made pursuant to the loan repayment schedule term.

### **(2) Provision for Long-term Employee Benefits**

As at December 31, 2016 and 2017, we had provision for long-term employee benefits of THB 242.2 million and THB 245.7 million, respectively. Provision for long-term employee benefits increased as at December 31, 2017 mainly due to an increase in service costs and interest costs for the period.

## **Shareholders' Equity**

As at December 31 2016 and 2017, our shareholders' equity was THB778.0 million and THB 8,413.0 million, respectively. As at December 31, 2017, shareholders' equity consisted of paid up capital of THB 2,029.0 million, share premium of THB 5,761.5 million, appropriated-statutory reserve of THB168.3 million, unappropriated retained earnings of THB 1,033.7 million less other components of shareholders equity of THB 554.6 million and non-controlling interests of the subsidiaries of THB 24.9 million

As at December 31 2016 and 2017, the Company's return on equity is 93.4% and 37.1%, respectively. The decrease in the Company's return on equity as at December 31, 2017 was primarily due to the increase in shareholders' equity

## **5. Liquidity and adequacy of capital Liquidity**

Our principal sources of liquidity are cash generated from our operations and loans from financial institutions. The availability of funding from external sources and the cost of such funding is subject to a number of factors that are beyond our control, including general economic and capital market conditions, interest rates, availability of credit from banks and other lenders, lender and/or investor confidence in TOA, tax and securities laws that may be applicable to us, and political and economic conditions in the markets in which we operate and internationally.

## **Cash Flows**

The following table sets out certain information from our consolidated condensed statements of cash flows for the periods indicated.



Cash Flow Data:	Year Ended December 31,	
	2016	2017
	THB million	THB million
Net cash flows from operating activities	2,747.0	1,803.6
Net cash flows from (used in) investing activities	2,531.0	(4,373.9)
Net cash flows from (used in) financing activities	(6,699.7)	2,776.8
Cash and cash equivalents at the beginning of the year	2,241.0	1,713.3
<b>Cash and cash equivalents at the end of the year</b>	<b>1,713.3</b>	<b>1,816.2</b>

### (1) Operating Activities

Net cash flows from operating activities was THB 1,803.6 million for the year ended December 31, 2017 and was primarily from our profit before tax for the period of THB 2,104.7 million, as adjusted for reconciliation of net profit in cash receivable (payable) provided by operating activities of THB 452.4 million, primarily comprising depreciation and amortization of THB 339.5 million, interest expense of THB 75.3 million and an increase in operating assets and liabilities of THB 196.7 million, primarily comprising a increase of trade payables and other payables of THB 213.3 million and an increase in inventory of THB 235.3 million, partially offset by a increase of trade receivables and other receivables of THB 103.7 million including cash paid for corporate income tax of THB 524.5 million.

### (2) Investing Activities

Net cash flows used in investing activities was THB 4,373.9 million for year ended December 31, 2017 and was primarily from the acquisition of plant and equipment amounting to THB 370.3 million, increase in investment in trade securities-mutual funds of THB 4,004.7 million.

### (3) Financing Activities

Net cash flows used in financing activities was THB 2,776.8 million for year ended December 31, 2017 and was primarily from decrease in short term loan of THB 2,355.0 million and dividend payment of THB 1,497.9 million, partially offset by capital injection of THB 6,870.4 million.

## 6. Analysis of key financial ratios

Set out below is a discussion of certain key financial ratios.

### Current Ratio

As at December 31, 2016 and 2017, our current ratio was 0.9 times and 2.2 times, respectively. The increase in current ratio as at December 31, 2017, was mainly due to a decrease in current liabilities as a result of a decrease in short-term loans from financial institutions and accrued dividend and accrued income tax.

### Debt Service Coverage Ratio

As at December 31, 2016 and 2017, our debt service coverage ratio was 0.4 times.

### Total Liabilities to Equity Ratio

As at December 31, 2016 and 2017, our total liabilities to equity ratio 11.4 times and 0.7 times, respectively. The total liabilities to equity ratio decreased as at December 31, 2017, mainly due to an increase in shareholders' equity and a decrease in interest-bearing debt.

### Interest-Bearing Debt to equity Ratio

As at December 31, 2016 and 2017, our interest-bearing debt to equity ratio was 5.0 times and 0.2 times, respectively. Total interest bearing debt to equity ratio decreased as at December 31, 2017, mainly due to an increase in shareholders' equity as a result of capital injection and a decrease in interest-bearing debt.

## Report of the Board Directors' Responsibilities for the Financial Statements

The Board of Directors of the TOA Paint (Thailand) Public Company Limited has prepared the Company's financial statements to show its financial status and performance for 2017 under the Public Company Limited Act B.E.2535, the Accounting Act B.E. 2543, the Securities and Exchange Act B.E.2535, and the announcement of the Capital Market Supervisory Board concerning the criteria, conditions, and reporting method for the disclosure of information on financial status and performance of companies that issue securities.

The Board of Directors is held the responsibilities for financial statements of the Company and its subsidiaries – including financial information that appears in the annual report of 2017. Such statements have been prepared under generally accepted accounting standards, which regularly complies with a suitable accounting policies and due and reasonable discretion exercised in the preparation of financial statements. Adequate significant information has been disclosed in the notes to these financial statements for transparent use by shareholders and investors at large.

The Board has instituted and maintained effective

risk management and internal control systems to become reasonably confident of accurate, complete, and adequate accounting information to retain Company assets and prevent frauds or significant anomalies in operation.

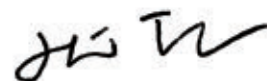
The Audit Committee consist of three independent directors, acting on behalf of the Board, has been assigned responsibility for the quality of financial reports and internal control system, and its opinions duly appear in its own report found in this publication.

It is our view that the Company's internal control system is, on the whole, satisfactory and can reasonably assure us that the financial statements of the Company and its subsidiaries ended December 31, 2017 are reliable under generally accepted accounting standards, legally sound, and acceptable to relevant regulations.



**Mr. Prachak Tangkaravakoon**

Chairman of the Board



**Mr. Jatuphat Tangkaravakoon**

Chief Executive Officer

## Independent Auditor's Report

To the Shareholders of TOA Paint (Thailand) Public Company Limited  
(Formerly known as "TOA Paint (Thailand) Company Limited")

### Opinion

I have audited the accompanying consolidated financial statements of TOA Paint (Thailand) Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of TOA Paint (Thailand) 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 TOA Paint (Thailand) Public Company Limited and its subsidiaries and of TOA Paint (Thailand) Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

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

## Key Audit Matters

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

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

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

### **Revenue recognition**

Revenue from sales is significant to the financial statements. Moreover, the Company has sales transactions with a large number of customers under a variety of conditions, pertaining to matters such as sales promotions, discounts and special discounts to boost sales. As a result, revenue from sales is a significant account which directly affects the Company's operating results.

I have assessed and tested the effectiveness of the internal controls of the Company relevant to the revenue cycle by examining supporting documents, on a sampling basis, for actual sales transactions occurring during the year and expanding the scope of audit near the end of the reporting period. I also examined credit notes issued by the Company after the period-end. In addition, I performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

### **Other Information**

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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



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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matter. I describe this matter 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.



Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

EY Office Limited

Bangkok: 26 February 2018

## Statement of financial position

TOA Paint (Thailand) Public Company Limited and its subsidiaries  
(Formerly known as “TOA Paint (Thailand) Company Limited”)

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	1,816,185,467	1,713,374,994	628,192,289	824,258,288
Investments in trading securities - mutual fund		4,467,957,349	442,350,597	4,401,788,927	414,343,620
Trade and other receivables	8	2,936,259,326	2,839,606,004	2,501,804,091	2,457,274,716
Current portion of long-term hire purchase receivables	9	77,347,502	122,121,630	72,095,879	117,756,165
Short-term loans to related parties and interest receivable	6	-	-	138,384,183	-
Inventories	10	2,231,669,788	2,018,567,674	1,609,929,812	1,419,099,799
Other current assets		168,749,564	160,888,376	115,734,373	94,202,164
<b>Total current assets</b>		<b>11,698,168,996</b>	<b>7,296,909,275</b>	<b>9,467,929,554</b>	<b>5,326,934,752</b>
<b>Non-current assets</b>					
Long-term hire purchase receivables, net of current portion	9	137,461,802	146,345,973	131,357,325	136,760,010
Investments in subsidiaries	11	-	-	2,372,121,859	2,062,600,459
Other long-term investments	12	10,000	5,010,000	10,000	5,010,000
Investment properties	13	16,989,082	19,639,082	16,989,082	19,639,082
Property, plant and equipment	14	1,945,021,716	1,935,422,244	1,286,184,322	1,302,924,742
Intangible assets	15	153,590,867	158,102,717	54,871,259	44,921,836
Deferred tax assets	23	57,412,309	50,719,621	29,065,149	20,037,529
Other non-current assets		86,411,474	32,254,714	48,895,262	6,287,521
<b>Total non-current assets</b>		<b>2,396,897,250</b>	<b>2,347,494,351</b>	<b>3,939,494,258</b>	<b>3,598,181,179</b>
<b>Total assets</b>		<b>14,095,066,246</b>	<b>9,644,403,626</b>	<b>13,407,423,812</b>	<b>8,925,115,931</b>

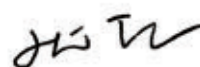
The accompanying notes are an integral part of the financial statements.

on behalf of the Directors'



**Mr. Prachak Tangkaravakoon**

Chairman of the Board



**Mr. Jatuphat Tangkaravakoon**

Chief Executive Officer

## Statement of financial position (continued)

TOA Paint (Thailand) Public Company Limited and its subsidiaries  
(Formerly known as “TOA Paint (Thailand) Company Limited”)

As at 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	16	1,205,000,000	3,560,000,000	1,050,000,000	3,350,000,000
Trade and other payables	17	3,825,781,559	3,602,196,315	3,188,437,967	3,027,037,129
Current portion of long-term loan from financial institution	18	166,400,000	166,800,000	166,400,000	166,800,000
Dividend payables - related parties	6	-	688,500,000	-	688,500,000
Income tax payable		175,273,431	329,638,522	167,294,132	314,356,149
Other current liabilities		49,794,934	93,526,242	25,855,186	34,948,786
<b>Total current liabilities</b>		<b>5,422,249,924</b>	<b>8,440,661,079</b>	<b>4,597,987,285</b>	<b>7,581,642,064</b>
<b>Non-current liabilities</b>					
Long-term loan from financial institution, net of current portion	18	-	166,400,000	-	166,400,000
Provision for long-term employee benefits	19	245,710,214	242,241,614	208,856,546	210,036,035
Other non-current liabilities		14,080,231	17,082,045	-	-
<b>Total non-current liabilities</b>		<b>259,790,445</b>	<b>425,723,659</b>	<b>208,856,546</b>	<b>376,436,035</b>
<b>Total liabilities</b>		<b>5,682,040,369</b>	<b>8,866,384,738</b>	<b>4,806,843,831</b>	<b>7,958,078,099</b>
<b>Shareholders' equity</b>					
Share capital					
Registered, issued and fully paid					
2,029,000,000 ordinary shares of Baht 1 each (2016: 900,000 ordinary shares of Baht 1,000 each)	20	2,029,000,000	900,000,000	2,029,000,000	900,000,000
Share premium	20	5,761,532,800	-	5,761,532,800	-
Retained earnings					
Appropriated - statutory reserve	21	168,286,990	90,000,000	168,286,990	90,000,000
Unappropriated		1,033,759,880	211,535,270	678,052,808	13,330,449
Other components of shareholders' equity		(554,624,717)	(398,657,029)	(36,292,617)	(36,292,617)
Equity attributable to owners of the Company		8,437,954,953	802,878,241	8,600,579,981	967,037,832
Non-controlling interests of the subsidiaries		(24,929,076)	(24,859,353)	-	-
<b>Total shareholders' equity</b>		<b>8,413,025,877</b>	<b>778,018,888</b>	<b>8,600,579,981</b>	<b>967,037,832</b>
<b>Total liabilities and shareholders' equity</b>		<b>14,095,066,246</b>	<b>9,644,403,626</b>	<b>13,407,423,812</b>	<b>8,925,115,931</b>

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

## Statement of comprehensive income

TOA Paint (Thailand) Public Company Limited and its subsidiaries

(Formerly known as “TOA Paint (Thailand) Company Limited”)

For the year ended 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Continued operation					
Profit or loss:					
Revenues					
Sales		15,717,698,012	16,297,347,626	13,175,362,009	13,584,522,442
Dividend income		45,000	74,000	45,000	74,000
Other income		107,182,718	231,403,715	153,803,038	365,650,311
Total revenues		15,824,925,730	16,528,825,341	13,329,210,047	13,950,246,753
Expenses					
Cost of sales		10,351,116,194	10,094,643,593	8,995,071,113	8,669,584,414
Selling expenses		2,101,087,401	1,944,591,422	1,307,672,156	1,290,102,047
Administrative expenses		1,192,638,291	1,282,438,581	1,016,361,305	1,152,104,408
Total expenses		13,644,841,886	13,321,673,596	11,319,104,574	11,111,790,869
Profit before finance cost and income tax		2,180,083,844	3,207,151,745	2,010,105,473	2,838,455,884
Finance cost		(75,345,232)	(86,889,978)	(70,305,255)	(81,404,082)
Profit before income tax		2,104,738,612	3,120,261,767	1,939,800,218	2,757,051,802
Income tax	23	(401,306,675)	(612,890,088)	(387,390,869)	(578,082,886)
Profit from continued operation for the year		1,703,431,937	2,507,371,679	1,552,409,349	2,178,968,916
Discontinued operation					
Profit from discontinued operation for the year		-	2,644,642	-	-
Profit for the year		1,703,431,937	2,510,016,321	1,552,409,349	2,178,968,916

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

## Statement of comprehensive income (continued)

TOA Paint (Thailand) Public Company Limited and its subsidiaries

(Formerly known as “TOA Paint (Thailand) Company Limited”)

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Continued operation</b>					
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency, net of income tax effect		(152,730,040)	20,459,058	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(152,730,040)	20,459,058	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial losses, net of income tax effect	19, 23	(206,708)	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(206,708)	-	-	-
<b>Other comprehensive income from continued operation for the year</b>		(152,936,748)	20,459,058	-	-
<b>Discontinued operation</b>					
Other comprehensive income from discontinued operation for the year		-	5,728,731	-	-
<b>Other comprehensive income for the year</b>		(152,936,748)	26,187,789	-	-
<b>Total comprehensive income for the year</b>		<u>1,550,495,189</u>	<u>2,536,204,110</u>	<u>1,552,409,349</u>	<u>2,178,968,916</u>

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

## Statement of comprehensive income (continued)

TOA Paint (Thailand) Public Company Limited and its subsidiaries

(Formerly known as “TOA Paint (Thailand) Company Limited”)

For the year ended 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
<b>Profit attributable to:</b>					
Equity holders of the Company					
Profit from continued operation		1,709,911,600	2,525,920,977	1,552,409,349	2,178,968,916
Profit from discontinued operation		-	1,871,673	-	-
		<u>1,709,911,600</u>	<u>2,527,792,650</u>	<u>1,552,409,349</u>	<u>2,178,968,916</u>
Non-controlling interests of the subsidiaries					
Loss from continued operation		(6,479,663)	(18,549,298)		
Profit from discontinued operation		-	772,969		
		<u>(6,479,663)</u>	<u>(17,776,329)</u>		
		<u>1,703,431,937</u>	<u>2,510,016,321</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company					
Total comprehensive income from continued operation		1,553,943,912	2,547,061,431	1,552,409,349	2,178,968,916
Total comprehensive income from discontinued operation		-	1,871,673	-	-
		<u>1,553,943,912</u>	<u>2,548,933,104</u>	<u>1,552,409,349</u>	<u>2,178,968,916</u>
Non-controlling interests of the subsidiaries					
Total comprehensive income from continued operation		(3,448,723)	(19,230,694)		
Total comprehensive income from discontinued operation		-	6,501,700		
		<u>(3,448,723)</u>	<u>(12,728,994)</u>		
		<u>1,550,495,189</u>	<u>2,536,204,110</u>		
<b>Basic earnings per share</b>					
<b>Profit attributable to equity holders of the Company</b>					
	24				
Profit per share from continued operation		1.030	2.807	0.935	2.421
Profit per share from discontinued operation		-	0.002	-	-
		<u>1.030</u>	<u>2.809</u>	<u>0.935</u>	<u>2.421</u>

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



## Statement of changes in shareholders' equity

TOA Paint (Thailand) Public Company Limited and its subsidiaries  
(Formerly known as "TOA Paint (Thailand) Company Limited")

For the year ended 31 December 2017

	Consolidated financial statements												(Unit: Baht)
	Equity attributable to owners of the Company												
	Other components of equity												
	Other comprehensive income					Deficit from			Equity				
	Issued and fully paid-up share capital	Share premium	Retained earnings	Appropriated- statutory reserve	Unappropriated	Exchange differences on translation of financial statements in foreign currency	Actual losses, net of income tax effect	Total other comprehensive income	Deficit from business combination under common control	the changes in the ownership interests in subsidiaries	Total other components of shareholders' equity	Total equity attributable to owners of the Company	
900,000,000	-	90,000,000	4,897,242,620	(85,114,384)	(33,987,958)	(99,102,342)	(170,399,630)	(150,820,797)	(420,322,769)	5,466,919,851	107,890,639	5,574,810,490	
Profit for the year	-	-	2,527,792,650	-	-	-	-	-	-	2,527,792,650	(17,776,329)	2,510,016,321	
Other comprehensive income for the year	-	-	-	21,140,454	-	21,140,454	-	-	-	21,140,454	5,047,335	26,187,789	
Total comprehensive income for the year	-	-	2,527,792,650	21,140,454	-	21,140,454	-	-	-	2,548,933,104	(12,728,994)	2,536,204,110	
Sale of investment in subsidiary with loss of control	-	-	-	25,118,926	(99,747)	25,019,179	(24,493,893)	-	525,286	525,286	(130,698,582)	(130,173,296)	
Increase in equity attributable to non-controlling interests of the subsidiaries from additional investments in subsidiaries	-	-	-	-	-	-	-	-	-	-	10,677,584	10,677,584	
Dividend paid (Note 27)	-	-	(7,213,500,000)	-	-	-	-	-	-	(7,213,500,000)	-	(7,213,500,000)	
<b>Balance as at 31 December 2016</b>	900,000,000	-	90,000,000	211,535,270	(18,855,004)	(34,087,705)	(52,942,709)	(194,893,523)	(150,820,797)	(398,657,029)	802,878,241	778,018,888	
<b>Balance as at 1 January 2017</b>	900,000,000	-	90,000,000	211,535,270	(18,855,004)	(34,087,705)	(52,942,709)	(194,893,523)	(150,820,797)	(398,657,029)	802,878,241	778,018,888	
Profit for the year	-	-	-	1,709,911,600	-	-	-	-	-	-	1,709,911,600	(6,479,663)	1,703,431,937
Other comprehensive income for the year	-	-	-	-	(155,812,657)	(155,031)	(155,967,688)	-	-	(155,967,688)	3,030,940	(152,936,748)	
Total comprehensive income for the year	-	-	-	1,709,911,600	(155,812,657)	(155,031)	(155,967,688)	-	-	(155,967,688)	1,553,943,912	(3,448,723)	1,550,495,189
Issuance of new ordinary shares (Note 20)	1,129,000,000	5,761,532,800	-	-	-	-	-	-	-	-	6,890,532,800	-	6,890,532,800
Unappropriated retained earnings transferred to statutory reserve (Note 21)	-	-	78,286,990	(78,286,990)	-	-	-	-	-	-	-	-	-
Increase in equity attributable to non-controlling interests of the subsidiaries from additional investments in subsidiaries	-	-	-	-	-	-	-	-	-	-	3,379,000	3,379,000	3,379,000
Dividend paid (Note 27)	-	-	-	(809,400,000)	-	-	-	-	-	(809,400,000)	-	(809,400,000)	(809,400,000)
<b>Balance as at 31 December 2017</b>	2,029,000,000	5,761,532,800	168,286,990	1,033,759,880	(174,667,661)	(34,242,736)	(208,910,397)	(194,893,523)	(150,820,797)	(554,624,717)	8,437,954,953	(24,929,076)	8,413,025,877

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

## Statement of changes in shareholders' equity (continued)

TOA Paint (Thailand) Public Company Limited and its subsidiaries  
(Formerly known as "TOA Paint (Thailand) Company Limited")

For the year ended 31 December 2017

	Separate financial statements						(Unit: Baht)
	Issued and fully paid-up share capital	Retained earnings		Other components of equity			
		Appropriated - statutory reserve	Unappropriated	Other comprehensive income		Total other components of shareholders' equity	
				Actuarial losses, net of income tax effect			
<b>Balance as at 1 January 2016</b>	900,000,000	-	90,000,000	5,047,861,533	(36,292,617)	(36,292,617)	6,001,568,916
Profit for the year	-	-	-	2,178,968,916	-	-	2,178,968,916
Total comprehensive income for the year	-	-	-	2,178,968,916	-	-	2,178,968,916
Dividend paid (Note 27)	-	-	-	(7,213,500,000)	-	-	(7,213,500,000)
<b>Balance as at 31 December 2016</b>	900,000,000	-	90,000,000	13,330,449	(36,292,617)	(36,292,617)	967,037,832
<b>Balance as at 1 January 2017</b>	900,000,000	-	90,000,000	13,330,449	(36,292,617)	(36,292,617)	967,037,832
Profit for the year	-	-	-	1,552,409,349	-	-	1,552,409,349
Total comprehensive income for the year	-	-	-	1,552,409,349	-	-	1,552,409,349
Issuance of new ordinary shares (Note 20)	1,129,000,000	5,761,532,800	-	-	-	-	6,890,532,800
Unappropriated retained earnings transferred to statutory reserve (Note 21)	-	-	78,286,990	(78,286,990)	-	-	-
Dividend paid (Note 27)	-	-	-	(809,400,000)	-	-	(809,400,000)
<b>Balance as at 31 December 2017</b>	2,029,000,000	5,761,532,800	168,286,990	678,052,808	(36,292,617)	(36,292,617)	8,600,579,981

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

## Cash flow statement

TOA Paint (Thailand) Public Company Limited and its subsidiaries

(Formerly known as “TOA Paint (Thailand) Company Limited”)

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Cash flows from operating activities</b>				
Profit before tax from continued operation	2,104,738,612	3,120,261,767	1,939,800,218	2,757,051,802
Profit before tax from discontinued operation	-	9,949,447	-	-
Profit before tax	2,104,738,612	3,130,211,214	1,939,800,218	2,757,051,802
Adjustments to reconcile profit before tax to				
net cash provided by (paid from) operating activities:				
Depreciation and amortisation	339,548,987	356,994,067	247,883,033	246,210,781
Increase in allowance for doubtful accounts	9,894,589	28,013,442	1,306,891	136,560,093
Reduction of cost to net realisable value (reversal)	7,003,894	(62,490,261)	8,025,890	(39,735,123)
Allowance for impairment loss on investments in subsidiaries	-	-	24,999,600	50,000,000
Allowance for impairment loss on investment properties	-	32,709,279	-	32,709,279
Loss (gain) on disposals of plant, equipment and intangible assets	665,051	1,620,126	(914,863)	(5,251,813)
Gain on disposals of investments in trading securities	(10,135,024)	(8,576,702)	(8,890,681)	(7,395,749)
Other non-current assets written-off	524,550	-	524,550	-
Loss (gain) on disposals of assets held for sale	-	22,292,364	-	(61,824,913)
Gain on liquidation of a subsidiary	-	-	-	(1,589,359)
Gain on disposals of other long-term investments	-	(5,849)	-	(5,849)
Long-term employee benefit expenses	28,864,029	28,725,946	22,495,681	22,199,627
Unrealised loss on exchange	19,367,023	9,033,906	79,656,720	7,354,826
Unrealised gain on changes in value of investments in trading securities	(10,813,759)	(32,546)	(10,856,626)	(82,940)
Dividend income	(45,000)	(74,000)	(45,000)	(74,000)
Interest income	(7,856,802)	(125,265,965)	(7,722,223)	(127,886,659)
Interest expenses	75,345,232	86,777,978	70,305,255	81,404,082
Profit from operating activities before changes in				
operating assets and liabilities	2,557,101,382	3,499,932,999	2,366,568,445	3,089,644,085

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

## Cash flow statement (continued)

TOA Paint (Thailand) Public Company Limited and its subsidiaries

(Formerly known as “TOA Paint (Thailand) Company Limited”)

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Operating assets (increase) decrease:				
Trade and other receivables	(103,663,471)	46,162,026	(166,455,156)	128,269,011
Hire purchase receivables	52,695,775	10,107,786	48,296,415	6,780,094
Inventories	(235,305,037)	42,420,485	(204,024,203)	15,982,301
Other current assets	(7,861,188)	(18,692,561)	(21,532,208)	(15,436,185)
Other non-current assets	(44,388,418)	(4,811,180)	(43,132,291)	832,645
Operating liabilities increase (decrease):				
Trade and other payables	213,340,170	(126,399,358)	150,098,087	(146,549,524)
Other current liabilities	(43,731,308)	2,905,513	(9,093,599)	(1,440,669)
Provision for long-term employee benefits	(24,807,098)	(2,773,960)	(23,675,170)	(2,119,270)
Other non-current liabilities	(3,001,814)	(1,208,518)	-	-
Cash flows from operating activities	2,360,378,993	3,447,643,232	2,097,050,320	3,075,962,488
Cash paid for corporate income tax	(556,788,091)	(672,876,397)	(523,363,707)	(636,036,376)
<b>Net cash flows from operating activities</b>	<b>1,803,590,902</b>	<b>2,774,766,835</b>	<b>1,573,686,613</b>	<b>2,439,926,112</b>
<b>Cash flows from investing activities</b>				
Decrease (increase) in short-term loans to related parties	-	2,410,734,682	(76,974,292)	2,652,255,643
Decrease (increase) in investments in trading securities	(4,004,657,969)	161,742,849	(3,967,698,000)	113,270,000
Increase in other long-term investments	-	(10,000)	-	(10,000)
Increase in investments in subsidiaries	-	-	(334,521,000)	(567,068,288)
Proceeds from sales of other long-term investments	5,000,000	6,049	5,000,000	6,049
Acquisition of plant and equipment	(370,306,161)	(464,256,625)	(205,294,656)	(179,528,873)
Acquisition of intangible assets	(15,217,878)	(80,052,611)	(14,461,515)	(10,878,017)
Proceeds from sales of plant, equipment and intangible assets	3,363,774	2,195,704	1,349,986	11,865,948
Proceeds from sales of assets held for sale	-	594,755,907	-	61,824,914
Cash received from liquidation of a subsidiary	-	-	-	802,075,809
Interest income	7,856,802	295,008,305	7,645,495	297,628,999
Dividend income	45,000	74,000	45,000	74,000
<b>Net cash flows from (used in) investing activities</b>	<b>(4,373,916,432)</b>	<b>2,920,198,260</b>	<b>(4,584,908,982)</b>	<b>3,181,716,184</b>

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

## Cash flow statement (continued)

TOA Paint (Thailand) Public Company Limited and its subsidiaries

(Formerly known as “TOA Paint (Thailand) Company Limited”)

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Cash flows from financing activities</b>				
Repayment of short-term loans from financial institutions	(2,355,000,000)	(60,686,000)	(2,300,000,000)	-
Repayment of long-term loan from financial institution	(166,800,000)	(166,800,000)	(166,800,000)	(166,800,000)
Cash receipt from long-term loan from financial institution	-	148,812,000	-	148,812,000
Repayment of long-term loan from related party	-	(18,461,679)	-	-
Proceeds from increase in share capital	6,870,416,000	-	6,870,416,000	-
Proceeds from increase in share capital of subsidiaries	3,379,000	10,677,584	-	-
Interest expenses	(77,262,853)	(85,656,496)	(72,222,876)	(80,436,138)
Dividend paid	(1,497,900,000)	(6,525,000,000)	(1,497,900,000)	(6,525,000,000)
<b>Net cash flows from (used in) financing activities</b>	<b>2,776,832,147</b>	<b>(6,697,114,591)</b>	<b>2,833,493,124</b>	<b>(6,623,424,138)</b>
<b>Effect of exchange rate on cash and cash equivalents</b>	<b>(17,701,508)</b>	<b>5,196,068</b>	<b>(18,336,754)</b>	<b>(1,328,002)</b>
<b>Increase (decrease) in translation adjustments</b>	<b>(85,994,636)</b>	<b>44,836,215</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>102,810,473</b>	<b>(952,117,213)</b>	<b>(196,065,999)</b>	<b>(1,003,109,844)</b>
Decrease in cash and cash equivalents classified as				
assets held for sale	-	424,525,241	-	-
Cash and cash equivalents at beginning of year	1,713,374,994	2,240,966,966	824,258,288	1,827,368,132
<b>Cash and cash equivalents at end of year</b>	<b>1,816,185,467</b>	<b>1,713,374,994</b>	<b>628,192,289</b>	<b>824,258,288</b>
	-	-	-	-
<b>Supplemental disclosure of cash flows information</b>				
Non-cash transactions				
Transfer of inventories to equipment	14,138,721	7,693,620	5,185,020	7,693,620
Transfer of equipment to inventories	16,720	13,459,556	16,720	444,597
Transfer of other non-current assets to equipment	1,782,000	-	-	-
Acquisition of assets under financial leases	-	20,627,233	-	17,154,584
Receiving debt by transferring intangible assets	-	10,000,000	-	10,000,000
Receiving debt by transferring investment properties	-	53,000,000	-	53,000,000

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

## Notes to consolidated financial statements

TOA Paint (Thailand) Public Company Limited and its subsidiaries

(Formerly known as “TOA Paint (Thailand) Company Limited”)

For the year ended 31 December 2017

### 1. General information

TOA Paint (Thailand) Public Company Limited (“the Company”) is a listed company incorporated and domiciled in Thailand. Its major shareholder is TOA Group Holding Company Limited, which is incorporated in Thailand. The Company is principally engaged in manufacture and distribution of paints and chemicals. The registered office of the Company is at 31/2 Moo 3, Bangna-Trad Road, Tumbol Bangsaotong, Amphur Bangsaotong, Samutprakarn.

On 24 March 2017, the Extraordinary General Meeting of the Company’s shareholders No. 1/2017 passed a special resolution on transformation of a limited company into a public limited company, and the Company registered with the Ministry of Commerce on the same date and changed its name to be “TOA Paint (Thailand) Public Company Limited”.

The Stock Exchange of Thailand approved the Company’s ordinary shares as listed securities, with trading permitted from 10 October 2017, as discussed in Note 20 to the financial statements.

### 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 TOA Paint (Thailand) Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Country of incorporation	Nature of business	Currency	Paid-up capital		Shareholding percentage	
				2017 (Million)	2016 (Million)	2017 (%)	2016 (%)
Captain Coating Co., Ltd.	Thailand	A)	THB	300	300	100	100
British Paints Ltd.	Thailand	A)	THB	375	375	100	100
Professional PC Service Co., Ltd.	Thailand	B)	THB	5	5	100	100
Imagica Co., Ltd.	Thailand	A)	THB	5	5	100	100
TOA Paint (Vietnam) Co., Ltd.	Vietnam	A)	VND	459,006	459,006	100	100
TOA Coating Sdn. Bhd.	Malaysia	A)	MYR	5	5	100	100
TOA Paint Products Sdn. Bhd.	Malaysia	A)	MYR	9	9	100	100
PT TOA Paint Indonesia	Indonesia	A)	IDR	28,999	28,999	75	75
PT TOA Coating Indonesia	Indonesia	A)	IDR	185,357	185,357	99	99
TOA Paint (Laos) Co., Ltd.	Laos	A)	LAK	21,898	21,898	100	100
TOA Skim Coat (Cambodia) Co., Ltd.	Cambodia	A)	KHR	40	40	65	65
TOA Paint (Cambodia) Co., Ltd.	Cambodia	A)	KHR	40	40	100	100
TOA Paint (Myanmar) Co., Ltd.	Myanmar	A)	MMK	1,241	1,241	65	65
TOA Coating (Myanmar) Co., Ltd.	Myanmar	A)	USD	12	2	99	99

A) Manufacture and/or distribution of paints and related products

B) Providing staffing service to related companies

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on 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 currency” in the statements of changes in shareholders’ equity.
- f) Material balances and transactions between the Company and its subsidiary companies 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 under the cost method.

### **3 New financial reporting standards**

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which were effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards did not have any significant impact on the Company and its subsidiaries’ financial statements.

## **(b) Financial reporting standards that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

## **4. Significant accounting policies**

### **4.1 Revenue recognition**

#### *Sales of goods*

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

#### *Hire purchase interest income*

Interest income under hire purchase agreements is recognised based on the effective interest rate. Unearned interest income from hire purchase arrangements is presented net of initial direct costs arising on the inception of the contracts.

#### *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 Accounts receivable**

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 Hire purchase receivable

Hire purchase receivable is stated at the outstanding contract amount, which is net of unearned interest income and deferred direct expenses of incurred at the initiation of hire purchase, undue output value added tax and allowance for doubtful accounts.

#### 4.5 Inventories

Finished goods and work in process are valued at the lower of average cost 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, chemicals, spare parts and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

#### 4.6 Investments

- a) Investments in unit trusts of mutual fund are stated at fair value. Changes in the fair value of these unit trusts are recorded in profit or loss.
- b) Investments in non-marketable equity securities, which the Company and its subsidiaries classify as other investments, are stated at cost net of allowance for impairment loss (if any).
- c) Investments in subsidiaries are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

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.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

#### 4.7 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in profit or loss.

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.

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

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

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

Land improvements	-	20	years
Buildings and building improvements	-	5 - 20	years
Machinery and equipment	-	5 - 20	years
Furniture, fixtures and office equipment	-	3 - 5	years
Motor vehicles	-	5	years

Depreciation is included in profit or loss.

No depreciation is provided on land and assets under installation.

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

#### **4.9 Borrowing costs**

Borrowing costs directly attributable to the acquisition or construction 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 asset. All other borrowing costs are expensed in the year they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **4.10 Intangible assets**

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

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

Computer software	-	5	years
Leasehold rights	-	26 - 48	years

#### 4.11 Related party transactions

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

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

#### 4.12 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### 4.13 Foreign currency

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 included in profit or loss.

#### 4.14 Impairment of assets

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

An impairment loss is recognised in profit or loss.



#### **4.15 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, its subsidiaries and its 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 contributions of the Company and its subsidiaries are recognised as expenses when incurred.

###### *Defined benefit plans and other long-term employee benefits*

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

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plan 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 and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.17 Income tax**

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

**Current tax**

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

**Deferred tax**

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

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

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

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

**4.18 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## **5. Significant accounting judgments and estimates**

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

### **Allowance for doubtful accounts**

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

### **Impairment of investments**

The Company and its subsidiaries treat 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.

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

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

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

### **Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### Post-employment benefits under defined benefit plans 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, mortality rate and staff turnover rate.

## 6. Related party transactions

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

(Unit: Million Baht)

	For the years ended 31 December				
	Consolidated		Separate		
	financial statements		financial statements		Transfer Pricing Policy
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<b><u>Transactions with subsidiaries</u></b>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	623	554	Reference to market price
Purchases of goods	-	-	1,363	1,146	Reference to market price
Service income	-	-	25	23	Contract price
Promotion expenses	-	-	332	324	Contract price
Rental income	-	-	7	12	Contract price
Other income	-	-	38	68	Contract price
Interest income	-	-	2	6	3.00% - 7.00% per annum
<b><u>Transaction with parent company</u></b>					
Interest income	-	48	-	48	3.00% per annum
<b><u>Transactions with related parties</u></b>					
Sales of goods	627	483	621	479	Reference to market price
Purchases of goods	687	650	682	647	Reference to market price
Service income	7	11	6	10	Contract price
Rental income	8	7	8	7	Contract price
Rental expenses	117	106	117	106	Contract price
Other income	3	7	2	7	Contract price
Subcontractor expenses	3	2	2	2	Contract price
Interest income	-	39	-	39	3.00% per annum
Interest expenses	-	1	-	-	7.85% per annum

(Unit: Million Baht)

	For the years ended 31 December				
	Consolidated		Separate		
	financial statements		financial statements		Transfer Pricing Policy
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<b><u>Transactions with directors</u></b>					
Interest income	-	32	-	32	3.00% per annum
<b><u>Transactions with related person</u></b>					
Sales of goods	2	-	-	-	Reference to market price
Rental expenses	2	1	-	-	Contract price

As at 31 December 2017 and 2016, the balances of the accounts between the Company, its subsidiaries and those related companies were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b><u>Trade and other receivables - related parties (Note 8)</u></b>				
Subsidiaries	-	-	531,139	517,294
Related companies (being under common director/shareholder)	246,514	170,619	242,762	170,212
Total trade and other receivables - related parties	<u>246,514</u>	<u>170,619</u>	<u>773,901</u>	<u>687,506</u>
<b><u>Trade and other payables - related parties (Note 17)</u></b>				
Subsidiaries	-	-	283,799	244,408
Related companies (being under common director/shareholder)	193,809	179,948	188,566	177,722
Total trade and other payables - related parties	<u>193,809</u>	<u>179,948</u>	<u>472,365</u>	<u>422,130</u>
<b><u>Dividend payable - related parties</u></b>				
Related companies (being under common director/shareholder)	-	688,500	-	688,500
Total dividend payable - related parties	<u>-</u>	<u>688,500</u>	<u>-</u>	<u>688,500</u>

### Short-term loans to related parties and interest receivable

During 2017, movements of short-term loans to related parties and interest receivable were as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at	During the year		Balance as at
	1 January 2017	Increase	Decrease	31 December 2017
<b><u>Subsidiaries</u></b>				
Imagica Co., Ltd.	-	1,539	(39)	1,500
TOA Paint (Cambodia) Co., Ltd.	-	10,357	(627)	9,730
PT TOA Coating Indonesia	-	95,746	(1,057)	94,689
PT TOA Paint Indonesia	66,448	33,943	(67,926)	32,465
Total	66,448	141,585	(69,649)	138,384
Less: Allowance for doubtful debts	(66,448)	-	66,448	-
Net	-	141,585	(3,201)	138,384

As at 31 December 2017, these clean loans carried interest at the rates between 3.00% and 7.00% per annum and would be due at call (2016: 7.00% per annum).

### Directors and management's benefits

During the years 2017 and 2016, the Company had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	88	91	84	91
Post-employment benefits	2	2	2	2
Total	90	93	86	93

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash	1,716	2,007	464	677
Bank deposits	1,814,469	1,711,368	627,728	823,581
Total	1,816,185	1,713,375	628,192	824,258



As at 31 December 2017, bank deposits in saving accounts carried interest at the rates between 0.080% and 1.250% per annum (2016: between 0.125% and 1.120% per annum) (Separate financial statements: between 0.100% and 0.375% per annum, 2016: between 0.125% and 0.375% per annum).

## 8. Trade and other receivables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2017	2016	2017	2016
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	150,792	116,633	349,875	299,296
Past due				
Up to 3 months	58,218	32,720	159,272	128,486
3 - 6 months	14,707	5	79,219	43,601
6 - 12 months	4,527	2	86,750	81,549
Over 12 months	18,486	15,051	410,305	336,387
Total	246,730	164,411	1,085,421	889,319
Less: Allowance for doubtful debts	(15,275)	(15,106)	(367,687)	(295,729)
Total trade receivables - related parties, net	231,455	149,305	717,734	593,590
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	2,109,146	2,003,632	1,442,230	1,440,003
Past due				
Up to 3 months	348,985	395,920	231,374	230,002
3 - 6 months	62,283	58,694	20,481	24,086
6 - 12 months	33,683	66,448	9,047	29,913
Over 12 months	197,734	197,845	63,769	75,912
Total	2,751,831	2,722,539	1,766,901	1,799,916
Less: Allowance for doubtful debts	(170,488)	(171,347)	(66,548)	(74,200)
Total trade receivables - unrelated parties, net	2,581,343	2,551,192	1,700,353	1,725,716
Total trade receivables - net	2,812,798	2,700,497	2,418,087	2,319,306
<u>Other receivables</u>				
Other receivables - related parties	6,869	12,434	14,932	22,495
Other receivables - unrelated parties	42,111	37,909	1,295	1,509
Accrued income - related parties	8,190	8,880	41,235	71,421
Accrued income - unrelated parties	66,291	79,886	26,255	42,544
Total other receivables	123,461	139,109	83,717	137,969
Total trade and other receivables - net	2,936,259	2,839,606	2,501,804	2,457,275

## 9. Hire purchase receivables

9.1 Hire purchase receivables aged based on payment dates due per the contracts were as follows:

(Unit: Million Baht)

Consolidated financial statements				
	2017		2016	
	Hire purchase receivables balance *	Allowance for doubtful accounts	Hire purchase receivables balance *	Allowance for doubtful accounts
Current	204	(2)	202	(1)
Past Due				
Not over 1 month	-	-	7	(1)
1 to 3 months	2	-	12	(1)
Over 3 months	20	(9)	59	(9)
Total	226	(11)	280	(12)

(Unit: Million Baht)

Separate financial statements				
	2017		2016	
	Hire purchase receivables balance *	Allowance for doubtful accounts	Hire purchase receivables balance *	Allowance for doubtful accounts
Current	194	(2)	189	(1)
Past Due				
Not over 1 month	-	-	7	(1)
1 to 3 months	2	-	12	-
Over 3 months	16	(7)	55	(6)
Total	212	(9)	263	(8)

\* Net of unearned interest income and undue output value added tax

## 9.2 Hire purchase receivables

As at 31 December 2017, receivables of the Company and its subsidiaries under hire purchase agreements comprised hire purchase agreements for tinting machine. The terms of the agreements are generally between 1 and 12 years and under agreements interest is charged at a fixed rate as specified in the agreements.

(Unit: Million Baht)

Consolidated financial statements				
as at 31 December 2017				
Amounts of installments due under the contract				
	Less than 1 year	1 - 5 years	Over 5 years	Total
Hire purchase receivables	102	152	20	274
Unearned interest income	(11)	(19)	(2)	(32)
Undue output value added tax	(6)	(9)	(1)	(16)
	85	124	17	226
Allowance for doubtful accounts	(8)	(3)	-	(11)
Hire purchase receivables - net	77	121	17	215

(Unit: Million Baht)

Consolidated financial statements				
as at 31 December 2016				
Amounts of installments due under the contract				
	Less than 1 year	1 - 5 years	Over 5 years	Total
Hire purchase receivables	164	174	-	338
Unearned interest income	(21)	(18)	-	(39)
Undue output value added tax	(10)	(9)	-	(19)
	133	147	-	280
Allowance for doubtful accounts	(11)	(1)	-	(12)
Hire purchase receivables - net	122	146	-	268

(Unit: Million Baht)

## Separate financial statements

as at 31 December 2017

	Amounts of installments due under the contract			
	Less than	Over		Total
	1 year	1 - 5 years	5 years	
Hire purchase receivables	96	143	21	260
Unearned interest income	(11)	(19)	(3)	(33)
Undue output value added tax	(5)	(9)	(1)	(15)
	80	115	17	212
Allowance for doubtful accounts	(8)	(1)	-	(9)
Hire purchase receivables - net	72	114	17	203

(Unit: Million Baht)

## Separate financial statements

as at 31 December 2016

	Amounts of installments due under the contract			
	Less than	Over		Total
	1 year	1 - 5 years	5 years	
Hire purchase receivables	155	163	-	318
Unearned interest income	(20)	(18)	-	(38)
Undue output value added tax	(9)	(8)	-	(17)
	126	137	-	263
Allowance for doubtful accounts	(8)	-	-	(8)
Hire purchase receivables - net	118	137	-	255

## 10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduction of cost to net realisable value		Inventories-net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Finished goods	1,019,584	1,001,032	(62,665)	(53,032)	956,919	948,000
Work in process	184,913	196,948	(4,773)	(5,208)	180,140	191,740
Raw materials	911,821	704,598	(12,385)	(15,872)	899,436	688,726
Packing materials	67,594	64,427	(1,351)	(1,130)	66,243	63,297
Spare parts and factory supplies	31,765	33,306	-	-	31,765	33,306
Goods in transit	97,167	93,499	-	-	97,167	93,499
Total	<u>2,312,844</u>	<u>2,093,810</u>	<u>(81,174)</u>	<u>(75,242)</u>	<u>2,231,670</u>	<u>2,018,568</u>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduction of cost to net realisable value		Inventories-net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Finished goods	650,512	641,693	(48,087)	(38,469)	602,425	603,224
Work in process	176,650	183,918	(4,749)	(5,118)	171,901	178,800
Raw materials	745,603	557,057	(9,443)	(10,952)	736,160	546,105
Packing materials	38,603	31,953	(1,316)	(1,031)	37,287	30,922
Spare parts and factory supplies	31,765	33,306	-	-	31,765	33,306
Goods in transit	30,392	26,743	-	-	30,392	26,743
Total	<u>1,673,525</u>	<u>1,474,670</u>	<u>(63,595)</u>	<u>(55,570)</u>	<u>1,609,930</u>	<u>1,419,100</u>

Movements in the allowance for diminution in value of inventory account during the years 2017 and 2016 are summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Balance as at beginning of the year</b>	(75,242)	(137,761)	(55,570)	(95,304)
Add: Increase during the year	(51,932)	(31,779)	(26,962)	(12,727)
Less: Allowance reversed during the year	44,928	94,270	18,937	52,461
Translation adjustment	1,072	28	-	-
<b>Balance as at ending of the year</b>	<u>(81,174)</u>	<u>(75,242)</u>	<u>(63,595)</u>	<u>(55,570)</u>

Loss on diminution in value of inventories was included in cost of sales. The reversal of allowance for diminution in value of inventories was recorded as a deduction against the value of inventories recognised as expenses during the year.

#### 11. Investments in subsidiaries

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

Company's name	(Unit: Thousand Baht)	
	Cost	
	<u>2017</u>	<u>2016</u>
Captain Coating Co., Ltd.	300,000	300,000
British Paints Ltd.	374,998	374,998
Professional PC Service Co., Ltd.	5,000	5,000
Imagica Co., Ltd.	5,000	5,000
TOA Paint (Vietnam) Co., Ltd.	876,383	876,383
TOA Coating Sdn. Bhd.	57,592	57,592
TOA Paint Products Sdn. Bhd.	93,158	93,158
PT TOA Paint Indonesia	78,621	78,621
PT TOA Coating Indonesia	463,633	463,633
TOA Paint (Laos) Co., Ltd.	80,302	80,302
TOA Skim Coat (Cambodia) Co., Ltd.	234	234
TOA Paint (Cambodia) Co., Ltd.	349	349
TOA Paint (Myanmar) Co., Ltd.	26,473	26,473
TOA Coating (Myanmar) Co., Ltd.	405,053	70,532
Total	2,766,796	2,432,275
Less: Allowance for impairment	(394,674)	(369,675)
Net	<u>2,372,122</u>	<u>2,062,600</u>



In May 2017, TOA Coating (Myanmar) Co., Ltd. called up of another 83% of the 12,000,000 registered ordinary shares with a par value of USD 1 each, or a total of USD 9,900,000 (approximately Baht 335 million). The Company paid the called-up share capital on 19 June 2017.

On 4 December 2017, the Company's Board of Directors' meeting no. 9/2017 passed a resolution to establish TOA Coating (Cambodia) Co., Ltd. in Cambodia, with a registered share capital of USD 7,630,000 or approximately Baht 254 million (763,000 ordinary shares of USD 10 each), and with the Company to hold a 100% interest. The Company is currently in the process of establishing this company.

## 12. Other long-term investments

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2017</u>	<u>2016</u>
Debt securities held to maturity	-	5,000
Others	10	10
Total	<u>10</u>	<u>5,010</u>

## 13. Investment properties

The net book value of investment properties (building for rent) as at 31 December 2017 and 2016 is presented below.

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2017</u>	<u>2016</u>
Cost	53,000	53,000
Less Accumulated depreciation	(3,302)	(652)
Allowance for impairment	(32,709)	(32,709)
Net book value	<u>16,989</u>	<u>19,639</u>

A reconciliation of the net book value of investment properties for the years 2017 and 2016 is presented below.

	(Unit: Thousand Baht)	
	Consolidated and Separate	
	financial statements	
	<u>2017</u>	<u>2016</u>
Net book value at beginning of year	19,639	-
Debt repayment from related party	-	53,000
Depreciation charged	(2,650)	(652)
Allowance for impairment	-	(32,709)
Net book value at end of year	<u>16,989</u>	<u>19,639</u>

As at 31 December 2017, the fair value of investment properties was Baht 20 million (2016: Baht 20 million). The fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the building held for rent has been determined using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

#### 14. Property, plant and equipment

Consolidated financial statements								(Unit: Thousand Baht)
	Land	Land improvements	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation	Total
<b>Cost</b>								
As at 1 January 2016	55,042	6,378	1,209,232	2,726,644	288,404	184,249	83,531	4,553,480
Additions	-	156,254	1,557	56,872	8,784	8,355	203,504	435,326
Disposals	-	-	(995)	(95,503)	(21,416)	(19,465)	(3,427)	(140,806)
Transfer in (out)	-	909	27,734	60,514	22,746	10,022	(136,312)	(14,387)
Translation adjustment	-	1,276	(188)	(2,163)	(103)	(242)	(324)	(1,744)
As at 31 December 2016	55,042	164,817	1,237,340	2,746,364	298,415	182,919	146,972	4,831,869
Additions	-	-	422	24,946	7,473	20,494	322,915	376,250
Disposals	-	-	-	(13,857)	(2,234)	(8,917)	(3,096)	(28,104)
Transfer in (out)	157,530	(157,530)	15,748	214,771	2,205	889	(226,821)	6,792
Translation adjustment	(16,442)	-	(19,850)	(58,518)	(3,557)	(1,892)	(10,595)	(110,854)
As at 31 December 2017	196,130	7,287	1,233,660	2,913,706	302,302	193,493	229,375	5,075,953
<b>Accumulated depreciation</b>								
As at 1 January 2016	-	603	544,339	1,785,520	233,069	151,980	-	2,715,511
Depreciation for the year	-	319	55,990	233,356	27,363	10,302	-	327,330
Depreciation on disposals	-	-	(995)	(95,430)	(21,343)	(19,222)	-	(136,990)
Depreciation on transfer out	-	-	-	(8,620)	-	-	-	(8,620)
Translation adjustment	-	-	(48)	(558)	(12)	(166)	-	(784)
As at 31 December 2016	-	922	599,286	1,914,268	239,077	142,894	-	2,896,447
Depreciation for the year	-	364	56,616	227,670	24,548	11,426	-	320,624
Depreciation on disposals	-	-	-	(13,321)	(1,837)	(8,917)	-	(24,075)
Depreciation on transfer in (out)	-	-	111	(3,765)	(6,592)	1,134	-	(9,112)
Translation adjustment	-	-	(7,776)	(40,943)	(2,795)	(1,439)	-	(52,953)
As at 31 December 2017	-	1,286	648,237	2,083,909	252,401	145,098	-	3,130,931
<b>Net book value</b>								
As at 31 December 2016	55,042	163,895	638,054	832,096	59,338	40,025	146,972	1,935,422
As at 31 December 2017	196,130	6,001	585,423	829,797	49,901	48,395	229,375	1,945,022
<b>Depreciation for the year</b>								
2016 (Baht 188 million included in manufacturing cost, and the balance in selling and administrative expenses)								327,330
2017 (Baht 199 million included in manufacturing cost, and the balance in selling and administrative expenses)								320,624

	Separate financial statements						(Unit: Thousand Baht)
	Land improvements	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment		Assets under installation	
				Motor vehicles	Total		
<b>Cost</b>							
As at 1 January 2016	6,377	952,839	2,075,282	244,876	151,088	77,076	3,507,538
Additions	-	234	12,339	4,793	4,613	174,704	196,683
Disposals	-	(995)	(101,725)	(21,133)	(17,161)	-	(141,014)
Transfer in (out)	909	27,734	53,043	21,133	10,022	(114,207)	(1,366)
As at 31 December 2016	7,286	979,812	2,038,939	249,669	148,562	137,573	3,561,841
Additions	-	-	6,712	5,490	19,475	179,539	211,216
Disposals	-	-	(13,273)	(1,522)	(5,544)	(32)	(20,371)
Transfer in (out)	-	15,046	185,104	9,584	2,280	(215,957)	(3,943)
As at 31 December 2017	7,286	994,858	2,217,482	263,221	164,773	101,123	3,748,743
<b>Accumulated depreciation</b>							
As at 1 January 2016	603	465,529	1,387,730	199,980	123,674	-	2,177,516
Depreciation for the year	319	43,276	149,615	22,964	8,241	-	224,415
Depreciation on disposals	-	(995)	(95,430)	(21,045)	(16,930)	-	(134,400)
Depreciation on transfer out	-	-	(8,615)	-	-	-	(8,615)
As at 31 December 2016	922	507,810	1,433,300	201,899	114,985	-	2,258,916
Depreciation for the year	365	44,341	157,423	20,601	9,911	-	232,641
Depreciation on disposals	-	-	(12,828)	(1,514)	(5,544)	-	(19,886)
Depreciation on transfer out	-	-	(9,112)	-	-	-	(9,112)
As at 31 December 2017	1,287	552,151	1,568,783	220,986	119,352	-	2,462,559
<b>Net book value</b>							
As at 31 December 2016	6,364	472,002	605,639	47,770	33,577	137,573	1,302,925
As at 31 December 2017	5,999	442,707	648,699	42,235	45,421	101,123	1,286,184
<b>Depreciation for the year</b>							
2016 (Baht 168 million included in manufacturing cost, and the balance in selling and administrative expenses)							224,415
2017 (Baht 181 million included in manufacturing cost, and the balance in selling and administrative expenses)							232,641

As at 31 December 2017, certain plant and equipment items had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 2,429 million (2016: Baht 2,314 million) (Separate financial statements: Baht 2,047 million, 2016: Baht 2,058 million).

A subsidiary has mortgaged its land, buildings and machinery with net book values amounting to approximately Baht 107 million (2016: Baht 111 million) as collateral against its credit facilities received from a financial institution.

## 15. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements		
	Computer software	Leasehold rights	Total
<b>Cost:</b>			
As at 1 January 2016	157,435	66,851	224,286
Additions	12,307	67,745	80,052
Debt repayment from related party	-	10,000	10,000
Disposals	(12,408)	-	(12,408)
Translation adjustment	882	(6,534)	(5,652)
As at 31 December 2016	158,216	138,062	296,278
Additions	23,298	-	23,298
Translation adjustment	(525)	(13,465)	(13,990)
As at 31 December 2017	180,989	124,597	305,586
<b>Accumulated amortisation:</b>			
As at 1 January 2016	111,493	15,425	126,918
Amortisation for the year	21,443	2,251	23,694
Amortisation on disposals	(12,408)	-	(12,408)
Translation adjustment	820	(849)	(29)
As at 31 December 2016	121,348	16,827	138,175
Amortisation for the year	12,780	3,495	16,275
Translation adjustment	(246)	(2,209)	(2,455)
As at 31 December 2017	133,882	18,113	151,995
<b>Net book value:</b>			
As at 31 December 2016	36,868	121,235	158,103
As at 31 December 2017	47,107	106,484	153,591

(Unit: Thousand Baht)

	Separate financial statements		
	Computer software	Leasehold rights	Total
<b>Cost:</b>			
As at 1 January 2016	156,227	-	156,227
Additions	10,130	548	10,678
Debt repayment from related party	-	10,000	10,000
Disposals	(12,408)	-	(12,408)
As at 31 December 2016	153,949	10,548	164,497
Additions	22,542	-	22,542
As at 31 December 2017	176,491	10,548	187,039
<b>Accumulated amortisation:</b>			
As at 1 January 2016	110,839	-	110,839
Amortisation for the year	21,009	135	21,144
Amortisation on disposals	(12,408)	-	(12,408)
As at 31 December 2016	119,440	135	119,575
Amortisation for the year	12,187	406	12,593
As at 31 December 2017	131,627	541	132,168
<b>Net book value:</b>			
As at 31 December 2016	34,509	10,413	44,922
As at 31 December 2017	44,864	10,007	54,871

## 16. Short-term loans from financial institutions

The Company's short-term loans from a financial institution are subject to interest at the rates between 2.10% and 2.37% per annum (2016: between 2.10% and 2.45% per annum).

The subsidiaries' short-term loans from a financial institutions are subject to interest at the rate of 2.44% per annum (2016: between 2.44% and 2.55% per annum). The loans are secured by certain of the subsidiaries' land, buildings and machinery.



## 17. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trade payables - related parties	164,302	165,061	397,872	362,650
Trade payables - unrelated parties	2,823,466	2,710,472	2,164,229	2,064,172
Other payables - related parties	29,507	14,887	74,493	59,480
Other payables - unrelated parties	226,200	198,547	209,613	176,725
Accrued expenses	582,307	513,229	342,231	364,010
Total trade and other payables	<u>3,825,782</u>	<u>3,602,196</u>	<u>3,188,438</u>	<u>3,027,037</u>

## 18. Long-term loan from financial institution

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2017</u>	<u>2016</u>
Long-term loan	166,400	333,200
Less: Current portion of long-term loan	<u>(166,400)</u>	<u>(166,800)</u>
Long-term loan - net of current portion	<u>-</u>	<u>166,400</u>

The loan carries interest at a rate of 3.25% per annum for the loan amount drawn down within 15 January 2016 and carries interest at a rate based on BIBOR 1 month for the loan amount drawn down after 15 January 2016. The loan are repayable in 36 monthly installments starting from January 2016.

The loan agreement contains certain covenants that, among other things, require the Company to maintain debt to equity ratios stipulated in the agreement. The debt to equity ratio is calculated by annually using the year-end financial statements, as specified in the agreement and clarification letter from financial institution.

## 19. Provision for long-term employee benefits

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Provision for long-term employee benefits</b>				
<b>at beginning of the year</b>	242,242	217,509	210,036	189,956
Included in profit or loss:				
Current service cost	21,911	22,220	16,708	16,587
Interest cost	6,953	6,506	5,787	5,612
Included in other comprehensive income:				
Actuarial losses				
Financial assumption changes	276	-	-	-
Benefits paid during the year	(24,807)	(2,774)	(23,674)	(2,119)
Translation adjustment	(865)	(1,219)	-	-
<b>Provision for long-term employee benefits</b>				
<b>at end of year</b>	<u>245,710</u>	<u>242,242</u>	<u>208,857</u>	<u>210,036</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cost of sales	8,827	8,642	7,732	7,552
Selling and administrative expenses	20,037	20,084	14,763	14,647

The Company and its subsidiaries expect to pay Baht 15 million of long-term employee benefits during the next year (2016: Baht 22 million) (Separate financial statements: Baht 14 million, 2016: Baht 21 million).

As at 31 December 2017, the weighted average durations of the liabilities for long-term employee benefit were between 15 years and 17 years (Separate financial statements: 15 years).

Principal actuarial assumptions at the valuation date are as follows:

	(% per annum)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Discount rate	3.00 - 8.55	3.00 - 8.30	3.00	3.00
Future salary increase rate (depending on age)	6.00 - 15.00	6.00 - 15.00	6.00	6.00
Staff turnover rate (depending on age)	3 - 40	3 - 46	3 - 18	3 - 18

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below.

(Unit: million Baht)

	As at 31 December 2017			
	Consolidated financial statements		Separate financial statements	
	Increase 1.0%	Decrease 1.0%	Increase 1.0%	Decrease 1.0%
Discount rate	(20)	23	(16)	18
Salary increase rate	21	(19)	17	(15)

(Unit: million Baht)

	As at 31 December 2016			
	Consolidated financial statements		Separate financial statements	
	Increase 1.0%	Decrease 1.0%	Increase 1.0%	Decrease 1.0%
Discount rate	(19)	22	(15)	18
Salary increase rate	21	(18)	17	(15)

## 20. Share Capital

On 14 March 2017, the Annual General Meeting of the Company's shareholders approved the increase in the registered share capital of the Company from Baht 900,000,000 (900,000 ordinary shares of Baht 1,000 each) to Baht 1,775,000,000 (1,775,000 ordinary shares of Baht 1,000 per each) by issuing 875,000 new ordinary shares with a par value of Baht 1,000 per share. The Company registered the increase in its share capital with the Ministry of Commerce on 15 March 2017. The Company received proceeds of the additional capital in March 2017.

On 24 March 2017, the Extraordinary General Meeting of the Company's shareholders No. 1/2017 passed special resolutions on the following significant matters.

- The change in the par value of the ordinary shares from Baht 1,000 each to Baht 1 each. As a result, the Company's registered and paid-up share capital of Baht 1,775,000,000 comprises 1,775,000,000 ordinary shares of Baht 1 each. The Company registered the change in the par value of its shares with the Ministry of Commerce on 24 March 2017.
- The increase in the registered share capital of the Company from Baht 1,775,000,000 (1,775,000,000 ordinary shares of Baht 1 per each) to Baht 2,029,000,000 (2,029,000,000 ordinary shares of Baht 1 per each) by issuing 254,000,000 new ordinary shares with a par value of Baht 1 per share. The Company registered the increase in the share capital with the Ministry of Commerce on 24 March 2017.

Commencing on from 27 to 29 September 2017 the Company made an initial public offering of 253,600,000 of its existing ordinary shares and 254,000,000 newly issued ordinary shares with a par value of Baht 1 each, at an offering price of Baht 24 per share, amounting to Baht 6,086 million and Baht 6,096 million, respectively. Subsequently on 6 October 2017, the Company has received full payment of the additional capital and then registered the increase of its issued and paid-up share capital from Baht 1,775 million (1,775,000,000 ordinary shares with a par value of Baht 1 each) to Baht 2,029 million (2,029,000,000 ordinary shares with a par value of Baht 1 each) with the Ministry of Commerce on the same date. The Stock Exchange of Thailand approved the 2,029,000,000 ordinary shares with a par value of Baht 1 each as listed securities, with trading permitted from 10 October 2017.

The Company incurred expenses relating to the share offering amounting to approximately Baht 80.5 million after tax benefits, and these expenses were recorded as a deduction against share premium.

## **21. 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 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

## 22. Expenses by nature

Significant expenses by nature are as follows:

	Consolidated		(Unit: Million Baht)	
			Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Advertising and promotion expenses	655	746	411	479
Salary and wages and other employee benefits	2,143	1,906	1,574	1,509
Depreciation and amortisation	340	352	248	246
Subcontractor expenses	115	126	115	126
Rental expenses	208	272	163	176
Raw materials and consumables used	8,040	7,936	6,915	6,724
Changes in inventories of finished goods and work in process	(7)	(26)	(2)	(4)

## 23. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Current income tax:</b>				
Current income tax charge	390,208	636,824	376,302	592,592
Adjustment in respect of income tax of previous year	-	16	-	-
Income tax directly related to shareholders' equity	20,117	-	20,117	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(9,018)	(23,950)	(9,028)	(14,509)
<b>Income tax reported in the statements of comprehensive income</b>	<u>401,307</u>	<u>612,890</u>	<u>387,391</u>	<u>578,083</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax relating to actuarial losses	69	-	-	-
	<u>69</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accounting profit before tax	<u>2,104,739</u>	<u>3,120,262</u>	<u>1,939,800</u>	<u>2,757,052</u>
Applicable tax rate	7.5% - 25%	7.5% - 25%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	428,633	610,933	387,960	551,410
Effects of:				
Non-deductible expenses	22,326	123,616	11,246	107,106
Additional expense deductions allowed	(21,130)	(96,323)	(11,815)	(80,433)
Tax losses for the year of subsidiaries which deferred tax assets have not been recognised	(12,948)	(19,652)	-	-
Others	(15,574)	(5,684)	-	-
Total	<u>(27,326)</u>	<u>1,957</u>	<u>(569)</u>	<u>26,673</u>
Income tax reported in the statement of comprehensive income	<u>401,307</u>	<u>612,890</u>	<u>387,391</u>	<u>578,083</u>



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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	20,786	16,602	13,310	14,840
Allowance for diminution in value of inventories	14,352	11,989	12,719	11,114
Provision for long-term employee benefits	48,424	47,445	41,771	42,007
Others	20,365	28,815	7,780	6,208
Total	103,927	104,851	75,580	74,169
<b>Deferred tax liabilities</b>				
Accumulated depreciation	46,515	54,131	46,515	54,131
Total	46,515	54,131	46,515	54,131
<b>Deferred tax assets - net</b>	<u>57,412</u>	<u>50,720</u>	<u>29,065</u>	<u>20,038</u>

As at 31 December 2017, the subsidiaries have deductible temporary differences and unused tax losses totaling Baht 191 million (2016: Baht 248 million), on which deferred tax assets have not been recognised.

The unused tax losses amounting to Baht 191 million will expire in 2018 to 2022.

## 24. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares to reflect the impact of the change in the par value of the ordinary shares, as discussed in Note 20 to the financial statements, as if the change in the par value of the ordinary shares had been distributed at the beginning of the earliest period reported.

The following table sets forth the computation of basic earnings per share for the years ended 31 December 2017 and 2016:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
		(Restated)		(Restated)
Profit for the year (Thousand Baht)	1,709,912	2,527,793	1,552,409	2,178,969
Weighted average number of ordinary shares				
(Thousand shares)	1,660,542	900,000	1,660,542	900,000
Earnings per share (Baht per share)	1.030	2.809	0.935	2.421

## 25. Segment information

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

The Company and its subsidiaries are principally engaged in the manufacture and distribution of paints and chemical. Their operations are carried on in Thailand and Southeast Asia. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment.

Revenue from external customers is based on locations of the customers.

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Revenue from external customers		
Thailand	13,645,777	14,176,313
Overseas	2,071,921	2,121,035
Total	<u>15,717,698</u>	<u>16,297,348</u>

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	1,512,981	1,539,536
Southeast Asia	602,620	573,628
Total	<u>2,115,601</u>	<u>2,113,164</u>

## 26. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries contribute to the fund monthly at the rates of 3 - 5 percent of basic salary. The fund, which is managed by an authorised fund manager, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2017 amounting to approximately Baht 35 million (2016: Baht 30 million) (Separate financial statements: Baht 24 million, 2016: Baht 23 million) were recognised as expenses.

## 27. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Interim dividends for 2016	Board of Directors' meeting on 3 November 2016	3,015	3,350
Interim dividends for 2016	Board of Directors' meeting on 2 December 2016	3,510	3,900
Interim dividends for 2016	Board of Directors' meeting on 31 December 2016	689	765
Total for 2016		7,214	8,015
Interim dividends for 2017	Board of Directors meeting on 8 August 2017	809	0.456
Total for 2017		809	0.456

## 28. Commitments and contingent liabilities

### 28.1 Capital commitments

As at 31 December 2017, the Company and its subsidiaries had capital commitments of approximately Baht 346 million (2016: Baht 18 million) (Separate financial statements: Baht 141 million, 2016: Baht 18 million) relating to the construction of buildings and building improvements and the purchase of machinery.

### 28.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land, building, motor vehicles and equipment. The terms of the agreements are generally between 1 and 26 years.

Future minimum lease payments required under these operating lease contracts were as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Payable within:				
In up to 1 year	163	163	139	136
In over 1 and up to 5 years	285	348	268	323
In over 5 years	240	287	240	285

### 28.3 Guarantees

- a) As at 31 December 2017 and 2016, the Company has guaranteed bank credit facilities of its related companies as follows:

	(Unit: Million Baht)	
	<u>2017</u>	<u>2016</u>
Subsidiaries	439	448
Related companies	-	4,536

- b) As at 31 December 2017, there were outstanding bank guarantees of approximately Baht 17 million (2016: Baht 18 million) (Separate financial statements: Baht 16 million, 2016: Baht 17 million) issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business.

### 29. Fair value hierarchy

As at 31 December 2017 and 2016, the Company and its subsidiaries had the assets that were measured or disclosed at fair value using different levels of inputs as follows:

	(Unit: Million Baht)			
	Consolidated financial statements			
	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investments in mutual fund	-	4,468	-	4,468
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	-	20	20

(Unit: Million Baht)

Consolidated financial statements				
As at 31 December 2016				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investments in mutual fund	-	442	-	442
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	-	20	20

(Unit: Million Baht)

Separate financial statements				
As at 31 December 2017				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investments in mutual fund	-	4,402	-	4,402
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	-	20	20

(Unit: Million Baht)

Separate financial statements				
As at 31 December 2016				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investments in mutual fund	-	414	-	414
<b>Assets for which fair value are disclosed</b>				
Investment properties	-	-	20	20

## 30. Financial instruments

### 30.1 Financial risk management

Financial instruments of the Company and its subsidiaries, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, loans, investments, and short-term and long-term borrowings. 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 and other receivables, loans and notes. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do 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 trade and other receivables, loans and notes as stated in the statement of financial position.

### Interest rate risk

Exposure of the Company and its subsidiaries to interest rate risk relates primarily to its cash at banks, loans and borrowings. Most of financial assets and liabilities of the Company and its subsidiaries bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rate are summarised in the tables below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2017

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years				
<b>Financial Assets</b>							
Cash and cash equivalents	13	-	-	1,333	470	1,816	Note 7
Investments in trade securities - mutual fund	-	-	-	-	4,468	4,468	-
Trade and other receivables	-	-	-	-	2,936	2,936	-
Hire purchase receivables	77	121	17	-	-	215	7.00
	90	121	17	1,333	7,874	9,435	
<b>Financial liabilities</b>							
Short-term loans from financial institutions	1,205	-	-	-	-	1,205	Note 16
Trade and other payables	-	-	-	-	3,826	3,826	-
Long-term loan from financial institution	17	-	-	149	-	166	Note 18
	1,222	-	-	149	3,826	5,197	



(Unit: Million Baht)

## Consolidated financial statements as at 31 December 2016

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years				
<b>Financial Assets</b>							
Cash and cash equivalents	-	-	-	890	823	1,713	Note 7
Investments in trade securities - mutual fund	-	-	-	-	442	442	-
Trade and other receivables	-	-	-	-	2,840	2,840	-
Hire purchase receivables	122	146	-	-	-	268	7.00
Debt securities held to maturity	-	-	5	-	-	5	Note 12
	122	146	5	890	4,105	5,268	
<b>Financial liabilities</b>							
Short-term loans from financial institutions	3,560	-	-	-	-	3,560	Note 16
Trade and other payables	-	-	-	-	4,291	4,291	-
Long-term loan from financial institution	167	17	-	149	-	333	Note 18
	3,727	17	-	149	4,291	8,184	

(Unit: Million Baht)

## Separate financial statements as at 31 December 2017

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years				
<b>Financial Assets</b>							
Cash and cash equivalents	-	-	-	574	54	628	Note 7
Investments in trade securities - mutual fund	-	-	-	-	4,402	4,402	-
Trade and other receivables	-	-	-	-	2,502	2,502	-
Hire purchase receivables	72	114	17	-	-	203	7.00
	72	114	17	574	6,958	7,735	
<b>Financial liabilities</b>							
Short-term loans from financial institutions	1,050	-	-	-	-	1,050	Note 16
Trade and other payables	-	-	-	-	3,188	3,188	-
Long-term loan from financial institution	17	-	-	149	-	166	Note 18
	1,067	-	-	149	3,188	4,404	

(Unit: Million Baht)

## Separate financial statements as at 31 December 2016

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
	Within 1 year	1-5 years	Over 5 years				
<b>Financial Assets</b>							
Cash and cash equivalents	-	-	-	763	61	824	Note 7
Investments in trade securities - mutual fund	-	-	-	-	414	414	-
Trade and other receivables	-	-	-	-	2,457	2,457	-
Hire purchase receivables	118	137	-	-	-	255	7.00
Debt securities held to maturity	-	-	5	-	-	5	Note 12
	118	137	5	763	2,932	3,955	
<b>Financial liabilities</b>							
Short-term loans from financial institutions	3,350	-	-	-	-	3,350	Note 16
Trade and other payables	-	-	-	-	3,716	3,716	-
Long-term loan from financial institution	167	17	-	149	-	333	Note 18
	3,517	17	-	149	3,716	7,399	

**Foreign currency risk**

The Company and its subsidiaries' exposure to foreign currency risk arise mainly from trading transactions that are denominated in foreign currencies.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

## Consolidated financial statements

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	21	10	4	4	32.6809	35.8307
Japanese yen	-	-	30	29	0.2898	0.3080

Separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	31	25	3	3	32.6809	35.8307
Japanese yen	-	-	30	29	0.2898	0.3080

As at 31 December 2017 and 2016, foreign exchange contracts outstanding are summarised below.

Consolidated financial statements						
Foreign currency	Bought amount		Contractual exchange rate		Contractual maturity date	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(Million)	(Million)	(Baht per 1 foreign currency unit)			
US dollar	0.5	4.2	32.6400 -	34.6375 -	May 2018 -	March 2017 -
			32.9945	36.0332	July 2018	July 2017

Separate financial statements						
Foreign currency	Bought amount		Contractual exchange rate		Contractual maturity date	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(Million)	(Million)	(Baht per 1 foreign currency unit)			
US dollar	-	1.9	-	34.6375 -	-	March 2017 -
				36.0332		July 2017

## 30.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' 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.

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

- For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable and short-term loans, accounts payable and short-term borrowings, 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.

- c) For long-term loans, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- d) For fixed rate long-term loans, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- e) For long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.
- f) 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, interest rate yield curves and commodity price yield curves. The Company and its subsidiaries had considered to counterparty credit risk when determining the fair value of derivatives.

During the current year, there were no transfers within the fair value hierarchy.

### **31. Capital management**

The primary objective of the Company and its subsidiaries' capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 0.68:1 (2016: 11.40:1) and the Company's was 0.56:1 (2016: 8.23:1).

### **32. Events after the reporting period**

On 26 February 2018, a meeting of the Company's Board of Directors approved the proposal of a dividend payment of Baht 0.14 per share, totaling Baht 284 million, in respect of the year 2017 operating results.

### **33. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2018.

# General Information and Other Significant Information

## 1. General Information

Name	TOA Paint (Thailand) Public Company Limited
Stock Symbol	TOA (Listed Company in The Stock Exchange of Thailand)
Registered Number	0107560000133
Type of Business	Manufacture and distribution of decorative, non-decorative paint and coating products for general consumer.
Website	<a href="http://www.toagroup.com">http://www.toagroup.com</a>
Established Year	1977
First Day Trade	October 10, 2017
Headquarter Location	31/2 Moo 3, Bang Na-Trad Road, Bang Sao Thong Subdistrict, Bang Sao Thong District, Samut Prakan Province 10570 Thailand
Registered Capital	THB2,029 million included ordinary share 2,029 million shares (Issue and fully paid)
Par Value	Ordinary share THB1 per share
Preferred Stock	None
Accounting Period	January 1 – December 31
Contact	<b>Headquarter</b> Telephone (+662) 335-5555 Fax (+662) 312-8919 E-mail <a href="mailto:contact@toagroup.com">contact@toagroup.com</a> <b>Company secretary office</b> Telephone (+662) 335-5555 Ext. 5875 Fax (+662) 312-8923 E-mail <a href="mailto:companysecretary@toagroup.com">companysecretary@toagroup.com</a> <b>Investor relations</b> Telephone (+662) 335-5555 Ext. 1520 Fax (+662) 312-8923 E-mail <a href="mailto:ir@toagroup.com">ir@toagroup.com</a>

## 2. References

### Security Registrar

#### Address

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93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400, Thailand

#### Telephone

(+662) 2009-9999

#### Fax

(+662) 2009-9991

#### Website

<http://www.set.or.th/tsd>

### Auditors

### EY OFFICE LIMITED

By Mr. Supachai Phanyawattano, Certified Public Accountant No. 3930 or

Mr. Narong Puntawong, Certified Public Accountant No. 3315 or

Miss Krongkaew Limkittikul, Certified Public Accountant No. 5874

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“Investors can acquire company’s information from the Annual Disclose Form (Form 56-1) as shown in [www.sec.or.th](http://www.sec.or.th) and [www.toagroup.com](http://www.toagroup.com)”



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\*calculated the energy consumption in the building by opening air conditioner in a 4-bedroom house with Design Builder program referenced for green building certification in accordance with LEED (Leadership in Energy & Environmental Design) by USGBC (United States Green Building Council) in the United States of America





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