

# 2017 ANNUAL REPORT



**APPLIED DB PUBLIC COMPANY LIMITED**

*Collaboration Becomes Success*



Applied DB Public company limited



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## Message from Chairman



In 2017, ADB faced the unprecedented volatility of raw material prices due to the raw materials shortage caused by the sudden reduction of raw material production by manufacturers in China which is the driving force behind the government's energy and environmental degradation problems in terms of air pollution, water pollution, CO2 emission and a shortage of energy. established the policies introduced to solve the energy-environment problems as well as the practical difficulties in the implementation of government environmental policies. The Company put great effort into developing capabilities of the procurement agencies in pursuit of raw materials. The Company performed data analysis to hold stock of raw materials during the raw materials shortage to reduce raw material volatility over time.

In addition, ABD also cooperates with the suppliers as business partners and makes contracts on procurement, provision, communication, information exchange and situations on a regular basis, with the aim of reducing materials shortage. The Company assesses suppliers' abilities in supplying raw materials to the Company continuously and good conditions. Close collaboration among Planning Department, Procurement Department, Production Department and Sales Department is made to plan and estimate raw material procurement, prepare production and deliver products to customers at the right time. It is necessary especially when there is an abnormal increase in raw material prices. This strategy has helped the Company to overcome the price crisis and recover at the end of last year.

To utilize a proactive strategy, the Company has been reorganized by establishing a Business Development Department to strengthen its marketing and sales through the Company's Outside in and Inside Out to seek market demand, expand the existing product base to new markets and develop new products to existing and new customers. The Company works in conjunction with Research and Development Department and our management team with more than 30 years of experience in plastic and adhesive industry.

The Company is determined to develop quality products to serve customer needs and seek new innovations to maximize productivity and the most effective product acquisition across all product lines.

On behalf of ADB's Board of Directors, I would like to thank all shareholders and stakeholders for their trust and support on the Company's performance in the past year. And I hope that the Company will be continually supported by you. I would like to assure you that the Board of Directors, the Management and ADB staff are never discouraged and are dedicated to hardworking to turn the crisis into an opportunity. We are always determined to make the most of every opportunity to improve the Company's operation met customers needed. We are more than ready to employ technology and variety of innovative products and to add value to the Company. We are also committed to social responsibility and community for being a sustainable business every year.



Mr. Pawat Wongtrakul  
Chairman of the Board



## Message from Chief Executive Officer



In 2017 was a challenging year for ADB. The Company faced the raw materials shortage crisis and severe raw material price volatility. The Board of Directors worked hard to support and control such situation so that it could return to normal quickly. At the same time, it was the time for Company's move toward to trading in the Stock Market, the Company's structure reorganization and standardized working system improvement and transparency management. The Company worked closely with the financial advisors to adjust strategies for each principle to achieve the goals of relevant parties including customers, business partners, employees, shareholders, investors and stakeholders whose perspectives are different yet expectations are the same which is excellent performance and growth rate.

The surrounding factors mentioned above are significant challenges to the Company's management. The Company has set a growth strategy with a focus on developing products with good margins or with a few competitors. The Company also focuses on research and development of new products which is the innovation to serve customer needs and is prospective products. This includes the development of PVC compound for medical industry to support the demand for products to step into the elderly society of Thailand and the development of environmentally-friendly Halogen-free compound under the management with a focus on making the most use of resources.

ADB first entered Market for Alternative Investment (MAI) on November 9, 2017, with the value of 3.70 baht/share, increasing 118.93% from IPO at 1.69 baht per share. This is ADB's pride as we believe that funding in Stock Market will strengthen the Company's finance which supports increased investment in productivity and plans to expand adhesive and sealants products and PVC compound products locally and worldwide exporter..

On behalf of ADB's management team, I would like to thank all relevant parties for their continued supports to the Company. The Company is committed to utilizing knowledge and expertise in management to further the growth of business under good corporate governance to bring excellent returns to all shareholders.

**Mr. Wang Wanpaison**  
Chief Executive Officer

## Summary of Financial information

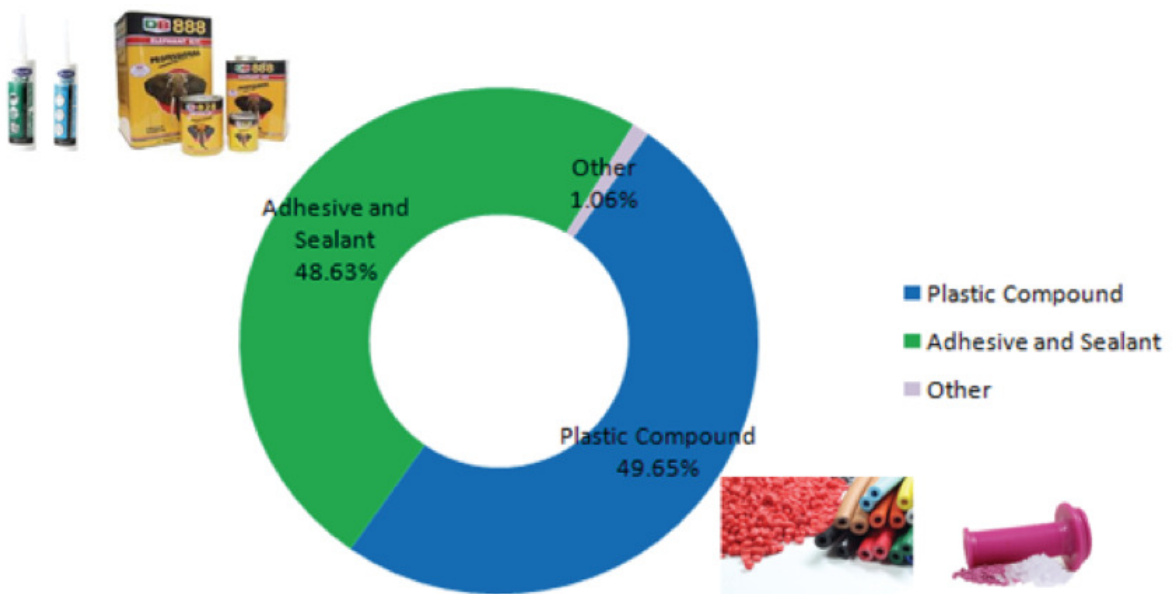
### Adhesive Sealant

2017's Adhesive & Sealant  
Sales = THB 679.08 MB  
Equivalent to 48.63%  
of total sales

### PVC Compound

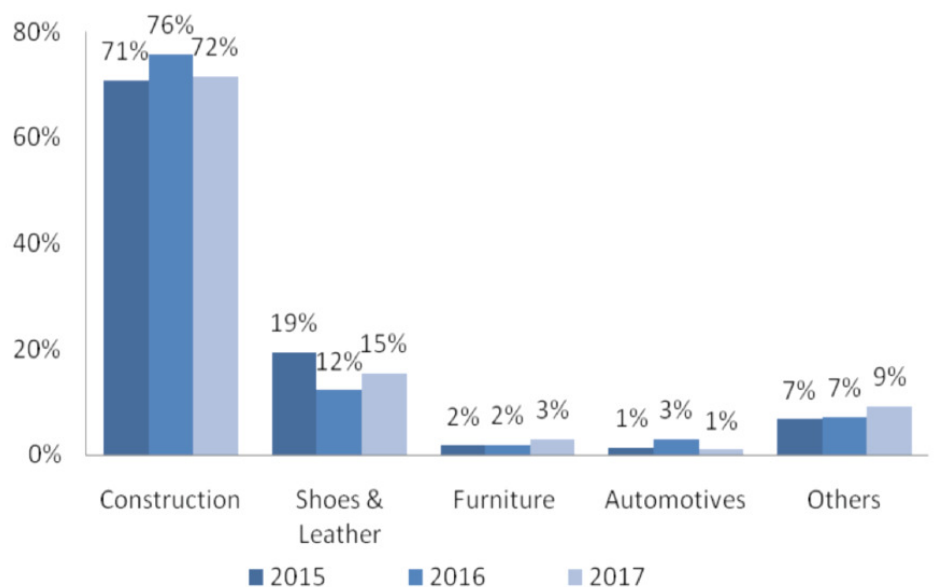
2017's PVC Compound  
Sales = THB 693.33 MB  
Equivalent to 49.65%  
of total sales

Sales Proportion  
As of December 31, 2017



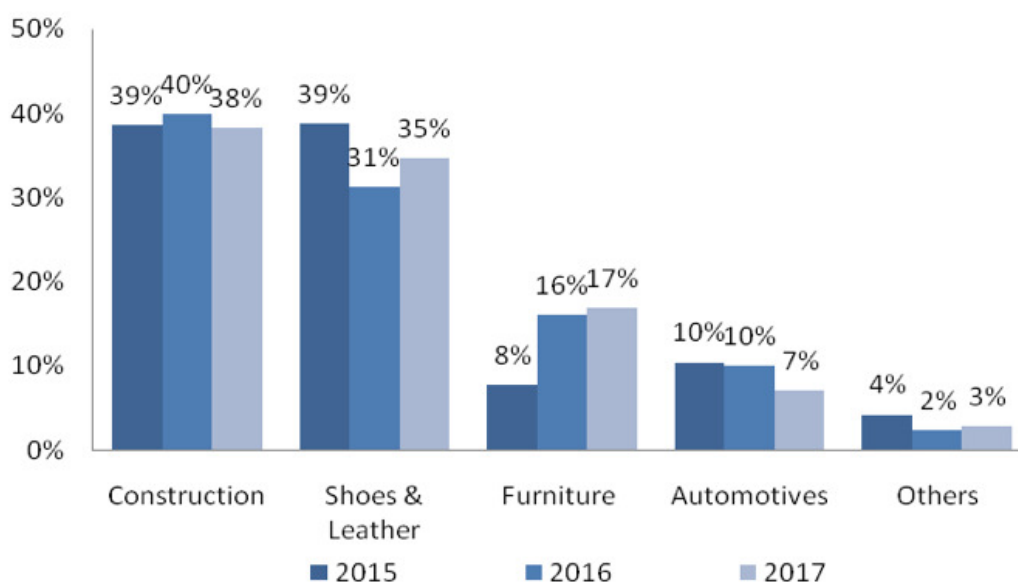
## Domestic Sales

2017's Domestic sales= THB 972.47mm; equivalent to 70.86 of total sales Majority plastic compound Products are domestic sales



## Export Sales

2017's Export sales = THB 399.94 mm equivalent to 29.14% to total sales. Majority of adhesive & sealant products are export sale



The distribution channels for domestic sales include:

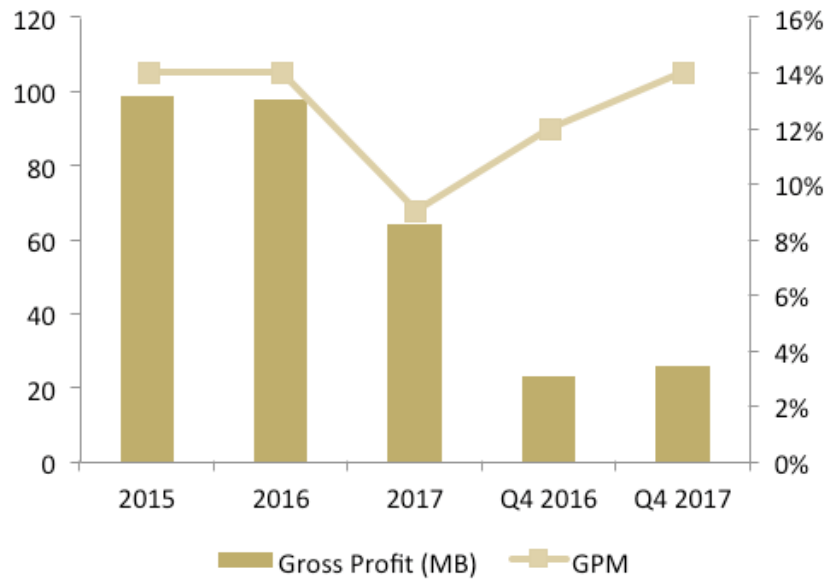
1. Manufacturers 73%
2. Distributors 18%
3. OEM 8% of domestic sales

The Proportion of Export sales can be classified into

1. Distributor clients 67%
2. OEM 16%
3. Manufacturers 16% of Export sales



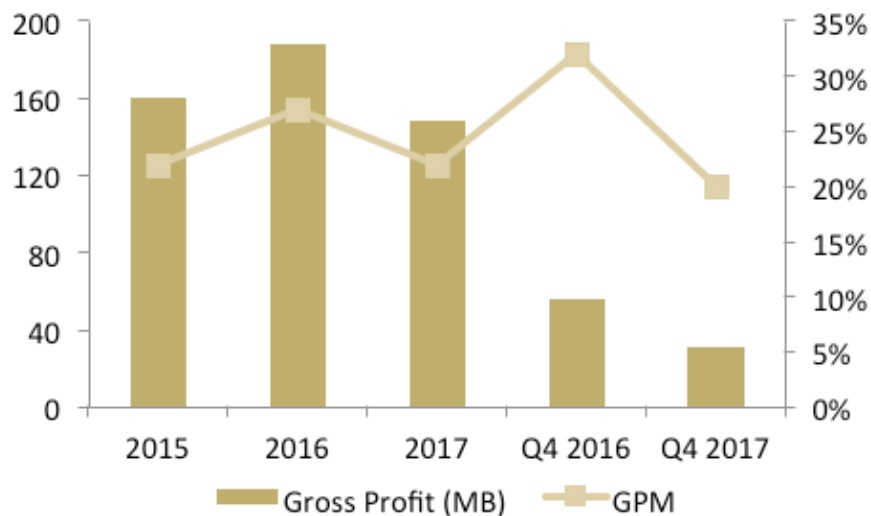
### Gross profit & Gross profit margin of Plastic compound



The significant drop in gross margin in 2017 is mainly due to:

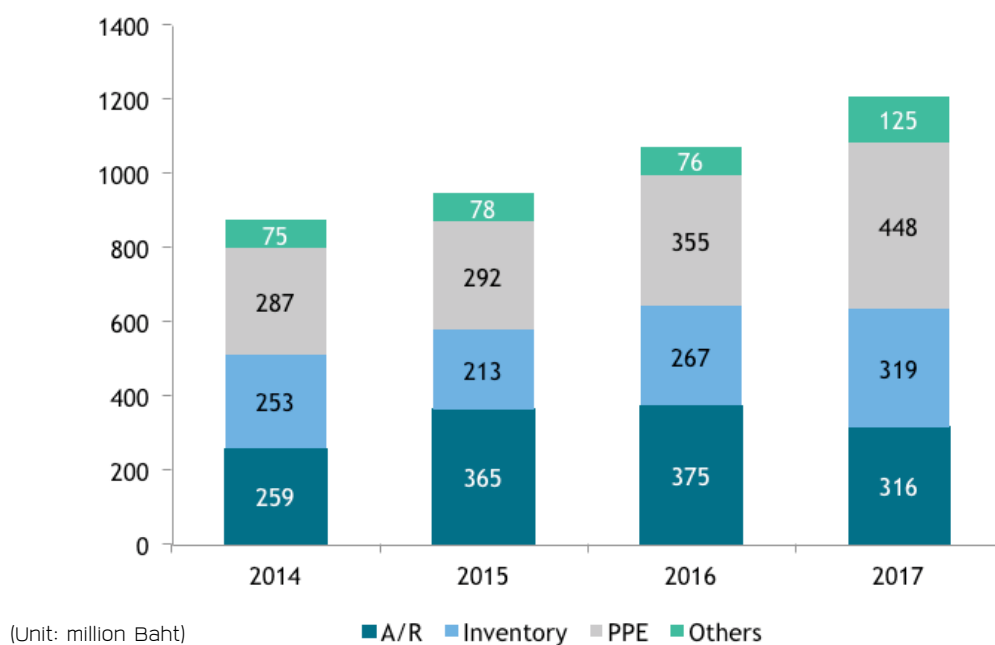
- The shortage of the main raw material supplies as a consequence of the shutdown of factories in China due to government's environmental policy and
- The recent unusual fluctuation of raw material price which has the effect across the related industries
- After strictly implement the pricing adjustment to customers and development of new products with cost competitiveness, GPM has returned to normal at 14%

### Gross profit & Gross profit margin of Adhesive and Sealant

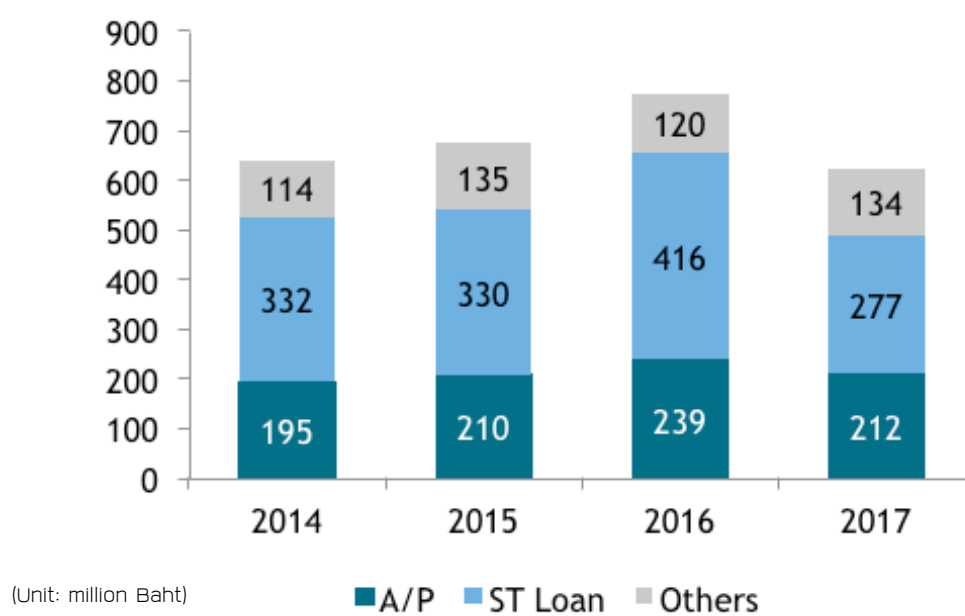


The gross profit margin for an Adhesive & Sealant is lower in 2017 compared to 2016 due to the higher cost of main raw material for Adhesive & Sealant product. However, the gross profit margin in Q4/2017 has decreased due to the material increase as well as Baht appreciation since more than half of revenue derived from export section.

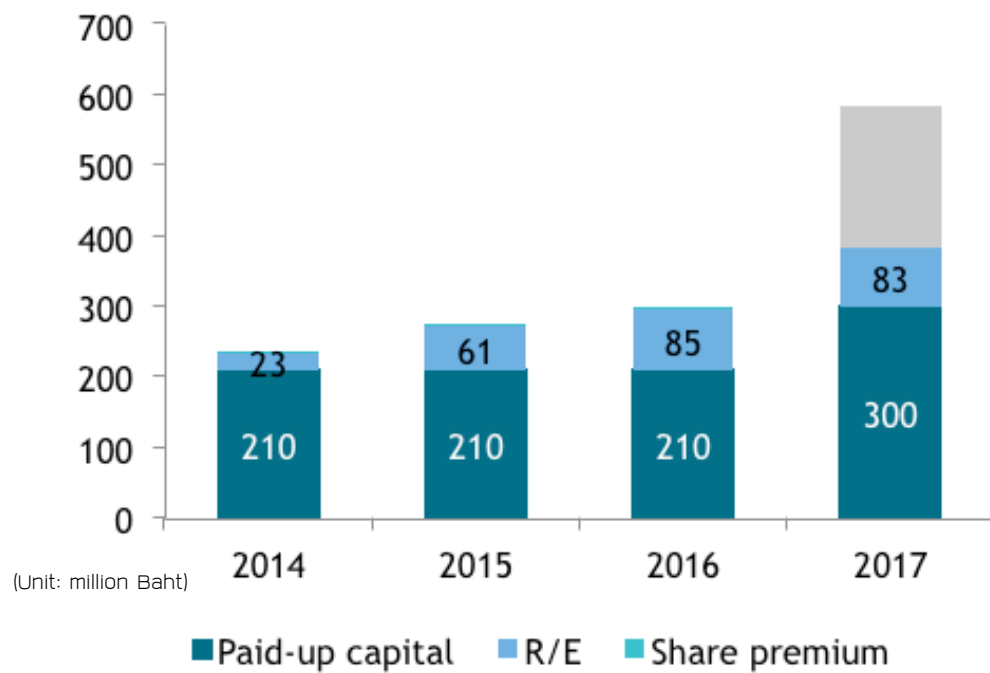
## Assets



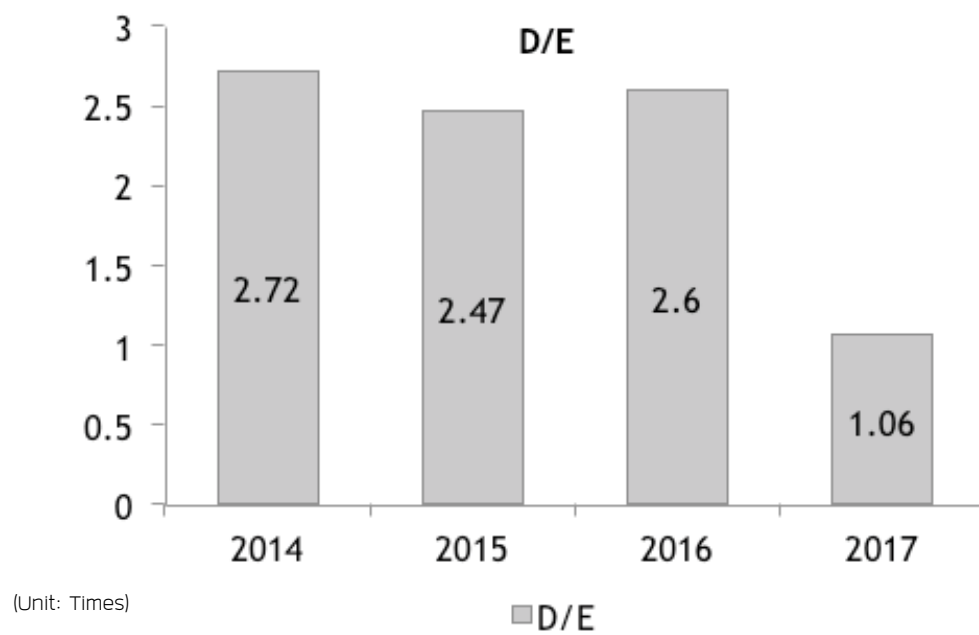
## Liability



### Shareholder's Equity



### Debt to Equity







# Policies and General Business outlook

## Vision

The Company aims to be one of the manufacturers and distributors of plastic compound and adhesive and sealant products. The vision is to be a potential manufacturer of quality PVC compound and adhesive and sealant products with high management capability and international standard production procedures to create business partners and trust and serve the highest customer satisfaction.

## Mission

1. To move toward being a leader in PVC compound business and adhesive and sealants products in ASEAN
2. To develop quality and a wide range products and services, focusing on maintaining a testimony and meeting customer needs.
3. To advance manufacturing technology to increase competitiveness.
4. To provide personnel training development to support business growth and promote knowledge and quality of working life for employees with appropriate balance so that all employees can work effectively and have a good quality of life.
5. To provide reasonable returns to shareholders.

# ADB's Culture

## GOODBOND

The culture of our organization comes from the meaning of the company name: Applied DB which derived from the idea of Mr. Wang Wanapaison and Mr. Rattanachai Wongcharoensin, the founders of the company since thirty years ago. The established name has two meanings. The first meaning of Applied means applicator, developer to invent and change objects to advantage in order to create the economic value. DB comes from GOODBOND in order to communicate that our company has glue products with high quality, strongly adhesive and also means the melting cooperation with each other and obligations to customers, employees, and stakeholders.

Mr. Wang Wanapaison, Chief Executive Officer always states with employees to make yourself “a half glass of water” (stay hungry), ready for learning, active, knowing each other, knowing the way of wind. If we are prepared, whether wind is strong, we can bend and stand up every time. Similar to working, applicator, works on the belief that we can do and our staff has appropriate capabilities, shall concentrate to further develop. The thing which we don't know, we have to learn. Working is learning. Every day has target to compete. Our next customer also has an expectation, and requests the leader to hand over the work. We also need a good job, ready to use, cooperation both for a small job and big job. No delivery waste or work suspension, can achieve by paying more attention, caring taker and working as team for the result and joint responsibility. Result of responsibility makes us proud. All departments can work in time with valuable budget. The end customer will receive the outcome according to accredited standard. This will be the success of all departments.

Driven the innovation development with Integrity and Practical. The “Integrity” has more meaning than no lying, or violation the rules and regulation but means the hiding the issues, Eventhough hiding with reason but it means that person has no “integrity”. All shall raise the issue for further solving or correction. There is no issue to be big to be solved.

All employees shall behave with integrity; comply with the standard of commitment framework, performing, including seriously servicing to customer always with integrity. Any agreements, if it does not understand, shall ask in order to ensure that the result will be have complied with the agreements. Every working shall be aware of the main basis as follows:

1. No, pretend and no boast
2. Not easily commit with customer, including within organization, considering the capabilities and time to delivery which can conduct or not by focusing on the consequence impact and shall provide the alternative solution.
3. Fully compete within the scope of legal, respect right and intellectual property.
4. Select Supplier, no bias, transparency, trustworthy and integrity
5. No corruption, no offer or call for the benefit for self or organization, no distinguishing
6. Feedback, comments and other complaints as the obstruction which shall be mitigated or solved.

### Think Win/Win

1. Not only look for self-benefit.
2. Aims for benefit for concern
3. All receive benefits.
4. Don't think only for the organization, shall thing for personnel
5. Don't think only for ourselves, think for an organization.
6. Don't take only
7. Selfish to complete, finally all will loss.





Think win-win shall have benefit in several ways, this will be success when the leader, supervisor, commander and the higher responsible executive in each level has broad mind and open the opportunities for discussion always.

“Creating sustainability value” is the goal and commitment for all in ADB to be aware and always behave. To build the person, create the best is the main basis for sustainability. Personnel capability development, life learning, change your thinking to adapt to the change are based on the basis that creating the knowledge. ADB staff can do and behaving knowledge within an organization for customer, concern and our stakeholders, including all departments related to us and also the surrounding community. ADB staff commits, with proud and enthusiastic, also communication, and cooperation to transfer from generation to generation in order to create sustainable value and knowledge to the organization for further achievement.

## Objectives and Goals

Applied DB Public Company Limited systematically performs a review of the Company’s vision, mission and direction every year in accordance with surrounding factors and business trends in the long run. The Company aims to become a leader in the three areas by 2020 as follows.

### Business Growth

ADB aims are to foster continual growth by being a leader in quality and competitive price for PVC compound and adhesive and sealant products. The Company also aims to have forefront competitiveness capability in industry and have stable and growing customer base every year.

### Returns on Investment

ADB is determined to make returns on investment comparable to that in line of industry and bring reasonable returns to all stakeholders.

### Sustainability

ADB is committed to operating business that attains the balance among business operations, society and environment for sustainable growth.

### Business Strategies

The direction and strategic plan of the Company focus on creating and maintaining competitiveness capabilities, sustainable growth, and preparation for various areas to support prospective business plans. The Company has adopted this direction and strategies as an operational framework and monitors the results regularly so as to achieve both short and long-term organizational goals. The main strategies are as follows.

1. Customer: To maximize customer satisfaction, we focus on the following areas.
  - 1.1. Production and distribution of diverse products to meet customer needs.
  - 1.2. Quality and standard products accepted by customers at competitive prices.
  - 1.3. Fast & On- time Delivery
  - 1.4. Quick Response
  - 1.5. Customer Relation Management
2. Sales and Marketing
  - 2.1 To research and develop products to meet market needs and increase distribution channels to expand products to both domestic and international markets.
  - 2.2 To produce diverse products and to continually grow in the industry.
  - 2.3 To have competitive potential in product differentiation with a research and development team who are ready to adjust products to serve customer needs and utilization.
  - 2.4 To have sales staff and customer service staff with expertise in products to answer questions and give recommendations on products that suit customer needs and to provide quick responses to complaints.
  - 2.5 To provide product quality guarantee as agreed with customers.

### 3. Suppliers

- 3.1 To develop existing partners and continually seek new business partners.
- 3.2 To develop relationships with business partners contributing to having the same business goals.
- 3.3 To have integrated supply chain management.

### 4. Employees as essential resources for organization

- 4.1 To maximize employees' capabilities at all levels continuously.
- 4.2 To develop employees to have expertise skill sets to become specialists in each field.
- 4.3 To adopt an integrated working style, establish collaboration with several departments and offer an opportunity to employees to participate in management.
- 4.4 To develop performance management system that relates organizational goals to personal goals by relating employees' performance and capabilities in performance evaluation of each period.
- 4.5 To define succession hierarchy in all command lines so as to define knowledge development format and knowledge and ability of personnel who can take higher positions.
- 4.6 To offer an opportunity to talented persons to compete in creating innovation for business purposes and for creating happiness at work.

### 5. Cost

- 5.1 To develop the most effective working system with the minimum cost and enable competitive potential through loss management with minimum damage.
- 5.2 To continually seek substitute materials.
- 5.3 To make the most of assets efficiently.
- 5.4 To reduce workforce by replacing labor intensive with semi-automatic machines in some production parts so as to achieve quality standards, reduce waste and reduce labor costs that tend to rise every year.

### 6. Management System

- 6.1 To develop effective management system in accordance with international standards and adopt good corporate governance to compete in the global market.
- 6.2 To develop product and service quality and business risk management by controlling and mitigating risk factors that negatively affect business operations.
- 6.3 To develop a result-based management system, teamwork and continual development.

### 7. Research and Development

- 7.1 To enhance research and development potential which creates new innovation that adds value to products
- 7.2 To develop new innovation and seek business opportunities contributing to sustainable growth.
- 7.3 To prepare for product development in the next level in Green Industry.

### 8. Technology

- 8.1 To advance manufacturing technology, product design, and management system.
- 8.2 To be committed to employing Customer Relationship Management (CRM) to track and respond to customer needs and analyze sales problems precisely.

### 9. Society and Environment

- 9.1 To contribute and participate in the development of quality of life of stakeholders such as employees society and community.
- 9.2 To promote job creation and income generation in social community development.
- 9.3 To develop community, maintain the environment comply with the rules of estate authority and destroy products properly which eliminates pollution in the organization and nearby society around effectively.

General Company Information	
Company name	Applied DB Public Company Limited
Symbol	ADB
Registartation No.	0107560000117
Business Type	Manufacturers and distributors of two groups of products, which are 1) placstic compound and 2) adhesive sealant. For the plastic compound, the main customers are from the industrial sector that use the Company's product to make the electrical wire&cable, and shoe soles. Moreo ver, for the adhesive and sealant, the main customers are the factories or manufacturers of shoes, furnitures, constructions and automotive products. Both of the groups are sold domestically and internationally, directly to customer and also through the other distributors. Besides, the Company also manufactures and sells the products under the Company's brands and also under internationally well-known customers' brands.
Head Office	252 Moo 4 Sukumvit Road, Prakasa , Muangsamutprakan Samutprakan 10280
Factory and Plant	1) 252 Moo 4 Sukumvit Road, Prakasa , Muangsamutprakan Samutprakan 10280 Adhesive and Sealant Plant 2) 260 Moo 4 Sukumvit Road, Prakasa , Muangsamutprakan Samutprakan 10280 PVC compound Plant 3) 271 Moo 4 Sukumvit Road, Prakasa , Muangsamutprakan Samutprakan 10280 Adhesive production , PVC Compound production,Rigid Copound production,and Medical Compound production line 4) 816 Bangpumai Mauangsamutprakan Samutprakan Underconstruction for Sealant Plant
Telephone	02-7094040
Facimile	02-7094370
Web Site	<a href="http://www.adb.co.th">http://www.adb.co.th</a>



General Company Information	
Registered Capital	600 million common shares with Par value of THB 0.50 per share, the total of THB 300 million
Paid-Up Capital	600 million common shares with Par value of THB 0.50 per share, the total of THB 300 million
Securities Detail	Offering newly issued amount of 180,000,000 ordinary shares offered divided into: 1. Offering to public – 151,200,000 shares 2. Offering to the Company's patronage – 10,445,000 shares 3. Offering to existing shareholders, directors, managers and employees – 18,355,000 shares with the same offering price at THB1.69 per share first trading day on November 9, 2017
Company's Secretary	Mrs. Wichitra Thubburi Telephone 0-27094040 Email: Wichitra@adb.co.th
Investor Relation	1. Miss Pornpiwan Niramondchardchay Telephone 0-27094040 Email adb_ir@adb.co.th 2. Miss Kanokwan Kongtanakomtunyakid Telephone 0-27094040 Email adb_ir@adb.co.th
The name of securities registrar	The Thailand Securities Depository Co.,Ltd. (TSD)
Financial Advisor	RHB Security (Thailand) PCL,
Auditor	KPMG Phoomchai Audit Ltd.
Internal Audit	Unique Advisor Company Limited

## Company Background

Month/Year	Event
January 2005	<ul style="list-style-type: none"> <li>Applied DB Public Company Limited ('the Company') used to be under another name, which was Applied DB industrial Company Limited that was founded from the merger between DB Chemical Company Limited (the producer and distributor of adhesives) and Applied Chemical Industry Company Limited (the producer and distributor of PVC compound).</li> <li>The Company was established with initial registered capital of THB 150 million with the par value of 5 baht per share. The purpose of the Company is to be the producer and distributor of two product groups, which are Plastic compound and Adhesive &amp; Sealant to sell within the country and without the country. The main customer in Thailand are the factories that used the Company's products for their production and the main customer overseas are including the countries in ASEAN, middle east, Africa, Europe, Australia and South America.</li> </ul>
July 2005	<ul style="list-style-type: none"> <li>The Company received the ISO 9001:2008 certified the quality of the products and services management.</li> </ul>
October 2007	<ul style="list-style-type: none"> <li>The Company started the new production line, which are the sealant also adhesive and sealant in small packages to sell to end customers or Do It Yourself (D.I.Y.) products. The D.I.Y. product sells under the Company's brands and also under the (OEM) customer's brands, which are international brand.</li> </ul>
July 2010	<ul style="list-style-type: none"> <li>The Company increased its registered capital from 150.00 million Baht to 200.00 million Baht in order to be used as working capital.</li> </ul>
July 2012	<ul style="list-style-type: none"> <li>The Company increased its registered capital from 200.00 million Baht to 210.00 million Baht in order to be used as working capital by issuing 10.00 million common shares and sold to the new shareholder (Showa Global Limited) a leading manufacturer and distributor of the PVC compound in Japan.</li> </ul>
August 2014	<ul style="list-style-type: none"> <li>The Company purchased the empty land to build the silicone compound factory, which is the new business that can expand the Company's current business further. The total space of the land is 5 Rai 1 Ngan 29.5 Square wha, located in Bang Poo Factory Land (Moo 5 Bang Poo District Samutprakarn), which bought from Charoensilp Property LTD. ("Charoensilp Property"). The Charoensilp Property might be the group that might have a conflict with the Company owing to they have the majority shareholders as well as the Company and also 1 board that is the board of both company. However, the price of the land is comparatively according to the price of the land around that area.</li> </ul>
February 2015	<ul style="list-style-type: none"> <li>The Company received the ISO 16949:2009 certified the quality management for the Automotive Industry.</li> </ul>

Month/Year	Event
November 2015	<ul style="list-style-type: none"> <li>The Company received the ISO 9001:2015 certified the quality of the products and services management.</li> </ul>
March 2017	<ul style="list-style-type: none"> <li>The Company's 2017 Annual General Meeting of shareholders on 13 March 2017 has resolved and approved the followings:               <ul style="list-style-type: none"> <li>The Company converted to the public company and changed the name to Applied DB Public Company Limited.</li> <li>The Company changed its par value of common share from 10.00 Baht per share to 0.50 Baht per share.</li> <li>The Company increased its registered capital from 210.00 million Baht to 300.00 million Baht by issuing new 180,000,000 common shares with the par value of 0.50 Baht for Initial Public Offering (IPO).</li> </ul> </li> <li>The Company set up 2 subsidiary companies, which are ADB USA Inc. and SPARKO USA Inc. to support the marketing, provide the marketing and sale information, including expanding the demand for D.I.Y. products of the Company for overseas market. The Company is the sole shareholder of both companies with the 100% of registered capital.</li> </ul>
9 November 2017	<ul style="list-style-type: none"> <li>The Company is listed on Market for Alternative Investment (mai). The initial public offering (IPO) is Bt1.69 per share.</li> </ul>



# Projects in Progress

1. Investment in equipment for technical department and research and development
  - Purchase testing equipment for Modified silicone polymer (MS sealant)
  - Purchase testing equipment for Halogen free compound
  - Enhance learning process among technical staff for future product development
2. Investment in building and machinery improvement and improvement on productivity, waste reduction and labor reduction
  - Purchase machinery to improve productivity in the existing production lines
  - Install machinery for medical grade PVC compound products
  - Improve inventory buildings to support the growth
3. Investment in sustainable development
  - Development of information technology and ERP for administration
  - Adopt environmental standards ISO140001: 2015 and prohibited substances regulations in the organization
  - Sustainable human resources development through strategy and organizational knowledge

## 4. Construction Project: Factory No. 4

Project Name	 <p>Sealant factory 5 rai 1 ngan 29.5 square wah</p>
Location	816 Bangpoo Factory Land, Moo 5 Bang Poo Mai, Muang Samutprakarn, Samut Prakarn
Building and space utilization	Constructed as a factory covering 4,018 square meters A warehouse covering 1,680 square meters
Budget investment	Budget on land, buildings, factories, warehouses, utilities and machinery excluding laboratories is 257.65 million baht, divided into three phases, starting from 2018 to 2020.
Project estimation	Factory and warehouse structure is expected to be completed by March 2018. It will produce and distribute products in the fourth quarter of 2016 and will reach full capacity in 2020.
Current construction status January 17, 2018	 <p>Estimation of construction progress</p> <ul style="list-style-type: none"> <li>• The plant building progress on 90% completed.</li> <li>• The warehouse building progress on 85% completed.</li> <li>• The infrastructure is in the process and the road surface is under improvement and wastewater pipes are being made.</li> </ul>

The Company began to construct the 4 projects in 2017 and expects to complete all projects by 2020 with the money from the Company's IPO and the internal cash flow.

## Nature of Business

The company manufactures and distributes two products: plastic compound pallets, the main customers of which are industrial factories which use the company products to produce wires; cables and shoe soles, and adhesives and sealants for shoe; furniture; construction and automobile factories. The products are sold to both domestic and international customers by means of direct sales and through distributors. In this regard, the company manufactures and sells products under the brand name of the company and under the brand of leading customers, which are internationally recognized.

### Nature of Products and Services

The products of the company can be divided into 2 main product groups based on the nature of products and usage as follows.

## ■ 1. Plastic Compound

The company manufactures and sell plastic compound pallets which consist of PVC compound and polypropylene split yarn and thermoplastic elastomer (TPE) for industrial factories with details as follows



### 1.1 PVC Compound

Polyvinyl Chloride or PVC is a plastic thermoplastic which can be melted by the heat and recycled several times. In terms of general characteristics, PVC is fine, white powder. When it catches fire, it can be self-extinguished. In the production of PVC compound, the PVC powder is added with additives before use.

PVC compound is a PVC made of PVC resin mixed with various additives in the right proportions according to the requirements of use in various forms such as plasticizer, heat stabilizer, filler, pigment and various additives. The company is a manufacturer and distributor of PVC in a form of soft PVC compound and rigid PVC compound.

#### • Soft PVC Compound

It is flexible plastic made from the process of mixing PVC powder with additives softener or plasticizer to adjust softness or hardness according to the proper use of PVC compound. The PVC compound in this group is used in injection molding, ironing molding, compression molding depending on the type of product that customers want in order to be processed into various products. The main customers of the company who order PVC soft plastic are industries manufacturing wires and cables because the PVC does not cause fire and highly resistant to electricity. Therefore, it is used as insulation and cover for power cables and cables such as low voltage cables, power cables, and telephone wire insulation. The plastic is molded into rubber cables, soft edges for automobiles and other products. In addition, it can be molded into the footwear and soft touch products such as pen handles and tool handles.





#### • Rigid PVC Compound

It is a hard plastic - not flexible, strong, sticky and resistant to shock. It is made from mixing PVC resin with additives. The PVC compound in this group is used in injection molding, ironing molding, compression molding or blown film extrusion or blow molding depending on the type of product that customers want in order to be processed into various products such as furniture edges, product label films which are transparent and smooth and PVC joints.

In this regard, the manufacturing process of rigid PVC compound is similar to that of the soft PVC compound. The difference is that chemicals are controlled under appropriate temperature by the cooling mixer, which is a process after mixing chemicals as ingredients in the rigid PVC compound production before undergoing flow process.

#### 1.2 Polypropylene split yarn

It is a polypropylene from thermoplastic, the characteristics of which are sticky, durable and effective in electrical insulation. The Polypropylene split yarn is processed to be fillers used with plastic compound in the production of power lines and cables by wrapping it around the wires to seal the holes as seen in the pictures below.



#### 1.3 Thermoplastic Elastomer : TPE

It is a material derived from the thermoplastic resin process mixed with rubber or elastomer or obtained from the copolymerization of the soft segment with the hard segment. As a result, it becomes a hybrid material called thermoplastic elastomer or TPE. This hybrid material is playing an increasingly important role in many industries because it has the ability to be re-molded and recycled. It can be applied to injection molding, ironing molding, compression molding depending on the type of product that customers want e.g. shoe soles. However, both thermoplastic elastomer and PVC pellets can be used in injection molding in the shoe sole production because the thermoplastic pellets are more popular in the footwear production because of good properties, flexibility and less toxic produced to the environment. However, thermoplastic pellets have higher selling prices than PVC pellets, so thermoplastic pellets are mostly used as raw materials for the footwear production in the high-end market. The company exports thermoplastic pellets to overseas customers who produce leather shoe soles such as customers in Bangladesh who manufacture and export shoes to European countries such as Italy.

For addition information, the company is canceling the production of the following items because the machines are used to produce PVC compound which has the high production.

Nevertheless, in terms of portion of revenue from plastic compound products, 80.00 - 90.00 per cent is derived from the sales of PVC compound, and the rest of the revenue is derived from the sales of polypropylene and thermoplastic elastomers.

## ■ 2. Adhesive and Sealant

The company manufactures and sells adhesives and sealants which are used to glue materials or fill leaking holes, and they come in large container. The company manufactures and sells this product for industrial use. While the adhesives and sealants are small and Do It Yourself (DIY) products, the company will produce them in small packages for distribution through distributors. Such distributors will distribute the products to industrial customers and end-users.

In terms of distribution under the company's house brand, there are 5 brands namely ADB, SPARKO, DB, OMAKU and DAI-I-CHI. The company is also hired to produce products under the license and supervise the production process of the product brand Original Equipment Manufacturer (OEM), which is a leading international brand. The adhesives and sealants are as follows.



### 2.1 Adhesive

It is a fluid chemical used to glue materials. However, the adhesives produced and sold by the company can be classified according to the properties of products and use with details as follows.

#### 1) Contact adhesive

It is an adhesive composed of a solution of natural rubber or synthetic rubber which will become sticky when in contact with the solvent. It is a sticky fluid with high and effective adhesion, suitable for furniture, repair work and gluing materials of the shoes. In addition, it can also be used to glue various types of materials, such as plastic, wood, formic, laminate, foam, rubber, leather and synthetic leather, insulation and metal. The company distributes this product for use in both industries and households.



#### 2) Graft adhesive

It is a graft copolymer combined with Polychloroprene and Acrylic monomer which is fluid like rubber adhesive but is more transparent and whiter. It is suitable for gluing upper and lower materials of shoes or general items such as leather, synthetic leather, PC, PVC, rubber, canvas, EVA foam, etc. The company distributes this product for use in both industries and households.





### 3) Polyurethane adhesive : PU adhesive

It is produced from Polyurethane which is a special kind of adhesive with high adhesion, fast setting and excellent resistance to weather conditions and heat. It is also resistant to light absorption, which results in less color change after use, and it is to use and time-saving. The adhesive can glue several materials such as shoe soles, leather and shoe heels, rubber, sponge, leather, nylon, PU, PU leather, PVC, latex, foam, bedding, etc., as well as porous materials. It can also be used to glue at a normal temperature and heated temperature.



### 4) Vinyl adhesive

It is composed of pipe adhesive, multi-purpose adhesive and plastic adhesive used to glue PVC pipes and hard joints, including other assembling works where plastic parts are glued together. The pipe adhesive melts into the PVC pipe texture. When PVC pipes are connected to the joints, they are combined into one without leakage of liquid inside the pipes. The property of this adhesive is different from that of others as it melts into the pipe texture and resistant to high pressure works such as drainage system in tall buildings or swimming pool pipe work, etc. The company distributes this product for use in both industries and households. While the multi-purpose adhesive is used to glue in general works such as stationary. The company distribute it in small containers. As for the plastic adhesive, it is used to glue plastic parts such as acrylic sheets, etc.



### 5) Epoxy adhesive

It is mixed with 2 ingredients: epoxy and hardener at an appropriate portion to be of the maximum effectiveness. Epoxy adhesive is highly flexible and resistant to temperature and chemical; therefore, it is suitable for use in industries and used with wood, metal, tile, glass, plastic, etc. The company distributes this product for use in both industries and households.



### 6) Liquid gasket

It is synthetic rubber adhesive for gluing or combining metal flanges. It is highly viscous and can prevent leakage of liquid or gas from equipment at the surface of the flange as the contact of two flanges may not be smooth enough to prevent leakage. Liquid gasket can penetrate into the groove between the combined materials perfectly. The company distributes this product in small packages through distributors, and it can be used for customers who manufacture automotive products.



#### 7) Super glue

It is a multi-purpose glue which is specifically fast to dry. Its chemical name is Cyanoacrylate adhesive. The glue sets due to chemical reaction between the glue and the moisture on the surface of material, and it is suitable for industrial use in parts assembling such as automotive parts, sports equipment and electronic devices, etc. It is also suitable for household use as it can glue various kinds of materials: wood, metal, aluminum and plastic. The company buys the ready-made super glue or elephant glue in small DIY packages and distribute it for household use only.



#### 8) Super nail

It is synthetic rubber glue with high adhesion handling the weight gain. It is used to glue aesthetic works for furniture, installation and general construction work instead of nail. It is used to glue various materials such as wood, plastic, gypsum, stainless steel, lightweight wall panels, mirrors, corbels, as well as materials made of cement or concrete, etc. The company distributes this product for use in factories and households

#### 9) Water-based adhesive

It is a water-based adhesive that is water-soluble and in liquid form. This adhesive is easy to use and suitable for use in a variety of industries such as furniture, packaging, carpets, wood, laminates and labels.

The Company also produces and distributes additional products which are used with adhesive products to enhance the effectiveness of adhesion and potential of adhesive. The products are Primer, Thinner, and Hardener with details as follows.



##### • Primer

A chemical that adjust the condition of surface prior to using the adhesive to optimize the adhesion.

##### • Thinner

A volatile liquid and a solvent used in conjunction with adhesive products make them more liquid. In addition, this material can be used to clear stains caused by adhesive.



##### • Hardener

A chemical with the property that increase the adhesion of material and increase the strength of adhesive. This chemical is used in conjunction with adhesive products to increase the strength of adhesion. However, the portion of hardener added to the adhesive must be appropriate. If the hardener is added exceedingly, the adhesive will dry too quickly and adversely affect the product



## 2.2 Sealant

It is used to seal joints between materials, whether they are the same material to be neat and beautiful and to prevent dust, spray, water and gas from entering the joints. This sealant is semi-liquid, so it can penetrate the joints, harden and become flexible to allow materials to move slightly. This sealant does not crack. In the construction work, it is necessary to use the sealant in the structural works such as sealing joints between the structures as determined by the engineers according to construction design or sealing joints between longitudinal structures to accommodate the expansion of expansion of structure. It can also be used in architectural works by sealing joints to finish up the work such as sealing joints between aluminum doors and windows, masonry walls, ceilings and walls, built-in furniture, etc. The company distributes two types of sealant products, classified by product properties and characteristics of usage with details as follows.



### 1) Acrylic sealant

It is sealant which is little flexible and resistant to environment. It can be used for exterior and interior works, so it is suitable for sealing joints such as joints between the wall and door frame, window, wood, aluminum, or small cracks. In addition, it can be refined and painted over, and it can be used with both smooth and rough surfaces.

### 2) Silicone sealant

It is flexible sealant which is highly resistant to changes in the environment, UV and chemical. It is suitable for both indoor and outdoor use, as it is used to fill and seal joints of smooth surfaces and polished surfaces such as mirror, ceramic, fiberglass, wood and aluminum. However, this material cannot be painted over. The company distributes this products for both industrial and household use.



The silicone sealant can be divided into 2 types: acetic and neutral, with details as follows.



#### Acetic cure

This type of silicone, when used, has the scent of acid, evaporates and dries quickly. It is suitable for sealing joints between glasses with strong adhesion. If used with transparent glass, the sealant is smooth and transparent. It is not suitable for surfaces affected by acetic corrosion, such as metals or marbles, and it is less expensive than the neutral one.

#### Neutral cure

This type of silicone is neutral and less transparent than the acetic one (turbid). It dries more slowly and is less strong but more flexible, and it is used with surfaces not suitable for exposure with acid. Also, it is more expensive than the former.

In addition, with its flexibility and resistance to temperature, chemical and weather, it is used as liquid gasket in industries and automotive industries, the details of which are as follows.



## Room Temperature Vulcanizing Silicone : RTV

It is a silicone material used for forming gasket or formed-in-place-gasket. It has the ability to mold new gasket to replace the old gasket that is out of use. The new gasket molded is silicone rubber. It is commonly known as liquid gasket. Nevertheless, this material is highly flexible and resistant to temperature resistance, tear and pressure. Therefore, it is suitable for use in the electronics, automotive, machine, tool and precision instrument industries. In this regard, the RTV silicone of the company is of various colors to meet various customers' needs.

Currently, sealant products are the products that the company does not have its own production process; the company buys a large quantity of finished sealant and packages it under the company's brand and customers' brand (OEM).

In addition, to reduce the cost of raw materials, the company also produces aluminum packaging tubes used in the packing of adhesive and sealant products. The main raw materials used in the packaging are slugs imported from abroad.

The company earns its revenues from adhesive and sealant products (including small household products) of approximately 43.00% and 57.00%, respectively. In 2017, however, the company plans to expand its business in terms of sealant because it sees opportunities from the market demand and profitability of the product continues to grow. Moreover, the company also has products outsourced under the company's brand which are PU foam, thread locker, rust-proof lubricant, PE tape, butyl tape and PVC tape (PVC Tape) to provide a complete product distribution to meet the customers' needs.

### Revenue Structure of the Company Classified by Product Groups in 2015-2017

Revenue Structure	2015		2016		2017	
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
1. Plastic compound)	712.08	48.76	725.83	51.41	693.33	49.65
2. Adhesive and Sealant	722.30	49.45	685.95	48.00	679.08	48.63
Total Revenues	1,434.38	98.21	1,411.78	98.79	1,372.41	98.90
Other Revenues <sup>1</sup>	26.18	1.79	15.63	1.09	11.87	0.86
Profit (Loss) subject to Net Exchange Rate	-	-	1.73	0.12	3.36	0.24
Total	1,460.55	100.00	1,429.14	100.00	1,387.64	100.00

#### Remark

1. Other revenues consist of received interest, compensation income, 19 bis duty fee, returned bad debt, profit (loss) from sales of assets, and miscellaneous revenues from sales of materials.



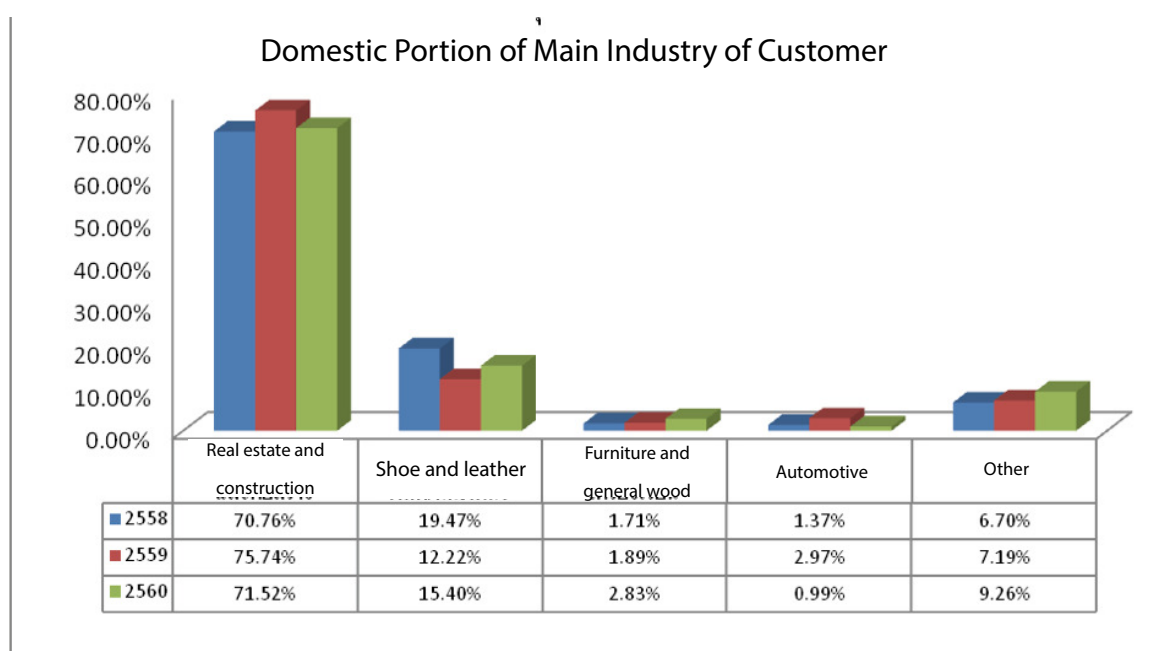
## Marketing and Competition

### Target Customer

The target customers of the company consist of industries that use the company's products in the production and processing and sell them as a distributor distributing products to end users or retail shops like an intermediary who distributes products to users directly. The industries which are the main customers of the company are as follows:

- Real estate and construction industry
- Shoe and leather industry
- Furniture and general wood industry
- Automotive Industry
- Other Groups

The company has a large customer base both domestically and internationally which uses the company's products: plastic compound and adhesive and sealant. The company's customers are spread in certain various industries both large, medium and small. The portion of revenues is derived from domestic and overseas sales in 2016 which is approximately 70% and 30% of the total revenue of the Company, respectively. The portion of main industry group of main customers from the sales in the country and abroad of 2017 is detailed as follows.



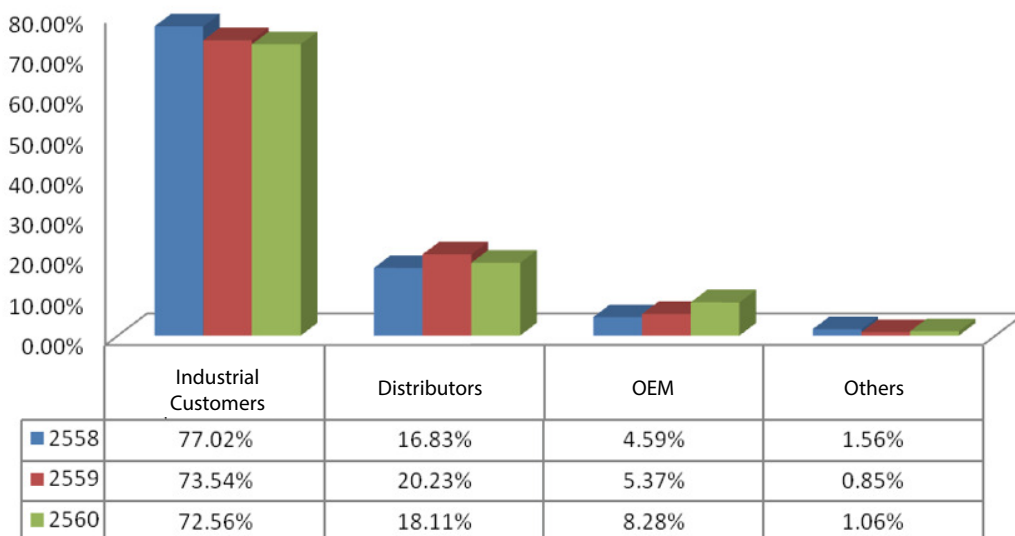
From the figure above, in terms of proportion of domestic sales of products in each product group, it demonstrates that the sales are derived from top 3 main industry groups of customers which are the real estate and construction industry, shoes and leather industry and furniture and house ware industry, respectively. The domestic sales are more than 65% derived from the sales of PVC compound sold to domestic industries, while 19% is derived from the sales of adhesive products for use in industries. In addition, 13% of domestic sales are derived from sealant products through distributors under Original Equipment Manufacturer (OEM).

In terms of the main customers who buy PVC compound classified as the real estate and construction customer group, they are large wire and cable manufacturers in the country, and they are ones of the manufacturers place purchase order for the production of power wires for the governmental agency (Provincial Electricity Authority) under the annual budget for the investment of power wires. The company has a market share from selling PVC compound of more than 65.00% of the value of PVC compound market for production of power wire in Thailand. For the production of adhesive products, most of them are sold through industries to be used

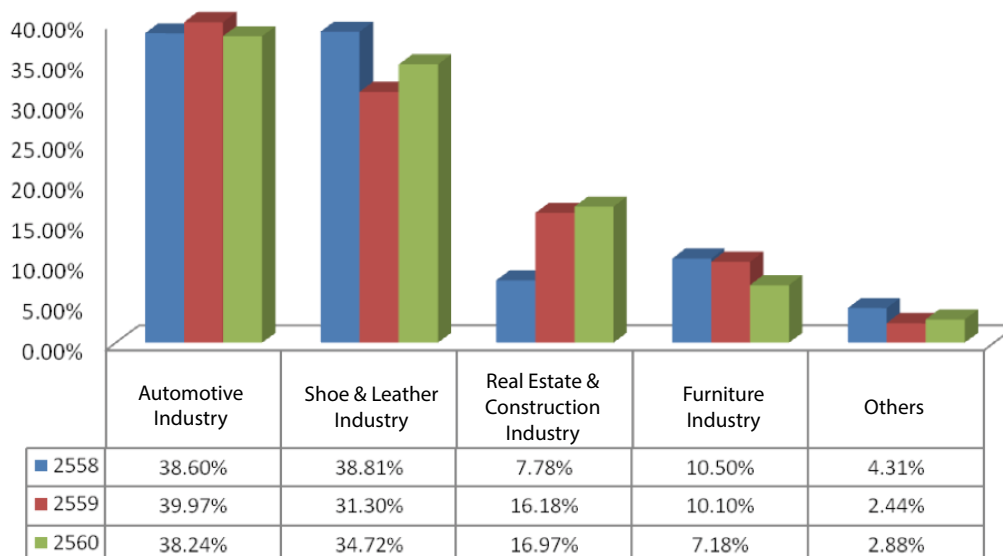
in shoes and leather manufacturing industries, as well as furniture and house ware. Most of the sealant products are sold to the dealers and manufactured under the customers' brand which will also be used in the real estate and construction industry.

The company has 3 main distribution channels: 1) distribution to industrial customers 2) distribution through distributors and 3) production of Original Equipment Manufacturer, which is approximately 72.56%, 18.11%, and 8.28%, respectively, of the total domestic sales of 2017.

The domestic portion of Sales Channel

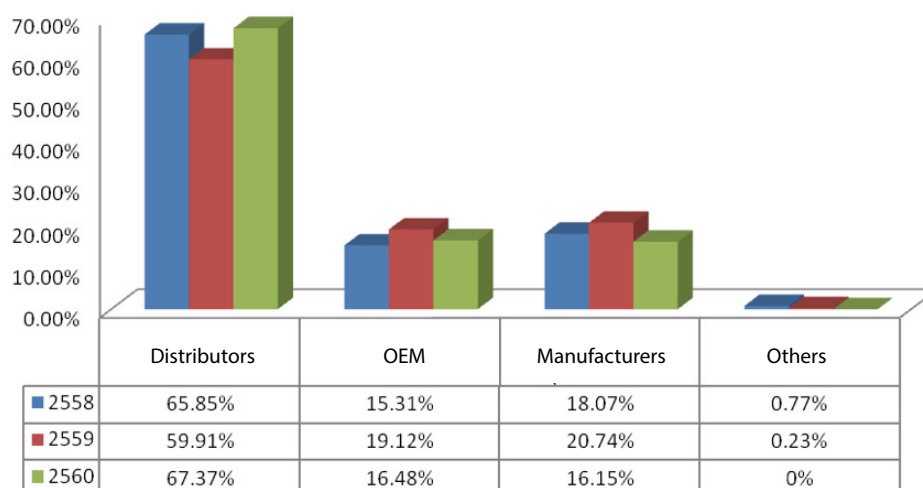


Oversea Proportion of Main Industrial Group of Customers



From the figure above, in terms of proportion of international sales of products in each product group, it demonstrates that the sales are derived from top 3 main industry groups of customers which are the automotive industry, shoes and leather industry and real estate and construction industry, respectively. It does not include the domestic sales of more than 39% or sales of adhesive and sealant products in small packages for household use. While 19% is derived from the sales of adhesive products through distributors overseas, 13% of international sales are derived from sealant products which are produced by the company and Original Equipment Manufacturer (OEM).

The company has 3 main distribution channels: 1) distribution to industrial customers 2) production of Original Equipment Manufacturer and 3) distribution to industries, which is approximately 67.37%, 16.48%, and 16.15%, respectively, of the total international sales of 2017.



## Distribution Channel

The company has 2 main product distribution channels: direct distribution and indirect distribution with details as follows.

### 1. Direct Distribution Channel

The company manufactures and distributes its products to end users who are industrial plants that use the company's products as raw materials to manufacture goods and repair machines and equipment in the factory and household users who use the company's products to construct and repair equipment. The products sold through the direct distribution channel will be products from both product groups: PVC compound and adhesive and sealant. However, the company is located in Bangpoo Industrial Estate in Samut Prakarn Province which is the location of many factories that are the target customers of the company; therefore, it is easier to deliver products and reach more target customers. In terms of direct distribution channel, in 2017, the proportion of domestic and overseas sales was approximately 92% and 8% from the direct distribution channel, respectively.

In addition, the revenues of the company from the direct distribution channel represent approximately 67.51% of total revenues of the company. In this regard, the direct distribution channel also includes the distribution of products produced under the OEM. The revenue generated by the OEM is approximately 10.67% of sales revenues through direct sales channel.

### 2. Indirect Distribution Channel

The company manufactures and distributes products through its distributors who are domestic and international. In 2017, the proportion was approximately 40.00% and 60.00% of the revenues from sales through the indirect distribution channel, respectively. However, the revenues of the company derived from the indirect distribution channel account for approximately 32.47% of total revenues of the company. Most of the products sold through indirect distributors are adhesive and sealant products which the distributors sell at their retail shops or sell to direct users. The users use the products for construction and repair works. However, the company has selected its distributor, namely Borneo Technical (Thailand) Co., Ltd., which is reliable, has had a good relationship with customers or is likely to reach new customers.

## Distribution Channel for Each Product

Product	Distribution Channel
1. Plastic compound	<ul style="list-style-type: none"> <li>• Mostly distributed in both forms of soft PVC compound and rigid PVC compound. The company distributes these products to industries that manufacture goods such as power wire and cable manufacturing plants, furniture plants in the country.</li> <li>• The rest is distributed through domestic distributors which focuses on distribution of middle-grade soft PVC compound.</li> </ul>
2. Adhesive	<ul style="list-style-type: none"> <li>• Mostly distributed through both domestic and international distributors to Asia and Africa.</li> </ul>
3. Sealant	<ul style="list-style-type: none"> <li>• Mostly distributed through distributors to users in Thailand and foreign countries. The company has assigned the sales representative in each country, and the main market is in Asia, Middle East and Africa.</li> <li>• The rest is the OEM production with both domestic and international markets.</li> </ul>
4. Small-Package Product for Household Use (DIY)	<ul style="list-style-type: none"> <li>• Mostly distributed through distributors to foreign markets including Asia, Middle East and Africa.</li> <li>• The rest 10-15% of the products are DIY's distributed through domestic distributors.</li> <li>• In addition, the company manufactures DIY products under the OEM, most of which are ordered by foreign customers such as European customers.</li> </ul>

Product exhibition is another channel that the company emphasize so that it can meet customers, traders and investors. The company participates in the product exhibition or meet customers through 3 channels as follows:

1. Attend the local and international exhibitions consistently
2. Jointly attend both local and international exhibitions and trade fairs with customers
3. Actively participate in worldwide markets through business matching organized by Department of Business Development (DBD)

## ■ Canton Fair in Guangzhou, CHINA (April 15-19, 2017)



- This show was held during April 15-19, 2017 (5 days). Exhibition time is from 9:00AM-18:00PM.
- We got total 88 business cards in this time which customers came from all over the world.
- Among those, we got immediate order confirmation from new Egypt customer, they paid USD 3,000 right away.
- Some customers (in certain countries) knew our brand, which made us discuss with them more easily since our quality was accepted in their market.

## ■ Shoe & Leather, VIETNAM (July 15-19, 2017)



- Here is list of new customer visited to our booth such as The land mark, Tuvis, Asia, Vien Thinh, BNY, Minh Hoa Shop, Nhat Nam, TBS and more.
- Most if new customers are interested in Adhesive & Sealant products.
- Anh huy - one of our new customer, is interested to bring our spray adhesive into furniture industry for ADB

## ■ Auto Show in Karachi, PAKISTAN (March 3-5, 2017)





## ■ Borneo Trade Fair, Chiang Mai (March 12, 2017)



## ■ Business Matching in South Africa and Mozambique with DITP (March 24 - April 3, 2017)



## ■ Mozambique - Maputo



- There are 4 companies who visited our booth
- Many shown interest in our products such as, Epoxy Adhesive, Silicone Sealants, X5
- We also visited one potential customer who is the customer of SOLEX now, they shown interested in Silicone Sealant and Wood Glue
- We found most of products in Mozambique are from South Africa and China



## 2.2.2 Marketing Strategy

### 2.2.2.1 Ensuring quality of product by standardization

The company focuses on producing products of quality and standard that meet the needs of customers because the products that the company manufactures and distributes are used as raw materials in the production process and repair of equipment in industries and households. Therefore, the company is aware of the importance of quality and effectiveness of use of the products. The company has a quality assurance team which is under the technical department and is responsible for quality assurance of raw materials prior to entering the production and for quality assurance of finished goods prior to entering in warehouses to test the quality and correction of products before delivering to customers. In addition, the company has established a quality control team and assigned personnel for during the production process in every product.

In 2016, the company was certified with ISO 9001: 2015 Quality Management System, which is the certification of the production and distribution of two types of industrial products, namely PVC compound and adhesive and sealant products. Customers are ensured of the quality of production, management and standards which are accepted both nationally and internationally. Moreover, the company manufactures PVC compound for wire and cable manufacturing companies which meet the industrial standards and certified by the Institute of Electrical and Electronics Engineers which is the standard for power wire producers to the Provincial Electricity Authority.

### 2.2.2.2 Variety of Products

The company manufactures and sells a wide range of industrial products, which can serve the needs of different industries. The company focuses on providing a wide range of industrial products to facilitate its customers on a one-stop-stop basis. The company manufactures and distributes products used in the production of various industries such as plastic compound that can be processed into industrial products like power wires, products in the plastic industry, products in the automotive industry and products in the real estate and construction industry, etc., or adhesive and sealant products which are used in the production and repair of equipment and machine in industries. In addition, the company sells the products in small packages to facilitate end users directly. The company has a research and development team that develops the products continuously to meet the needs of different customers and industries.

### 2.2.2.3 Service and Delivery

The Company recognizes the importance of service and delivery to customers; therefore, it focuses on customer satisfaction in terms of both quantity and quality according to the agreed standards. In addition, the company delivers the products on time, and the customers can order the company to manufacture and deliver products in installments (partial ordering) according to the customers' plans. The company will cooperate with customers to plan the production to meet the needs of each customer. Customers can also save cost of storage. As the company has been operating the business for more than 30 years and always had a close customer base and good relationships, as well as having its office located in Bangpoo Industrial Estate, Samut Prakarn Province, the company can support the needs of the service and deliver the products according to the customers' needs. Furthermore, the company has a sales department to provide advice to customers concerning the company's products which is before and after-sales service.

#### 2.2.2.4 Research and Product Development

The company is aware of the importance of research and development of all products in order to product and distribute the products according to the needs of customers. The company also seek new innovations to increase the potential of production and obtain the products with the maximum effectiveness. The company has a research and development team with experienced and knowledgeable staffs who have been with the company for more than 12 years. The research and development team is responsible for researching and developing the quality of products to meet the needs of customers and improve the features of products to be suitable to the customers' machines. Also, the team is responsible for researching new product innovations which are trending in the market by surveying the market or talking to customers and sending data to the R&D team to research and develop the products to create new alternatives for the customers, as well as increasing the effectiveness of production. In addition, the company researches and collaborates with its customers to add new products in its production line. The customers will give samples of new products to the sales staff so that they can be sent to the research and development department for testing. Then, the samples will be tested by the customers. If the samples are tested, the company will bring the samples into the real production. Moreover, the customers can give samples of new products or other products to the company for production or development to meet the requirements of the customers.

Additionally, the research and development team applies knowledge from studies and traders both domestically and internationally such as raw material suppliers of the company to reduce costs and increase the effectiveness of production. As a result, the company can change and choose more various types of raw materials including the quantity of raw materials required in the production appropriately and according to the production demand. It will also benefit the company as the company's production costs are lower than its competitors'.

In addition, the company is ready in terms of tools and equipment to maintain the standard of production for customers. The company also retains its potential in the competition by having testing equipment with modern standards and technology to research and guarantee the quality of products. Therefore, almost all of our testing tools and equipment are imported from abroad such as England, Taiwan and Japan.

#### 2.2.2.5 Good Relationship with Customers

The company has close relationships with its main customer base. The company focuses on the selection of products to meet the needs of customers and attaches importance to efficient delivery management to maximize satisfaction of customers both domestically and internationally. In terms of domestic customers, the company is a business partner in the manufacture and distribution of both products, namely PVC compound and adhesive and sealant products to many companies. Some customers have been trading with the company for more than 10 years. In terms of international customers, the company's marketing team had a chance to visit the factory and talk with the executives of the company's partners to strengthen relationships and increase future business opportunities. Moreover, the company also cooperates with customers in developing and researching to design various products to be appropriate. The company also develops special-grade products for each customers to meet the direct needs of specific customers. The company also develop products with customers to reduce customers' production costs which is the main factor that help strengthen the relationship between the company and its customers, as well as maintaining the competitiveness of the company in the industry.

#### 2.2.2.6 Company's Expertise in the Business

The company started from merging the business between DB Chemical Industrial Co., Ltd., an adhesive manufacturer established in 1985 and Applied Chemical Industry Co., Ltd, a PVC plastic products manufacturer established in 1986. At present, the company has the executives experience in the business related to production of PVC compound and adhesive and sealant products for more than 30 years. However, even though the production process of PVC compound and adhesive and sealant products is not complex or

requires advance technology, it requires expertise and skills as well as ability to control the costs because the price of raw materials fluctuates. In addition, the production process requires various types of raw materials and produces a large number of products which affects the management of raw material storage and inventory. The experience and ability of the management is critical to the company's competitiveness.

In addition to the competent and knowledgeable executives, the company also encourages its personnel to your knowledge and potential through training courses such as a course concerning time management techniques for effective planning or a course concerning human resource planning to reduce costs and meet business strategies.

### 2.2.3 Pricing according to the Source of Goods

The company has sources for raw materials to produce different types of products by ordering them in the country and abroad or sharing raw materials with other business units of the company. Therefore, the company has different pricing policies for different sources of raw materials. The details are as follows.

- Original Equipment Manufacturer (OEM) Products

The company has a pricing policy for its OEM products by using the cost price as determined by the selling companies plus appropriate profit rate for raw materials in the products under the company's brand. Most of raw materials are imported from overseas such as Japan, Taiwan, South Korea and India. The cost price of raw materials include the cost of packaging production for ready-made products.

- House Brand Products

The company has a policy to determine the price of products received to assemble under the company's brand by using the cost price of raw materials of the company plus appropriate profit rate. However, the raw materials under the company's brand are different from the sales of products under the customers' brand because the raw materials are ordered from both domestic and international suppliers. The price is agreed with the old suppliers who have had a long trading relationship with the company, making the price not too high or too low than the market price.

Nonetheless, the determination of profit rate in the sales of the company's products may change or be flexible according to the market conditions, costs, quantity of purchase order, competitiveness of price with other companies that sell similar products and business relationship with certain traders.

### 2.2.4 Industrial and Competitive Condition

#### Industrial Condition

The industrial condition of the company considers the impact from the capital factor of materials consisting of the world oil market and the income factor of the company's target customers consisting of the overall economic condition of Thailand, the contracting industrial market, the footwear and leatherwork industrial market and the world motor vehicle industrial market.

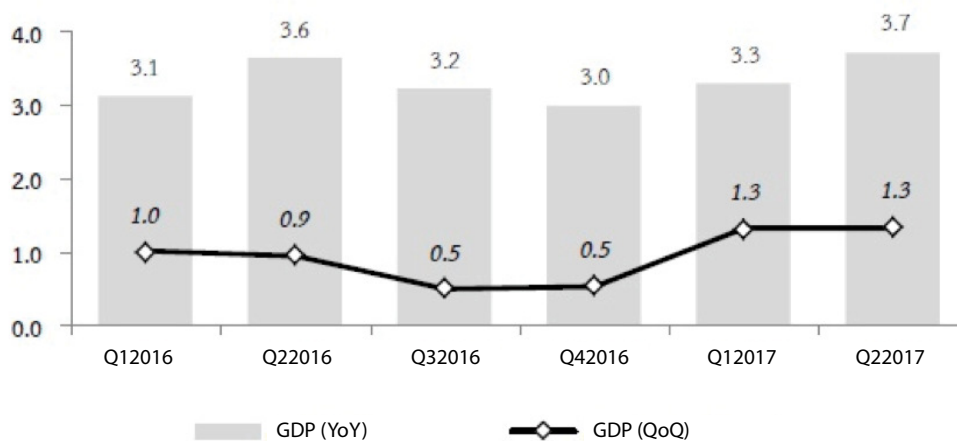
### ■ Capital Factor of Materials

The capital factor of materials of the company is the oil market because the company produces and distributes an industrial product consisting of plastic compound products and sealant products by materials from petroleum refinement such as PVC resin, plasticizer, solvent and synthetic rubber; an adhesive industry with the main products: Ethylene, Propylene, Benzene and Xylene; a plastic compound classified in downstream petrochemicals with the main products: HDPE, LDPE, PVC, synthetic rubber and other chemicals. The price of upstream petrochemicals will be likely to vary with the direction of higher oil price and in faster period when comparing with a change of downstream petrochemicals. However, the most of downstream industries like plastic compound and chemical products in Thailand are to produce the commodity grade product with elasticity of demands per high price product. It tends to notice the direction of decreasing price from the competitive reason in the world market. Therefore, the product price of the company will not as variable as the price of upstream petrochemicals. Consideration towards the oil price factor only is not enough to indicate the net impact of downstream chemical and petrochemical industry. Still, demand and supply must be considered.

### ■ Income Factor of Target Customer

#### Overview Economic Condition

Actual Expansion Rate of Gross Domestic Product in Thailand of Intrinsic Value Production (Percentage)



Source: The Office of the National Economic and Social Development Board in August 2017

According to the report of the Office of the National Economic and Social Development Board in August 2017, it could be concluded that Thailand's economy over 2016 expanded by 3.7 percent –it is considered growing when comparing with 3.3 percent of the first quarter of 2017 as the table of expansion rate of gross domestic product in Thailand below:

Expansion Rate (YoY) of Gross Domestic Product in Thailand of Expense Ended in Second Quarter of 2017

	2016	2016				2017	
		Q1	Q2	Q3	Q4	Q1r	Q2
Private Final Consumption Expenditure	3.1	2.8	4.0	3.0	2.5	3.2	3.0
General Government Final Consumption Expenditure	1.7	9.1	2.4	-5.2	1.8	0.3	2.7
Gross Fixed Capital Information	2.8	5.0	3.5	1.0	1.8	1.7	0.4
<i>Private</i>	0.4	2.4	0.3	-0.8	-0.4	-1.1	3.2
<i>Public</i>	9.9	12.9	12.8	5.8	8.6	9.7	-7.0
Export of Goods and Service	2.1	4.8	1.0	1.4	1.1	2.7	6.0
<i>Goods</i>	0.0	0.8	-1.9	-0.4	1.4	2.6	5.2
<i>Service</i>	9.3	18.1	11.6	7.7	0.4	3.2	8.8
Import of Goods and Service	-1.4	-5.2	-2.5	-1.1	3.4	6.1	8.2
<i>Goods</i>	-2.1	-7.6	-2.8	-1.5	3.6	7.3	9.1
<i>Service</i>	1.7	5.7	-1.3	0.5	2.0	1.1	4.0
Expenditure on Gross Domestic Products	3.5	3.5	3.8	3.5	3.2	3.5	3.8

Source: The Office of the National Economic and Social Development Board in August 2017

Moreover, according to the report of fiscal policy of Bank of Thailand in June 2017, it was evaluated that Thailand's economy tends to consistently expand in the future because it was expected to approximately expand by 3.5 percent and 3.7 percent in 2016 and 2017 respectively higher than evaluated ever in the report of fiscal policy in March 2016. The main economic drives were 1) export and consistently better service as the business partner's well-expanded economy, 2) consistent motivation for financial sector even more delayed than expected by some investment projects and 3) expense of the private sector which gradually expands.

#### Overview Contracting Industrial Market

The contracting business is important for the economy and considered the business resulting in employment relating to and based of the business development in various industries such as business of construction materials or business of real estate development. The proportion of construction investment value is by 8.5 percent per gross domestic product in Thailand ( $C/GDP = 8.5\%$ ). The types of construction are mainly divided into two groups: construction of the governmental sector and construction of the private sector with the average investment value by 55 percent and 45 percent respectively. However, plastic compound products emphasize the customer base in the governmental sector and the private sector whereas adhesive products and sealant products emphasize the customer base in the private sector only.

The construction of the governmental sector is mostly invested in the infrastructure by 70 percent of all the construction value of the governmental sector whereas the construction of the private sector is mostly invested in the residence up to 55 percent of all the construction value of the private sector. Moreover, a major contractor expands construction to neighboring countries, especially Cambodia, the Lao People's Democratic Republic and Myanmar because the aforementioned countries have expanded the investment of infrastructures and accommodations such as road network or large residence.

The overall contracting industry during 2017-2019 tends to have the positive factors from the investment plan of large projects from the government until 2024 over 50 projects whereas the private sector will have been recovering since 2018. However, in 2017, it is expected to grow up to 13-15 percent comparing with 2016 because in the early of 2017, there will be an auction of various large projects more than the latest few years; therefore, in the second half of the year, many projects will start constructing such as the Lopburi-Pak Num Pho Double-Track Railway and Map Kabao-Jira Double-Track Railway Project or the Second Phase Suvarnabhumi Airport Project. Moreover, it is more apparent in three lines of the electric train project: the pink line (Khae Rai-Min Buri), the yellow line (Lad Prao-Samrong) and the eastern orange line (Cultural Center of Thailand-Min Buri). However, the accumulated amount of construction from the governmental sector will drive the contracting industry positively influencing a major contractor and motivating the private sector's investment considered the factor of demanding the company's products: plastic compound products and sealant products.

Amount of Construction during 2013-2016 and Tendency of Contracting Industry during 2017-2019

Construction volume	2013	2014	2015	2016	2017		2018		2019	
					Lower	Higher	Lower	Higher	Lower	Higher
Construction overview										
Unit: 1,000 MM	1,052.2	1,038.5	1,158.9	1,224.3	1,311.0	1,330.0	1,442.0	1,477.0	1,595.0	1,633.0
% Growth	1.5	-1.3	11.6	5.6	7.0	8.6	9.2	11.9	9.3	11.9
Government										
Unit: 1,000 MM	497.1	494.6	629.6	701.1	785.0	799.0	903.0	927.0	1,034.0	1,061.0
% Growth	-3.0	-0.5	27.3	11.4	12.0	14.0	14.0	17.0	13.0	16.0
Private construction										
Unit: 1,000 MM	555.1	543.9	529.4	523.2	526.0	531.0	539.0	550.0	561.0	572.0
% Growth	6.0	-2.0	-2.7	-1.2	0.5	1.5	2.0	4.0	3.0	5.0

Source: The Office of the National Economic and Social Development Board and Expectation from Krungsri Research Center

Apart from the domestic factor, the contracting industry has a growth chance from construction in neighboring countries such as Cambodia, the Lao People's Democratic Republic and Myanmar with investment speed-up in infrastructures and accommodations, especially in the city area and the special economic area including the expansion from tourism of these countries. Therefore, a major contractor has the opportunity to invest in the market expansion for new customers. It is advantageous from the boundary distance and the readiness of knowledge, tools and equipment which positively affect the marketing strategy of the company with the plan of distributive expansion to neighboring countries.

## Overview of Footwear and Leather Product Industry

According to the report of the first quarter of 2017 and tendency in 2017, the Office of Industrial Economics reported that the export value of footwear and leather products in the first quarter of 2017 decreased due to the global economic situation, and the main trading partner of Thailand remained in a slowdown which affected the purchasing power and the import of trading countries. In addition, the competitiveness decreased because of the extreme price competition especially from countries where labor costs were low and had a cost advantage.

In terms of the production of footwear and leather products in the first quarter of 2017, compared to the same period of 2016, it can be seen that leather tanning and decorating in the production of finished products such as car seats increased by 4.97% as a result of increased domestic sales according to the continuous expansion of industries such as automotive and furniture industries. The production of luggage, handbags and the like, saddles and harnesses and the production footwear declined by 4.41% and 4.31%, respectively, due to the slowdown in the demand and purchasing power after the end of government's measures that encourage the spending in late 2016, including the economic conditions of major trading partners such as the European Union and China which was still slowing down. In addition, the slowdown from the domestic private investment also accounted to the aforesaid decline because Thailand's exports have been affected by the slowdown in global trade and uncertainty. As a result, it affected the purchasing power, the import of trading partners and the lower competitiveness because of the extreme price competition especially from countries where labor costs were low and had a cost advantage.

For the imports for the first quarter of 2017, compared to that of the same period last year, the import of raw and tanned leathers expanded by 28.81%, and the production of bags increased by 0.05%, according to the direction of consumption of luxury goods of the country which was likely to increase. Meanwhile, in terms of shoe products, the import value decreased slightly by 0.30 percent.

The shrinkage of footwear and leather industry has shown a declining demand for these types of products which may affect the demand for PVC compound which is the raw materials for shoe sole production and for adhesive products which are the materials for gluing shoe soles or leather products. However, the company recognized this industrial condition; therefore, the company adjusted the policy by reducing the investment in the production of products sold to footwear and leather industry and focusing on expanding business of other products such as sealant.



## Overview of Global Automotive Industry

The automotive industry group and the automotive part manufacturing group consist of upstream industries which includes the steel industry, plastic industry, rubber industry, mechanical industry, electronic industry, automotive parts industry and the downstream industries which are the automotive assembly industry. The latter can be sub-divided into the motorcycle assembling industry, passenger car assembling industry and commercial vehicle assembling industry.

In addition to the manufacturing of automotive parts, the automotive parts industry and the accessories industry of which the market direction directly depends on the automotive industry market are other main industries likely to grow higher than the automotive industry because nowadays car users tend to decorate their cars more and automobiles are expensive. Therefore, consumers pay attention to decorating and repairing used cars rather than buying a new one. The main factors affecting the demand in the car industry are taste and purchasing power of consumers.

The global automotive market trend continues to grow, as well as the automotive industry. As a result, the demand for automotive products for automobile assembly is increasing, so is the production of automotive parts and accessories for motor vehicles. Hence, it is a business opportunity for the company to manufacture and distribute products used in the production of equipment and parts to repair and decorate automobiles. Most of the products produced and distributed by the company are adhesive and sealant products. Another part comes from PVC compound products distributed to automotive industries directly or sold through distributors to the target customers abroad. This resulted in the Company having the potential to gain more revenues and customer bases.

## Competition in Industry

The industry competition of the company is divided into 2 groups: plastic compound and adhesive and sealants, as following details:

### ■ Plastic compound

The plastic compound can be the raw material to make many products such as the wire and cable, shoe soles, the furniture assembly parts, and the plastic label film for packaging, so the Company has a lot of competitors that provide similar product range or plastic compound products. The competitors that produce and distribute similar plastic compound to the Company are ranked as follows:

1. Thai Plastic and Chemicals Public Company Limited
2. Applied DB Public Company Limited
3. Bangkok PVC (1996) Company Limited
4. Vinyltec Industry Company Limited
5. Hymix Company Limited

Nevertheless, the Company provides the various types of plastic compounds for many manufacturer to use as raw materials to make several types of plastic products to serve the different needs of end-user or their customers, so it is impossible that the Company's competitors will provide exactly the same products that the Company provides. If consider only the plastic compound business which is used for production of wire & cable low voltage, it can be ranked as follow:

1. Applied DB Public Company Limited
2. Thai Plastic and Chemicals Public Company Limited
3. Bangkok PVC (1996) Company Limited

### ■ Adhesive and Sealant

The adhesive & sealants are the multi-purpose products that can be applied in many several ways such as the construction, repairing the machine and equipment in factories, and repair general household equipments, so that makes these product on demand from the customers from many sectors. Therefore, that makes the Company has many competitors that also provided the similar product range. The competitors that produce and distribute adhesive and sealant with similar property to the Company are ranked as follows:

1. Henkel (Thailand) Company Limited (“Henkel”)
2. Three Bond VIV Sales (Thailand) Company Limited (“Three Bond”)
3. Applied DB Public Company Limited
4. Patanachai Chemical Company Limited
5. Bond Chemicals Co., Ltd

The ranking above are the Company’s management opinion that considered from the product offering that these companies offer to the same or similar group of customers. Some of these companies are international companies the have the base or parent company located in other countries such as Hengkel (Germany) and Threebond (Japan). However, the Company produces and distributes the adhesive and sealant products under its own housebrand such as DB, ADB, and SPARKO, which have been popular in Thailand for a very long time. Moreover, the Company also produces and distributes adhesive and sealant products under the customers brand or (OEM). Most of the OEM brands are internationally well-known and that is also the competitive advantage for the Company because other competitors have to take sometime to do marketing and be trusted by customers for each brand that distributed.

## 2.3 Product or Service Provision

### ■ Material Provision

The company aims for selecting the materials with good quality and standard used to produce the products for the customer’s demand. The main materials used by the company for production are PVC resin and solvent –they are mainly used to produce plastic compound products and adhesive and sealant products respectively. The company appreciates the material quality used for production; therefore, for the material purchase, the company has the procedures and rules of distributor selection evaluated from the creditability of business partners, the trading history of business partners, the product standard and the reasonable price. When the company considers the distributor lists from the aforementioned rules, the company will select and register the approved supplier lists for the selected distributor lists. Nevertheless, adding new distributor lists each time, R&D Team will examine the quality of product samples from the distributor first to ensure the quality of those materials. R&D Team will bring the materials to produce the product samples with the right physical and chemical properties. After that, R&D Team will confirm the quality to the purchase department to purchase the material from the aforementioned distributors.

Moreover, the company's executives have been in this industry for a long time; therefore, they are good at planning the material provision from all over the world. It is not specified the distributors in Thailand only. In addition, the executives can accurately predict a trend of material prices in the future which helps the planning of material purchase more effective. Finally, the materials with good qualities but low prices are obtained.

The material provision is divided into two groups: plastic compound products and adhesive and sealant products on the following details:

	Plastic Compound Product	Adhesive Product	Sealant Product
Material Used in Production	PVC Resin, Additive, Plasticizer and Filler	Solvent, Synthetic Rubber and Additive	Mixed Material (Especially Silicone)
How to Find Material	The company provides the materials in Thailand and in foreign countries depending on the material quality in each source, the price and the relationship between the company and the supplier. All of the material purchase in Thailand will be delivered via a car whereas all of the material purchase from foreign countries will be delivered via a ship.		
Purchase	The company will purchase the materials when ordered by customers because most plastic compound products have the specific characteristics as its physical and chemical property informed to the sale department such as color, solidness and flexibility of plastic beads. Therefore, these will be produced from the customer's demand.	The company will purchase some of the materials to produce and wait for distribution –they will be stored in a warehouse whereas some will be distributed when ordered by customers under the company's brand and the customer's brand produced by the company (OEM).	The company will purchase mixed sealant products to pack up and affix the company's brand and the customer's brand produced by the company (OEM).
Period of Material Purchase from Supplier until Material Receipt	Around 3 Days in Thailand and Around 60 Days in Foreign Countries	Around 3 Days in Thailand and Around 60 Days in Foreign Countries	Around 45-60 Days in Foreign Countries Depending on Supplier's Country

However, at the present time, the company has purchased the materials from the business partners in Thailand and in foreign countries. The material purchases from 2015 to 2017 are listed below:

Type of Materials (Unit: Million Baht)	Year 2015	Year 2016	Year 2017
Materials in Thailand			
PVC Resin, Solvent, Plastic Bead and Plastic Package	582	614	561
Materials in Foreign Countries			
Synthetic Rubber, PVC Resin, Additive and Plastic Package	370	395	439
Total	952	1,008	1,000

#### How to Purchase Materials

1. The manager of purchase department will consider the details of purchase request as specified in the purchase order received from the production department.
2. Consideration of the distributor lists, the legal conditions, the regulations and the material prices is selected from the approved supplier lists.
3. The purchase department issues the purchase order to purchase the materials or packages relating to production.
4. The warehouse department examines the materials or packages relating to production delivered to the company.
5. The quality assurance department examines the received material quality before produced whether the materials have the right characteristics and properties to the standard or the customer's demand or not.
6. The purchase department makes the assessing report of delivery and product quality of distributors.
7. However, the company has never experienced the problem of material provision or the problem of material shortage but the problem of variation of material prices because the price of main materials which the company uses to produce those products such as PVC resin, plasticizer and solvent –it is considered the outgrowth from petroleum refinement with the varied price on the world oil price. Nevertheless, the company updates the news and trends of material price in order to plan the capital management of material purchase as effectively as possible or advanced purchase in proper numbers considered from the factor of demand and supply of the material price.

#### 2.4 Environmental Impact

The company's factory is located at the industrial estate area whose operation is controlled by the terms and laws by Industrial Estate Authority of Thailand ("IEAT"). Moreover, there is the process of industrial control with environmental impacts. However, the company strictly complies with the conditions in the contract of land use for industry, the license of land use and operation for industry and other terms in accordance with the Factory Act. Moreover, because the company runs the business of plastic compound products and adhesive and sealant products, the company's processing will use chemicals such as oil, color solvent and others. In some procedures, there will be waste from the processing. However, the company employs outsiders to treat wastewater and eliminate refuse and industrial waste from the processing. Also, the environmental quality is examined and controlled such as wastewater and drain water or odor and dust disposal system. The outsiders later make the report of environmental quality examination. The aforementioned examination will be done every year, and its result will be submitted to the Department of Industrial Works.

The company focuses on the environmental impact and strictly complies with the rules and regulations relating to the environment. However, at the present time, the company has no dispute or complaint in case it concerns environments.

#### 2.5 Unsent Assignment

There is no unsent assignment.

## Risk Factors and Risk Management Process

In order to put the risk management framework into practice, the Risk Management committee has set up the risk assessment and risk policy to the management and the information is documented in the "Risk Management committee charter"

The committee has advised the management to perform risk management according to the risk management policy with the support from Risk Management manager who acts as the focal point for each department. The management and Head of the major functions need to identify the risk and how the risk happens. Risk foundation, the area which risk occurred; Measure the risks, Ranked them, and prioritized them, then form the risk management strategies and processes. Risk management manager will summarise the information and documentation from relevant departments and present it to the Committee

The Committee will review the documentation, allocate priorities, develop and review of strategies risk management plans proposed by each function, and ensure the compliance with risk assessment and management procedures. Finally, submit a report on the status of the risk management to the Audit Committee or the Board committee at least 2 times a Year (Depend on Risk status)

The following discussion of risk factors contains forward-looking statements. These risk factors may affect the Company reputation and stock price value. The business, financial condition and operating results of the Company can be affected by a number of factors, whether currently known or unknown, including but not limited to those described below. Any one or more of such factors could directly or indirectly cause the Company's actual results of operations and financial condition to vary materially from past or anticipated future results of operations and financial condition. Any of these factors, in whole or in part, could materially and adversely affect the Company's business, financial condition, results of operations and stock price. Because of the following factors, as well as other factors affecting the Company's financial condition and operating results, past financial performance should not be considered to be a reliable indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods.

This Annual Report contains forward-looking statements that involve risks and uncertainties. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Forward-looking statements can also be identified by words such as "future," "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "will," "would," "could," "can," "may," and similar terms. Forward-looking statements are not guarantees of future performance and the Company's actual results may differ significantly from the results discussed in the forward-looking statements.

Some information in this report is related to government policy which is public information or government abstract or other reliable sources. The Company does not guarantee for the accuracy of information.

### ■ 1. Operational risks

#### 1.1. The risk from Industry Competition

Plastic Compound Business is highly competitive. The entrepreneurs in the market include small, medium and large-size enterprises, both in listed companies and unlisted public company. The production process, production technology, machine, and labor does not required high condition, also like adhesive products that are the main component in industry product. Price competition is unavoidable.

The Company believes that good quality products, meet the customer's standard, on time delivery and good relationship with customer are important factors of competition in this industry which is always our principle focuses, especially the quality product that meets customer's requirement such as elasticity, insulation, viscosity, adhesion, and physical properties. Moreover, the Company always closely co-develops new product with customers to meet customer's application, improve quality and create more competitive product, also initiate new product and expand customer base. Factors mentioned above lead company has a good reputation both in domestic and overseas, get customer acceptance as well as keep long term relationship with customers.

To decrease effect of market competition, the Company plans to expand customer base toward other industries such as medical industry and automotive industry. Automotive industry is large industry and always be fast development to respond users' requirement. The Company has planned to develop Medical grade PVC, and believe in this market potential. There are few entrepreneurs in this field because it need capital, technology and special skill that more than general PVC while Medical PVC is in high demand. Moreover, the Company also sees the growth of medical PVC demand in Asian and Asia region.

#### 1.2 Risk from relying on real estate development

The largest group of customer of the Company PVC compound business is the producer of wire and cable which is relied on real estate development and government Mega project. Therefore, the Company might be at risk of real estate recession, Mega project slow down which will impact our main customers that they usually order to be the component to make wire and cable, and this would significantly affect the Company's main revenue.

However, another main product of company is Adhesive and Sealant which company believes in potential growth both in domestic and overseas and this group of product has high proportion of export. Also the real estate in South East Asia has greatly developed in recent years, so that the Company is confident that will receive the continuous revenue and can replace if real estate recession.

#### 1.3 Risk from changing of product qualification requirement in the future

According to Thailand Underground Cable Project, the replacement of overhead line by underground cable system on main road and in core business centre, notable landmarks which is the cooperate of 4 sections, TOT, the National Broadcasting and Telecommunications Commission (NBTC), the Bangkok Metropolitan Administration (BMA) and the Royal Thai Police to improve the look of the city and safety as well as prepare to become The City of ASEAN in the next 10 years (2017-2026) which has an impact on wire and cable specification, technology and this would significantly affect the Company's main revenue if the Company cannot adopt to this change.

The Company's Research and Development Department has thoroughly studied this trend and research for the new product's qualifications such as main raw material, machine, testing tools and production technology. The Company has already develop PVC Compound of underground cable and ready for selling, so that the Company believe that our products can support the market change.

#### 1.4 The risk from increasing of raw material cost and labor cost

The raw materials that the Company mainly use for production are PVC resin, Plasticizer, Solvent, and synthetic rubber. All of them are the product from oil production processes, so the demand and supply of oil in the world market is one of the main factors that could affect to the change in price of the Company's raw materials which is 80% of raw material of our main product. Therefore, the increased in the price of oil would directly affect the Company's gross profit. The price of oil decreased made the Company's gross profit increased in the past three years.



Gross Profit Margin (%)	2015	2016	2017
Plastic Compound	13.95	13.5	9.29
Adhesive and Sealant	22.22	27.43	21.87
Total Gross Profit	18.11	20.27	15.51

However, the Company has always been following and evaluating the trend of the raw material price that the Company used for production to be able to create the sales plan. Furthermore, the Company has always been comparing the price of raw materials from many suppliers within and without Thailand before makes an order to be able to get the best price and condition. That also can lower the risk from the price by purchasing in advance or reserves raw materials by order accordingly to the plan that the management team made with the customers. Moreover, the Company needs to manage the inventory to be in the appropriate level and also the Company needs to find the new suppliers frequently in order to prevent the lack of raw materials with the appropriate quality and price. The Company is using the forward contract to buy raw materials with the suppliers and gradually receives the product.

Apart from that, the Company might have the risk from the continuously increasing in labor cost, which is the effect from government policy, new minimum wage is 325 baht per day, going up 4% and will take effect on April 1, 2018, rising from last adjustment of minimum wage on January 1, 2017 or going up 3%. That labor cost is the significant cost for the Company's business. The increasing trend of this cost might affect the cost of the project, financial status, and business turnover in the future, which are the risk that all business within this sector may face. In addition, the Company has established labor unions since 2001, and kept good relationship and always hold the meeting to negotiate the appropriate wage and other remuneration base on competitive potential in the market.

#### 1.5. The risk from the delayed on receiving payment

For the international customers, the company has provided different payment method such as Letter of Credit (L/C), T/T advance, T/T before shipment and Bank assurance. If the customers have been trading with the Company for long time and also have a good payment history, the Company will provide the credit term which is also applicable to the domestic customers. However, in 2016, some of the international customers have delayed their payment with more than 90 days from their normal credit term for each customer. The customers are customer in Middle East or Africa such as Ghana, Kenya, Nigeria which have been controlled transferring money outside country and customers would consider from currency fluctuation. That make the Company faced risk from default payment for the products and the Company needed to set the allowance to doubtful debt accounts corresponding to the Company's account policy, which will affect the Company's accounting profit in each period.

Nevertheless, the customers that stated earlier are all pay by installment throughout the year but sometime the customer preferred to pay all in one bill, so that is one of the reason for delayed payment. In order to prevent the risk from the delayed payment from customers, the Company's accounting and finance department have been following up with the payment frequently complying to the account receivable system by inform the sales every month about the customer's information and payment details including the consideration on ability to pay of customers, site visit, and review the information, and evaluate the customer every year. Besides, the Company has the policy to control the sales to customer that has overdue payment to make each of sales stricter than before.

#### 1.6 Risk from relying on the main customers

The top 5 customer of the Company PVC compound business is the producer of wire and cable which are the total sales for these group were 28.6%, 28.8%, and 28.8% respectively in an average of ADB's total sales for 2015-2017. Therefore, the Company might be at risk if the main customers reduce purchase demand the amount of PVC compound, and this would significantly affect the Company's major revenue.

However, those customers are all the biggest wire and cable producers in Thailand and having the stable financial position, and good relationship with private and government sectors. Apart from that, the Company is one of the vendor list and has a good and long relationship with this group of customers, so that the Company is very confident that this group of customers will always continue supporting the Company.

The Company has adopted sustainable development concept by improving production and related processes to comply with international standard and add up value in manufacturing activities such as free from prohibited substances and environment friendly manufacturing, customer visit to check system, check for driver officer and delivery process. Sales department and Customer Service will serve and quickly respond customers and support suitable service each customer.

Apart from that, Research and Development Department has continually developed new products or replace raw material to create alternative options and reduce cost as well. The Company has planned to launch new sealant products and medical grade PVC Compound this year to distribute product to new market and customer base and reduce the risk from relying on the main customers.

In 2018, the has research Customer Relation Management program (CRM) in order to identify customers and Collecting and organizing actionable customer data to improve customer service and customer satisfaction. This project shall be started in the end of 2018.

### 1.7. Risk from inventory management

The Company's inventory value as of December 31, 2015, December 31, 2016 and December 31, 2017 were 203.24 million baht, 266.57 million baht and 319.04 million baht respectively which were 22.49%, 24.86% and 26.42% respectively of total asset. That inventory value were raw material value for 50.48%, 52.19% and 51.90% respectively. Generally, the Company will start production after receive customer's order only, mostly is the order plan with customer in advance and gradually deliver products to customer. This make finish goods' inventory were only 33.81%, 30.01% and 24.90% of total inventory value. However, some of raw material relies on oil price in world markets; the Company has reserves some raw materials, especially upward trend, in the appropriate level to support production which is the inventory management strategy and avoid lack of raw material. Moreover, the Company has been used Enterprise resource planning (ERP) to follow up and update the amount of raw material stock-in and issuing for production as well as finished goods inventory. The management team always follows up the appropriate inventory level and raw material price in order to control inventory in appropriate level which related to cost, inventory aging and financial liquidity.

## ■ 2. Financial risks

### Risk from exchange rate fluctuation

The Company has imported some raw material and export product to international customers in foreign currencies, the exchange effects to a certain degree. In 2017, import rate was 44% of total purchased amount; the Company had foreign account payable as of December 31, 2018 for 3.53 million US Dollar and foreign account receivable for 2.58 million US Dollar. US Dollar's exchange rate fluctuation will affect both in cost and revenue, and reduce some risk form Natural Hedge. Moreover, the Company has minimized this risk through saving money in foreign financial institutions in order to making payment in foreign currencies, using Forward contract, Foreign exchange option. The management team always follows up the exchange rate change to evaluate the most suitable financial risk strategies.

## ■ 3. Other risks

Risk from political uncertainty and financial market and other macro factor that may negatively affect Thailand economic and business

Macro factor may affect business operation, economic system and private investment. Thailand economic in 2016 was slightly decrease and political uncertainty which negatively influenced investors' believe that might affect the Company's financial status and operation results. These factors are outside factors that the Company cannot control which are the risk that all business have to may face.

According to Office of the National Economic and Social Development Board (NESDB)'s information of February 2018 reported that Thailand economy will grow 3.2% in 2017, increase 2.9% from 2016 which present good signal in overall economic conditions. One factor is Infrastructure investment from government, the economic growth in Thailand forecasted rising from 3.3 percent in the first quarter and 3.7 percent in the second quarter of 2017, exceeding market expectations.

In addition, In Monetary Policy Report released June 2017, Bank of Thailand disclosure Thailand's economic growth was projected to gain further traction and record 3.5 percent in 2017 and 3.7 percent in 2018. This upward revision to the previous forecast was mainly on account of the pickup in merchandise and services exports. Meanwhile, private sector domestic demand continued to expand at a gradual pace.

## Shareholders and Management

### Major Shareholder

The shareholder structure of the company at 14 March, 2018 is as follows.

List of Shareholders	Prior to Offering		After Offering	
	Initial Public Offering (IPO)		AT 14 March, 2018	
	Number of shares	%	Number of shares	%
1. Wongcharoensin Family Group <sup>1</sup>				
1.1. Mr. Puwasit Wongcharoensin <sup>2</sup>	36,750,000	8.75	37,668,800	6.28
1.2. Mr. Manit Wongcharoensin <sup>2</sup>	36,750,000	8.75	37,668,800	6.28
1.3. Mr. Wiwat Wongcharoensin <sup>2</sup>	36,750,000	8.75	37,668,800	6.28
1.4. Mr. Suwatchai Wongcharoensin <sup>2</sup>	36,750,000	8.75	37,668,800	6.28
1.5. Mr. Veerachai Wongcharoensin <sup>2</sup>			795,500	0.13
1.6. Mr. Wutthichai Wongcharoensin <sup>2</sup>			245,500	0.04
1.7. Mr. Rattanachai Wongcharoensin <sup>2</sup>			245,500	0.04
1.8. Master Achita Wongcharoensin <sup>2</sup>			30,000	0.01
Total Wongcharoensin Family Group	147,000,000	35	151,991,700.00	25.33
2. Wonntangtrakul Family Group <sup>1</sup>				
2.1. Mr. Pawat Wongtangtrakul <sup>3</sup>	21,434,620	5.1	22,215,920	3.7
2.2. Mr. Tananat Wongtangtrakul <sup>3</sup>	17,623,720	4.2	18,084,320	3.01
2.3. Ms. Hui -Yun Chen <sup>3</sup>	17,623,700	4.2	18,064,300	3.01
2.4. Mr. Tanat Wongtangtrakul <sup>3</sup>	17,623,700	4.2	18,084,300	3.01
2.5. Ms. Ma-Li Lin <sup>3</sup>	17,623,700	4.2	18,064,300	3.01
Total Wonntangtrakul Family Group <sup>1</sup>	91,929,440	21.9	94,513,140	15.75
3. Mr.Wang Wanapaisan Family Group <sup>1</sup>				
3.1. Mr. Wang Wanapaisan <sup>4</sup>	64,000,000	15.24	66,425,500	11.07
3.2. Mr. Qi-Yu Wang <sup>4</sup>	8,000,000	1.9	8,200,000	1.37
3.3. Mr. Qi-Ying Wang <sup>4</sup>	8,000,000	1.9	8,200,000	1.37
3.4. Mr. Wei-Kai Wang <sup>5</sup>	18,871,420	4.49	19,988,720	3.33
3.5. Mr. Wei-Hean Wang <sup>5</sup>	25,272,260	6.02	0	-
Total Mr.Wang Wanapaisan Family Group	124,143,680	29.55	103,314,220.00	17.22

List of Shareholders	Prior to Offering		After Offering	
	Initial Public Offering (IPO)		AT 14 March, 2018	
	Number of shares	%	Number of shares	%
4. Showa Global Limited	20,000,000	4.76	20,000,000	3.33
5. Ms. Mei-Ling Shih <sup>8</sup>	12,790,800	3.05	13,190,800	2.2
6. Mrs.Orawan Tanaketpaisan	-	-	11,914,500	1.99
7. Ms. Shu-Mei Chen	9,152,960	2.18	9,181,760	1.53
8. Thai NVDR co.,ltd.	41,943,760	9.99	7,601,800	1.27
Sub Total	41,943,760	9.99	68,688,860.00	11.45
9. Ms. Pornpiwan Family				
9.1 Ms. Pornpiwan Niramondchardchay <sup>6</sup>	4,222,840	1.01	5,333,840	0.89
9.2 Mr. Pakorn Kittipoomwong <sup>11</sup>			1,700,000	0.28
Total Ms.Pornpiwan Niramondchardchay	4,222,840	1.01	7,033,840	1.17
10.Ms.Piyawan Bannastiensri	0	-	6,800,000	1.13
Other Shareholders	0	-	174,458,240	29.08
Grand Total	420,000,000	100	600,000,000	100

#### Remark

1. The establishment of this group shall be in accordance with the definitions pursuant to the Notification of the Securities and Exchange Commission No. GorJor. 17/2551 dated 15 December 2008 only. It is not considered the establishment pursuant to Section 258 of Securities and Exchange Act B.E. 2535 (1991) (including its amended versions).
2. Mr. Phuwasit Wongcharoensin and Mr. Wutthichai Wongcharoensin are the sons of Mr. Rattanachai Wongcharoensin and the elder brother of Mr. Mani Wongcharoensin, Mr. Wiwat Wongcharoensin and Mr. Su-watchai Wongcharoensin. Mr. Achita Wongcharoensin is the nephew of Mr. Mani Wongcharoensin and Mr. Rattanachai Wongcharoensin.
3. Mr. Pawat Wongtangtrakul is the authorized signatory director and the chairperson of the board of directors. Mr. Thananat Wongtangtrakul, Ms. Hui Yun Chen, Mr. Thanat Wongtangtrakul and Ms. Ma Li Lin are the children of legal age of Mr. Pawat Wongtangtrakul.
4. Mr. Wang Wanapaisan is the authorized signatory director and the chief executive officer. Mr. Qi Yu Wang and Ms. Qi Ying Wang are the children of legal age of Mr. Wang Wanapaisan.
5. Mr. Wei Kai Wang and Mr. Wei Hean Wang are the nephews of Mr. Wang Wanapaisan. Mr. Wei Hean Wang is the younger brother of Mr. Wei Kai Wang.
6. Ms. Pornpiwan Niramondchardchay is the director and the senior director of finance and accounting department and administration department of the company.
7. Ms. Mei Ling Shih is the employees of the company.
8. Mr. Pakorn Kitiphumwong is the husband of Ms. Pornpiwan Niramondchardchay.

## Dividend Distribution Policy of the Company

The company has the dividend distribution policy to distribute the dividend for shareholders on a yearly basis, the rate of which is no less than 30 percent of the net profit after deducting the juristic person income tax and other reserves according to the laws. The consideration of dividend distribution depends on the cash flow and sufficiency of the working capital in the business operation, investment plans, repayment of loan, terms and conditions in certain contracted binding the company, as well as legal limitations, necessity and appropriateness in the future.

In this regard, the resolution of the company board of directors to distribute dividend shall be presented for approval from the shareholder meeting, unless the dividend distribution is interim, which the board of directors shall have the power to approve the distribution from time to time as the board deem that the company has gained an appropriate amount of profit to do so. Such dividend distribution must be reported to the next shareholder meeting.

History of Dividend Distribution compared with Net Profit of 2014 – 2016

Dividend Distribution Information	2016	2015	2014
Interim Dividend (million Baht)	42.00	-	-
Annual Dividend (million Baht)	31.50	10.50	5.25
Net Profit (Loss) (million Baht)	75.71	34.49	26.25
Interim Dividend per Share (Baht)	2.00	-	-
Annual Dividend per Share (Baht)	1.50	0.50	0.25
Dividend Rate (%)	97.08	30.44	20.00

### Remark

1. The dividend of 2016 being 73.50 million Baht includes the 2 distributions: the first distribution was from the business profits of 2016 from 1 January to 30 June 2016 being 42.00 million Baht and the second distribution was from the business profit of 2016 from 1 January to 31 December 2016 being 31.50 million Baht approved by the resolution of the 2017 ordinary shareholder meeting on 13 March 2016. The company paid the dividend in the full amount in April 2016. Therefore, there is no dividend of the 2016 annual business profits owed for the account period ending on 30 June 2016.
2. Rate of Dividend Distribution = Dividend/Net Profit

## Dividend Distribution Policy of Subsidiary Company

The company has the dividend distribution policy to distribute the dividend for shareholders on a yearly basis, the rate of which is no less than 50 percent of the net profit after deducting the juristic person income tax and other reserves according to the laws. The consideration of dividend distribution depends on the cash flow and sufficiency of the working capital in the business operation, investment plans, and repayment of loan, terms and conditions in certain contracted binding the company, as well as legal limitations, necessity and appropriateness in the future.

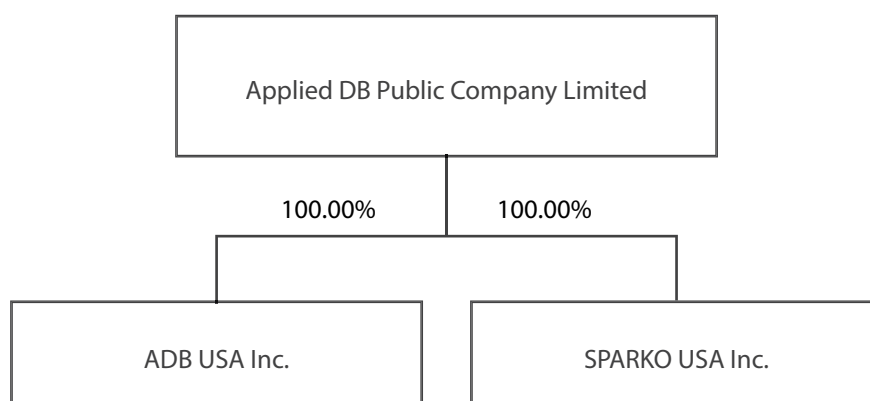
In this regard, the resolution of the company board of directors to distribute dividend shall be presented for approval from the shareholder meeting, unless the dividend distribution is interim, which the board of directors shall have the power to approve the distribution from time to time as the board deem that the company has gained an appropriate amount of profit to do so. Such dividend distribution must be reported to the next shareholder meeting.



## Shareholding in subsidiaries

The Company registered the two subsidiaries at Delaware State, USA including ADB USA Inc. and SPARKO USA Inc. on March 3, 2017 and March 10, 2017 respectively. The Company holds 100.00% shares in both subsidiaries.

Establishing these two subsidiaries aims to promote the Company's marketing and sales and to provide marketing information to the Company such as the economic situation and demand of the trading partners so as to expand demand for DIY products in foreign countries in the future. Some DIY products are traded under Group of ADB USA Inc. and Group of SPARKO USA Inc. However, neither of the two subsidiaries has any commercial transactions. If the Company wishes to expand its overseas markets, the Company can use the two subsidiaries as a distribution channel to overseas markets.



**Remark** As of December 31, 2016, ADB USA Inc. and SPARKO USA Inc. (registered at Delaware State) were not founded as subsidiaries of the Company. Before March 30, 2016, Mr. Wei Kai Wang, the Company Director, was a shareholder of ADB USA Inc. and SPARKO USA Inc. (registered at Delaware State). However, in order to eliminate possible conflicts of interest, the Company was restructured by closing ADB USA Inc. and SPARKO USA Inc. (registered at Delaware State) held by Mr. Wei Kai Wang and opened a new company under the same name, registered at Delaware State. The Company has shareholding ratio of 100.00% and 100.00% of the registered capital respectively.

The Board of Directors and Executives of ADB USA Inc. and SPARKO USA Inc. are Mr. Wei Kai Wang, the Chairman of the Board of Directors and Mr. Jirawat Akkaranupornpong and Mrs. Wichitra Tabburee, the Director.

## Investment in subsidiaries and related companies

As of December 31, 2017, the Company has two subsidiaries in USA for marketing purposes. The value of investment in subsidiaries is 200 US dollars or 6,500 baht (at the exchange rate of 32.50) or 0.0006% of entire properties according to the Company have consolidated financial statement as of December 31, 2017. Details are as follows.

Company	Registered capital (baht)	Paid-in Capital (baht)	Investment ratio (%)	Value of investment (baht)
ADB USA Inc.	3,250	3,250	100.00	3,250
Sparko USA Inc.	3,250	3,250	100.00	3,250

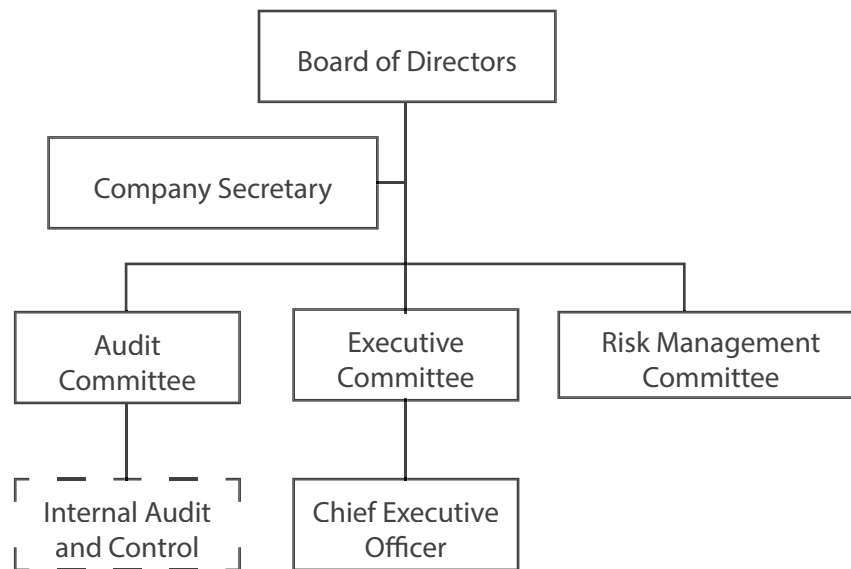
## Investment Policy in Subsidiaries

Investment in subsidiaries shall comply with the Company's operational objectives, focusing on developing and generating income for the Company to protect shareholders' benefits. Prior to any investments, the Company shall consider and analyze the matters precisely. The Company shall seek advice from experts of investment to generate good returns comparing to investment ratio, possible risk, the Company's financial statement and subsidiaries to invest as well as other considerations based on certain context of each investment. Any investments made by the Company shall be considered and approved by the Company's Board of Directors' Meeting and shareholders meeting according to the Company's regulations or prescribed law. The Company shall comply with the relevant Notification of the Capital Market Supervisory Board and the Notification of the Stock Exchange of Thailand. The Company shall appoint the representative to perform as the directors of the Company's subsidiaries that invest in order to allow the Company to participate in or control the operations of subsidiaries to meet the standards prescribed by the Company.

## Structure of Board committee

### Board of Directors

The Management Structure of the company consists of the board of directors and 3 sub-committees which are the Audit Committee, the administrative committee and the risk management committee. However, the company has implemented the structure with the board of directors consisting of no less than 3 independent directors and no less than one-third of the total number of the company directors. The independent directors will audit all the directors according to the criteria notified in the Notification of Capital Market Supervisory Board No. TorJor. 28/2551, RE: Permission and Approval of New Share Offering (and its amended version) in all aspects.



Remark: The auditing and internal control agency is Unique Adviser Co., Ltd., which is outsourced.

# Board of Director

With professional team members owning deep expertise in various fields, we have perfect combination of people to efficiently manage our business.

## SPECIALIZED IN PRODUCTION OF ADHESIVE AND PLASTIC COMPOUND OVER 30 YEARS



Mr. Pawat Wongtangtrakul  
Chairman of the board



Mr. Wang Wanapaisorn  
Director / CEO



Mr. Rattanachai Wongcharoensin  
Director

## INDUSTRY EXPERT AND SPECIALIZED IN MARKET SOURCING AND EXPANSION



Mr. Wei Kai Wang  
Director / Vice President of  
Manufacturing Department



Ms. Pornpiwan Niramondchay  
Director / Senior Vice President of Financial  
and Accounting / Senior Vice President of  
Operating Department



Mr. Veerachai Wongcharoensin  
Director / Vice President of  
Business Development

## COMBINATION OF OTHER PROFESSIONAL FIELDS BENEFITING THE BUSINESS



Mr. Jesadavat Priebjirivat  
Chairman of Audit Committee



Mrs. Monpilai H. Narasingha  
Audit Committee



Mr. Mongkon Laoworapong  
Audit Committee



Mr. Wuttichai Wongcharoensin  
Director



Mr. Chung Jen Yang  
Independent Director



## Details of Director and Secretary

Mr. Pawat Wongtangtrakul

Age 75 year

Current Position : Chairman of the board

Date of Appointment : 4 January 2005

Education :

High School, Mechanical Engineering Dept, Taichung Mechanical College, Taiwan

Training programs held by the Thai Institute of Directors (IOD) :  
Director Accreditation Program (DAP) Class 135/2017

Attendance in the year 2017 :  
Board of Directors Meeting 5/7

Position in a listed company : - None -

Work Experience :

2017 – Present	Director of Applied DB Public Company Limited
2010 – Present	Director of PWT Land Co.,Ltd.
2005 - 2017	Chairman of the board of Applied DB Industrial Co.,Ltd.
2015 - Present	Director of SAVEMOR International Co.,Ltd.

Share holding of the Company (at 31 January 2018) : 22,215,920 Share (3.70)

Relation among family with other Director, Management Major Shareholder of the company :  
Mr.Wang Wanapaison's Brother, Mr.Wei Kai Wang and Mr.Kang hsu liu's Uncle

Illegal history in the past 10 years : - None –

## Mr. Wang Wanapaisorn      Age 66 years



### Current Position :

Director / Chief Executive Officer / Chairman of Executive Committee / Risk Management Committee

Date of Appointment : 4 January 2005

### Education :

High School, Chemical Engineer, Tai Chung Technical High School, Taiwan

### Training programs held by the Thai Institute of Directors (IOD) :

Director Accreditation Program (DAP) Class 131/2016

### Attendance in the year 2017 :

Board of Directors Meeting 7/7  
Executive Committee Meeting 7/7  
Risk Management Committee Meeting 3/3

Position in a listed company : - None -

### Work Experience :

2017 – Present	Director / Chief Executive Officer / Chairman of Executive Committee / Risk Management Committee of Applied DB Public Company Limited
2015 – Present	Director of TVDI Vietnam Company Limited
2013 – Present	Director of Hypanique Co.,Ltd.
2007 – Present	Director of All New Vision Co.,Ltd.
2005 – 2017	Director / Chief Executive Officer / Chairman of Executive Committee of Applied DB Industrial Co.,Ltd.

Share holding of the Company (at 31 January 2018) : 66,425,500 Share (11.07%)

### Relation among family with other Director, Management Major Shareholder of the company :

Mr.Pawat Wongtantrakul's Brother, Mr.Wei Kai Wang and Mr.Kang hsu liu's Uncle

Illegal history in the past 10 years : - None -





Mr.Rattanachai Wongcharoensin Age 68 years

Current Position : Director

Date of Appointment : 4 January 2005

Education : Primary, Lasalle School

Training programs held by the Thai Institute of Directors (IOD) :  
Director Accreditation Program (DAP) Class 135/2017

Attendance in the year 2017 :  
Board of Directors Meeting 5/7

Position in a listed company : - None -

Work Experience :

2017 – Present	Director of Applied DB Public Company Limited
2009 – Present	Director of Charoensin Tannery Co.,Ltd.
2005 – 2017	Director of Applied DB Industrial Co.,Ltd.
2002 – Present	Director of Sang Burapa Rubber Co.,Ltd.
1990 – Present	Director/Chairman of Thai Technical Nonwoven Co.,Ltd.
1989 – Present	Director/Chairman of Songmao Nonwoven Co.,Ltd.
1989 – Present	Director of Sunshine Plastic Products Co.,Ltd.
1975 – Present	Director of Charoensin Tannery Industry Co.,Ltd.

Share holding of the Company (at 31 January 2018) : 245,500 Share (0.04%)

Relation among family with other Director, Management Major Shareholder of the company :  
Mr.Wutthichai Wongcharoesin's Father and Mr.Veerachai Wongcharoensin's Uncle

Illegal history in the past 10 years : - None –

## Ms.Pornpiwan Niramondchardchay Age 47 years



### Current Position :

Director/Executive Committee/ Risk Management Committee/  
Senior Vice President of Finance & Accounting Department /  
Senior Vice President of Operating Department / Investor Relations

Date of Appointment : 1 June 2006

### Education :

Master of Business Administration (Finance), Assumption University  
Bachelor of Arts Council, Chulalongkorn University  
Diploma Beijing Language and Culture University

### Training programs held by the Thai Institute of Directors (IOD) :

Director Accreditation Program (DAP) Class 131/2016

### Attendance in the year 2017 :

Board of Directors Meeting 7/7  
Executive Committee Meeting 7/7  
Risk Management Committee Meeting 3/3

Position in a listed company : - None -

### Work Experience :

2017 – Present	Director/Executive Committee/Risk Management Committee/ Senior Vice President of Finance & Accounting Department / Senior Vice President of Operating Department / Investor Relations of Applied DB Public Company Limited
2006 – 2017	Director/Executive Committee/ Risk Management Committee/ Senior Vice President, Finance & Accounting of Applied DB Industrial Co.,Ltd.

Share holding of the Company (at 31 January 2018) : 5,273,840 Share (0.88%)

Relation among family with other Director, Management Major Shareholder of the company : - None –

Illegal history in the past 10 years : - None –



Mr. Wuttichai Wongcharoensin

Age 41 years

Current Position : Director / Executive Director /  
Risk Management Committee

Date of Appointment : 21 July 2016

Education :

Master's, Master of Business Administration, Westminster College  
Bachelor, International Business Management Faculty of Business  
Administration Assumption University

Training programs held by the Thai Institute of Directors (IOD) :  
Director Accreditation Program (DAP) Class 135/2017

Attendance in the year 2017 :

Board of Directors Meeting 7/7  
Executive Committee Meeting 7/7  
Risk Management Committee Meeting 2/3

Position in a listed company : - None -

Work Experience :

2017 – Present	Director / Executive Director / Risk Management Committee of Applied DB Public Company Limited
2016 – 2017	Director / Executive Director / Risk Management Committee of Applied DB Industrial Co.,Ltd.
2015 – Present	Director of LEO Company Co.,Ltd.
2013 - Present	Director of UR Family Co.,Ltd.
2004 – Present	Director of Thai Wiring System Co.,Ltd.
2003 – Present	Director of Sunshine Plastic Product Co.,Ltd.
2003 – Present	Director of Eastern Fiber Products Co.,Ltd.
2002 – Present	Director of Charoensin Holding Co.,Ltd.
2002 – Present	Director of Song Mao Nonwoven Co.,Ltd.
2001 – Present	Director / Managing Director of Thai Technical Nonwoven Co., Ltd.

Share holding of the Company (at 31 January 2018) : 245,500 Share (0.04%)

Relation among family with other Director, Management Major Shareholder of the company :  
Son of Mr.Ratthanachai Wongchareonsin and Relative of Mr.Veerachai Wongchareonsin

Illegal history in the past 10 years : - None –

## Mr.Veerachai Wongcharoensin Age 39 years



### Current Position :

Director / Executive Director /  
Vice President of Business Development

Date of Appointment : 2 May 2013

### Education :

Master of Business Administration, University of Technology Sydney  
Bachelor of Engineering (Industrial Engineering), Thammasat University

### Training programs held by the Thai Institute of Directors (IOD) :

Director Accreditation Program (DAP) Class 132/2016

### Attendance in the year 2017 :

Board of Directors Meeting 7/7  
Executive Committee Meeting 7/7

Position in a listed company : - None -

### Work Experience :

2017 – Present	Director / Executive Director / Vice President of Business Development of Applied DB Public Company Limited
2013 – 2017	Director/Executive Committee of Applied DB Industrial Co.,Ltd.
2012 – present	Director of Charoensin Holding Co.,Ltd.
2012 – present	Director of Charoensin Supermart Co.,Ltd.
2012 – present	Director of CS Rubber Industry Co.,Ltd.
2012 – present	Director of Miracle jewelry Co.,Ltd.
2012 – present	Director of The Lovemarks Co.,Ltd.
2012 – 2017	Director of Thai Wiring System Co.,Ltd.
2006 – 2017	Director of Charoensin Thani Co.,Ltd.

Share holding of the Company (at 31 January 2018) : 795,500 Share (0.13%)

### Relation among family with other Director, Management Major Shareholder of the company :

Nephew of Mr.Ratthanchai Wongchareonsin, Relative with Mr.Wutthichai Wongchareonsin

Illegal history in the past 10 years : - None –



Mr. Wei Kai Wang

Age 44 years

Current Position : Director/ Executive Committee/  
Vice President of Manufacturing Department

Date of Appointment : 6 December 2017

Education : Bachelor of Business Administration,  
Cumberland College, USA

Training programs held by the Thai Institute of Directors (IOD) :  
Director Accreditation Program (DAP) Class 135/2017

Attendance in the year 2017 :  
Board of Directors Meeting 6/7  
Executive Committee Meeting 7/7

Position in a listed company : - None -

Work Experience :

2017 – Present	Director/Executive Committee/Vice President of Manufacturing Department of Applied DB Public Company Limited
2017 – Present	Director of President ADB USA Inc.
2017 – Present	Director of President SPARKO USA Inc.
2011 – Present	Director of Red Phoenix Venture
2007 – 2017	Director/Executive Committee/Vice President of Manufacturing Department of Applied DB Industrial Co.,Ltd.

Share holding of the Company (at 31 January 2018) : 19,988,720 Share (3.33%)

Relation among family with other Director, Management Major Shareholder of the company :  
Mr.Pawat Wongtantrakul and Mr.Wang Wanapaison 's Nephew , Relative with Mr.Kang Hsu Liu

Illegal history in the past 10 years : - None –

Mr. Jesadavat Priebjivat

Age 60 years



## Current Position :

Director / Independent Director / Chairman of Audit Committee

## Date of Appointment : 1 July 2016

## Education :

Master of Science in Finance MBA Program, New York University

Master of Engineering Management, The George Washington University

Bachelor of Engineering (Civil), Chulalongkorn University

## Training programs held by the Thai Institute of Directors (IOD) :

Director Certification Program (DCP) Class 115/2009

Director Accreditation Program (DAP) Class 39/2005

Audit Committee Program (ACP) Class 27/2009

Role of the Chairman Program (RCP) Class 25/2011

Monitoring Fraud Risk Management (MFM) Class 01/2009

Monitoring Quality of Financial Reporting (MFR) Class 08/2009

Monitoring the Internal Audit Function (MIA) Class 05/2009

Monitoring the System of Internal Control and Risk Management (MIR) Class 06/2009

Corporate Governance for Capital Market Intermediaries (CGI) Class 11/2016

## Attendance in the year 2017 :

Board of Directors Meeting 7/7

Audit Committee Meeting 5/5

## Position in a listed company : - None -

## Work Experience :

2017 – Present	Director / Independent Director / Chairman of Audit Committee of Applied DB Public Company Limited
2016 - 2017	Director / Independent Director / Chairman of Audit Committee of Applied DB Industrial CO.,Ltd.
2010 - Present	Chairman of the Board / Independent Director of Gratitude Infinite Public Company Limited
1995 - Present	Independent Director / Chairman of Audit Committee of Sansiri Public Company Limited
1995 - 2017	Chairman of Audit Committee / Independent Director of Venture Incorporation Public Company Limited
1994 - Present	Director / Independent Director of KT ZMICO Securities Public Company Limited
1994 - 2017	Director of Trang Seafood Products Public Company Limited
1991 - Present	Chairman of the board of Papop Co.,Ltd.

## Share holding of the Company (at 31 January 2018) : - None -

## Relation among family with other Director, Management Major Shareholder of the company : - None -

## Illegal history in the past 10 years : - None -





## Mr. Mongkon Laoworapong Age 48 years

### Current Position :

Director/ Independent Director / Audit Committee /  
Chairman of the Risk Management Committee

Date of Appointment : 1 July 2016

### Education :

Doctor in Business Administration Thammasat University  
Master of Accounting, Thammasat University

### Training programs held by the Thai Institute of Directors (IOD) :

Director Accreditation Program (DAP) Class BJC/2004  
Director Certification Program (DCP) Class 88/2007  
Audit Committee Program (ACP) Class 18/2007  
Monitoring the Internal Audit Function (MIA) Class 03/2008  
Successful Formulation & Execution of Strategy (SFE) Class 15/2012  
How to Measure the Success of Corporate Strategy (HMS) Class 03/2013  
Chartered Director Class (CDC) Class 08/2014

### Attendance in the year 2017 :

Board of Directors Meeting 7/7  
Audit Committee Meeting 5/5  
Risk Management Committee Meeting 3/3

### Position in a listed company :

Executive Director / Chief Financial Officer, Bangpakong Terminal Public Company Limited  
Independent Director / Audit Committee, Sahakol Equipment Public Company Limited  
Independent Director / Audit Committee, CPL Group Public Company Limited

### Work Experience :

2017 – Present	Director/ Independent Director / Audit Committee / Chairman of the Risk Management Committee Applied DB Public Company Limited
2017 – Present	Executive Director / Chief Financial Officer, Bangpakong Terminal Public Company Limited
2016 – 2017	Director/ Independent Director / Audit Committee / Chairman of the Risk Management Committee, Applied DB Industrial Co.,Ltd.
2015 – Present	Independent Director / Audit Committee, Charoensin Asset Co.,Ltd.
2015 – Present	Independent Director / Audit Committee, Sahakol Equipment Public Company Limited
2009 – Present	Special instructor Accountancy Faculty of Commerce and Accountancy Thammasat University
1994 – Present	Independent Director / Audit Committee, CPL Group Public Company Limited

Share holding of the Company (at 31 January 2018) : 250,000 Share (0.04%)

Relation among family with other Director, Management Major Shareholder of the company :- None –

Illegal history in the past 10 years : - None –

**Mrs. Monpilai H. Narasingha    Age 49 years**



**Current Position :**

Director/ Independent Director / Audit Committee

**Date of Appointment :** 1 July 2016

**Education :**

Doctor of Philosophy of Mining and Minerals Engineering, Virginia Polytechnic Institute and State University, USA

Master of Science (Chemical Engineering), Chulalongkorn University

Bachelor of Science (Chemical Engineering), Chulalongkorn University

**Training programs held by the Thai Institute of Directors (IOD) :**

Director Accreditation Program (DAP) Class 131/2016

**Attendance in the year 2017 :**

Board of Directors Meeting 7/7

Audit Committee Meeting 5/5

**Position in a listed company :** - None -

**Work Experience :**

2017 – Present	Director/ Independent Director / Audit Committee of Applied DB Public Company Limited
2016 – 2017	Director/ Independent Director / Audit Committee of Applied DB Industrial Co.,Ltd.
2015 – Present	Director of TGGs Co.,Ltd.
1992 – Present	Lecturer, Department of Chemical Engineering Faculty of Engineering King Mongkut's University of Technology North Bangkok

**Share holding of the Company (at 31 January 2018) :** 100,000 Share (0.02%)

**Relation among family with other Director, Management Major Shareholder of the company :** - None –

**Illegal history in the past 10 years :** - None –



Mr. Chung Jen Yang

Age 45 years

Current Position :  
Director / Independent Director

Date of Appointment : 13 March 2017

Education :  
Master MBA in Banking and Finance, Manchester Business School, The University of Manchester, United Kingdom  
Bachelor B.A., dual degrees in Business Administration and Tourism, Chinese Culture University

Training programs held by the Thai Institute of Directors (IOD) :  
Director Accreditation Program (DAP) Class 139/2017

Attendance in the year 2017 :  
Board of Directors Meeting 4/7

Position in a listed company : - None -

Work Experience :  
2017 – Present                      Director/ Independent Director of Applied DB Public Company Limited  
2000 – Present                      Senior Vice President, Asia Sermkij Leasing Public Company Limited

Share holding of the Company (at 31 January 2018) : 250,000 Share (0.04%)

Relation among family with other Director, Management Major Shareholder of the company : - None –

Illegal history in the past 10 years : - None –

Mrs. Wichittra Thubburee

Age 52 years



## Current Position :

Company Secretary / Vice President of Internal Control Division and  
Quality Management Representative

Date of Appointment : Resolution from Board of Directors No.5/2016 on 18 November 2016

## Education :

Bachelor's Degree in Public Administration Ramkhamhaeng University  
Bachelor's Degree in Accounting, Suan Dusit Rajabhat University

## Training programs held by the Thai Institute of Directors (IOD) :

Company Reporting Program (CRP) Class 18/2017  
Company Secretary Program (CSP) Class 80/2017  
How to Develop a Risk Management Plan (HRP) Class 15/2017

Position in a listed company : - None -

## Work Experience :

2017 – Present	Company Secretary / Vice President of Internal Control Division and Quality Management Representative of Applied DB Public Company Limited
2017 – Present	Director of ADB USA Inc.
2017 – Present	Director of SPARKO USA Inc.
2005 – 2017	Assistant Vice President of Accounting / Company Secretary of Applied DB Industrial Co.,Ltd.

Share holding of the Company (at 31 January 2018) : 1,843,960 Share (0.31%)

Relation among family with other Director, Management Major Shareholder of the company : - None -

Illegal history in the past 10 years : - None -

## Structure of Board of Directors and Management

The structure of the company BOARD OF DIRECTORS consists of the company directors and 3 sub-committees: the Audit Committee, the Executive committee and the risk management committee, including executives with are detailed as follows.

### Board of Director

As of 31 December 2017, the board of directors consists of 11 directors as follows.

Name	Position
1. Mr. Pawat Wongtangtrakul	Chairman of the board
2. Mr. Rattanachai Wongcharoensin	Director
3. Mr. Veerachai Wongcharoensin	Director
4. Mr. Wuttichai Wongcharoensin	Director
5. Mr. Wang Wanapaison	Director
6. Mr. Wei Kai Wang	Director
2. Ms. Pornpiwan Niramomchardchay	Director
3. Mr. Jesadavat Priebjrivat	Director / Independent Director / Chairman of the Audit Committee
4. Mrs. Monpilai H. Narasingha	Director / Independent Director / Audit Committee
5. Mr. Mongkon Laoworapong	Director / Independent Director / Audit Committee
6. Mr. Chung Jen Yang	Director / Independent Director

### Remark:

1. In 2016 ordinary shareholder meeting on 20 April 2016, there was a resolution to appoint 3 additional company directors, namely Mr. Jesadavat Priebjrivat, Mrs. Monpilai H. Narasingha and Mr. Mongkon Laoworapong as the company director, the Audit Committee member and the independent director, which has been effective from 1 July 2016 onward. The change was registered to Department of Business Development on 16 August 2016, and the aforesaid individuals attended the 4/2016 board of directors meeting on 2 September 2016 for the first time.
2. In the 2/2016 ordinary shareholder meeting held on 3 August 2016, there was a resolution to appointed 1 additional company director, namely Mr. Wuttichai Wongcharoensin as the company director/administrative committee member and as the authorized signatory director substituting Mr. Phuwasit Wongcharoensin who resigned from the office prior to his term expiration. Such appointment was registered with Department of Business Development on 16 August 2016.
3. In the 2017 ordinary shareholder meeting held on 13 March 2017, there was a resolution to appoint 1 additional company director, namely Mr. Chung Jen Yang as the company director and the independent director, which has been effective from the date of registration of change to Department of Business Development on 22 March 2017 onward.

4. The Meeting of the Board of Directors No. 1/2561 dated 27 February 2018 acknowledged the resignation of Mr. Jesadavat Priebjrivat Chairman of the Audit Committee. The meeting resolved to appoint Mr. Mongkon Laoworapong as the Chairman of the Audit Committee. Appointment of Member of the Audit Committee Mrs. Kanjana Piyasatit to be the Audit Committee in place of the resigned Directors. The results will be effective on May 1, 2018.

Mrs. Wichitra Thubburee is the company secretary. At the 6/2016 BOARD OF DIRECTORS meeting held on 20 December 2016, there was a resolution to determine powers, duties and responsibilities of the BOARD OF DIRECTORS as follows.

#### Duties and Responsibilities of the Board of Directors

1. The directors must perform their duties in accordance with the law, objectives, and regulations of the company and resolutions of the shareholder meeting with honesty and being aware of the company's interests.
2. The directors are responsible for determining visions, policies, directions of the company's operation, supervise and ensure that the administration department follow the policies and plans efficiently and effectively to maximize the economic value of the business and the shareholders.
3. Follow up the results to meet the policy and business goals. Clear indicators must be defined to be used as guidelines for the operation by considering the feasibility and reasonableness. In addition, policies must be reviewed and followed consistently.
4. Consider the conflict of interest carefully and transactions that may have conflict of interest with clear guidelines for the benefit of the company and the shareholders as a whole, and interested persons will not be involved in decision making. The directors will also ensure compliance with the terms and conditions of the transaction and the disclosure of transactions that may cause conflict of interest in an accurate, complete, standard and transparent manner.
5. Determine powers and level of approval for transactions and operations related to the work of the company for a group of persons or persons as appropriate in accordance with applicable law by preparing a manual of authority and reviewing it at least once a year.
6. Set up a financial reporting and reliable auditing system, oversee the process of assessing the suitability of internal control, appoint an independent person or entity to be responsible for monitoring the control system and review such system regularly.
7. Implement the policy on risk management to cover the whole organization, ensure the compliance of the administration department, report the result to the BOARD OF DIRECTORS regularly, review or assess the effectiveness of the risk management system regularly and at any time it is found that there is a high risk of change in certain directions and place importance to early warning signs and unusual items.
8. Appoint a sub-committee or person to monitor, control the management of the company in essential matters under the control of the board of directors, evaluate the performance and remuneration of the sub-committee or person or empower the sub-committee or person to have the powers within a period as deemed appropriate by the board, provided that the board may revoke, dismiss, change or amend such powers.



9. Have the power to determine the scope of authority and duty, appoint, transfer, cut or reduce the remuneration, dismiss, terminate employment, consider favor, take a disciplinary action as punishment and give rewards to the chief executive officers (CEO) and chief financial officers (CFO).
10. Act as the recruitment committee and consider the remuneration when such committee vacates or is unavailable, the duties of which are to recruit and to determine the remuneration for the directors, chief executive officers and chief financial officers upon the expiry of term or vacation.
11. Transactions required approval from the board of directors according to the laws and regulations are as follows:
  - 1) Agenda required to be proposed to the next shareholder meeting for further consideration;
  - 2) Appointment of new directors to replace the resigned directors before the end of the term;
  - 3) Interim dividend payment;
  - 4) Transactions proposed for approval by the Audit Committee or the chief executive officer;
  - 5) Transaction as assigned by the shareholder meeting or as required by law;
  - 6) Transaction proposed by the company BOARD OF DIRECTORS.

However, authorization of any sub-committee or person mentioned above does not include the power that allows such subcommittee or individual approve items with in which such person has conflicts or interests or conflict of interest in any other way. In addition, it is required to obtain approval from the shareholder meeting in doing related transaction or acquisition or disposal of important assets of the company according to the requirements of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand. In the case of any matter that any director or person may have conflicts (in accordance with the Notification of the Office of the SEC and/or the Stock Exchange of Thailand), interests or public of interests, such director and person who may have conflict of interest shall not have the right to vote or to approve such matter.

According to good corporate governance for registered companies of the SEC and the SET, there are guidelines concerning the structure of the BOARD OF DIRECTORS. In case the chairman is not an independent director, the composition of the board should be composed of more than half of the total number of directors. Nevertheless, Mr. Pawat Wongtangtrakul is the chairman of the board but not an independent director due to the family relationship with other directors. Despite the fact that he is not the executive of the company which is not in accordance with the good corporate governance principles, the structure of the BOARD OF DIRECTORS at present is comprised of 1) the Audit Committee with 3 members and 4 independent directors who audit the performance and balance of power of the company to be transparent according to the Securities and Exchange Act, the regulations of the Stock Exchange of Thailand and laws relating to the company's business. In addition, there are 4 independent directors who have no interest in the business and balance of power of the company. Therefore, the structure of the company's directors is ensured to be in accordance with the good corporate governance subject to the guidelines determined by SET. 2) The remaining 6 directors are composed of two non-executive directors, namely Mr. Ratanachai Wongcharoensin and Mr. Weerachai Wongcharoensin, and all 6 directors have the freedom to vote and determine the company policy.

In this regard, Mr. Pawat Wongtangtrakul is a suitable candidate for the position of chairperson of the board because Mr. Pawat Wongtangtrakul has knowledge and ability in business management, manufacturing and distribution of compound plastic beads, glue products and grouts. In addition, he co-founded the company and serves as a consultant in determining the direction of operations and production since the establishment of the company up until present. Mr. Pawat experience and consultation concerning product development has been of great help to the company. Therefore, the fact that Mr. Pawat Wongtangtrakul is the chairperson of the board of directors will strengthen the confidence of shareholders and lead the company's business operations in the right direction for the benefit of the company and the shareholders.

However, in order to comply with the Good Corporate Governance Act 2016, the company is of the opinion that if, at any time, the president of the company is not qualified to be an independent director and the composition of the board consists of not more than half of the independent directors, the BOARD OF DIRECTORS meeting will appoint one independent director to consider the appropriateness of setting the agenda in the invitation letter to the BOARD OF DIRECTORS meeting prior to its delivery. The 3/2012 BOARD OF DIRECTORS meeting held on 20 June 2016 resolved to appoint Mr. Jesadavat Priebjariyawat as the chairperson of the Audit Committee to review the invitation letter of the BOARD OF DIRECTORS and shareholder meetings, starting from June 2560.

#### Duties and responsibilities of the Chairman

According to Article 24 of the Company's Articles of Association, "the chairperson of the board of directors shall convene the BOARD OF DIRECTORS meeting. In convening the meeting, the chairperson of the BOARD OF DIRECTORS or an authorized person shall serve a notice of meeting to the directors no less than 7 days prior to the meeting date. In an urgent situation, more than 2 directors may request to convene the BOARD OF DIRECTORS meeting, and in this case, the chairperson shall set the date and schedule of meeting within 14 days. In the absence of the chairperson or inability of the chairperson to perform his/her duties, more than two directors shall collectively convene the BOARD OF DIRECTORS meeting". In order to clearly separate the power of determining the policy and the administration of the company, the chairperson of the board and the chief executive officer shall be different persons. The chairperson of the BOARD OF DIRECTORS has the duties as follows.

1. Convene the BOARD OF DIRECTORS meeting, preside at the BOARD OF DIRECTORS and shareholder meetings, have a role in determining the agenda with the chief executive officer.
2. Have a role in controlling the meeting effectively in compliance with the company's regulations, support and allow the directors to express their opinions independently.
3. Support and promote the BOARD OF DIRECTORS to perform their duties as fully as possible according to the scope of powers, responsibilities and good corporate governance.
4. Supervise the management of the BOARD OF DIRECTORS and other sub-committees to achieve the determined objectives.
5. Cast a final vote in the BOARD OF DIRECTORS meeting when the votes are equal.

#### Authorized Signatory Director of the Company

Either Mr. Wuttichai Wongcharoensin or Mr. Veerachai Wongcharoensin is authorized to jointly sign with either Mr. Pawat Wongtangtrakul, Mr. Wang Wanapaisan or Mr. Wei Kai Wang and affix the company seal.

#### Composition of the Company Board of Directors

The composition of the company board of directors is as follows.

1. The company director is not required to hold the company share.
2. The number of directors shall be determined by the shareholder meeting, but the number shall be at least 5 individuals and no less than half of the total directors and the directors are required to have the domicile in the Kingdom of Thailand.
3. The company board of directors shall consist of independent directors at least one-third of the total directors but shall not be less than 3 individuals.

In this regard, one director shall be the "chairperson of the board". In the case where the board deem appropriate, one or more than one directors shall be appointed as the "vice chairperson of the board".

## ■ Office Term and Appointment of the Board of Director

1. The company board of director shall assign the administrative committee to recruit and nominate individuals qualified to be the directors to propose the name of such individuals to the shareholder meeting for approval.

2. The shareholder meeting shall appoint the directors. In case several positions are vacated for any other reason apart from expiring term, the board can select the individuals from the list proposed by the administrative committee to take the post. However, the individuals selected to be the directors shall serve for the remaining term of the previous directors.

3. In the annual ordinary shareholder meeting, one-third of the total directors shall vacate the office. If the number of directors cannot be divided so, the number of directors closest to one-third shall vacate the office. The vacating directors may be selected to return to the office. Nevertheless, the directors who will vacate the office in the first or second year after the company registration shall be drawn to vacate the office. For the directors vacating in the following years, the directors who have been in the office for the longest shall vacate the office.

In addition to vacating the office due to expiring term, the directors may vacate the office when the directors:

- (1) pass away
- (2) resign
- (3) lack qualifications or possess prohibited qualifications according to the law on the public company limited and relevant laws or possess qualifications inappropriate to be trusted to administer the business in which the public hold shares according to the law on securities and exchange.
- (4) resign by the resolution of the shareholder meeting
- (5) resign by the court order

## ■ Total Number of Meeting Attendances

### Meeting of the Company Board of Director

The meeting of the company board of directors for years 2016-2017 is as follows.

List of Board of Directors	Total Number of Meeting Attendances	
	2016	2017
1. Mr. Pawat Wongtangtrakul	3/6	5/7
2. Mr. Rattanachai Wongcharoensin	5/6	6/7
3. Mr. Veerachai Wongcharoensin	6/6	7/7
4. Mr. Wuttichai Wongcharoensin	3/6	6/7
5. Mr. Wang Wanapaison	6/6	7/7
6. Mr. Wei Kai Wang	6/6	6/7
7. Ms. Pornpiwan Niramondchardchay	6/6	7/7
8. Mr. Jesadavat Priebjrivat	3/6	7/7
9. Mrs. Monpilai H. Narasingha	3/6	7/7
10. Mr. Mongkon Laoworapong	3/6	7/7
11. Mr. Chung Jen Yang	-	4/7

## Audit Committee

On 31 December 2017, the Audit Committee consisted of 3 members as follows:

Name	Position
1. Mr. Jesadavat Priebjrivat <sup>3</sup>	Chairman of Audit Committee
2. Mrs. Monpilai H. Narasingha	Audit Committee
3. Mr. Mongkon Laoworapong <sup>2</sup>	Audit Committee

### Remark

1. In 2016 ordinary shareholder meeting on 20 April 2016, there was a resolution to appoint 3 additional company directors, namely Mr. Jesadavat Priebjrivat, Mrs. Monpilai H. Narasingha and Mr. Mongkon Laoworapong as the company director, the Audit Committee member and the independent director, which has been effective from 1 July 2016 onward. The change was registered to Department of Business Development on 16 August 2016.
2. Mr. Mongkon Laoworapong is the Audit Committee member with knowledge and experience in auditing the reliability of the financial statements.
3. However, in order to comply with the good corporate governance principles, the company deemed that if, at any time, a company director is unqualified for being an independent director and when the composition of the board of director consists of no more than half of independent directors, the board of directors meeting should appoint one independent director to jointly consider the appropriateness of the meeting agenda in the board of directors meeting invitation letter prior to its delivery. In the 3/2017 board of directors meeting held of 20 June 2017, there was a resolution to appoint Mr. Jesadavat Priebjrivat as the Audit Committee member to review the company meeting invitation letters e.g. board of directors meeting invitation letter and shareholder meeting invitation letter, commencing in June 2017 and onward.

### Duties and responsibilities of the Audit Committee

Audit Committee has duties and responsibilities as assigned by the Board of Directors as follows.

### Internal control

1. To review the company's internal control, Risk Management System and audit system to ensure that they are suitable and efficient according to international standards and generally accepted.
2. Advise the management to improve the work process or the system to minimize risks in order to obtain accurate and useful financial reports. And to make the system work effectively.
3. Advise on corporate governance policy, including monitoring, evaluation and reporting on compliance with good corporate governance.
4. To review the process of supervising and supervising the implementation of the policies, rules, regulations and related laws, as well as resolutions of the Executive Committee.
5. To consider the Connected Transaction Or transactions with conflict of interest which cause damage to the Company.
6. Review the process of preparing financial reports to obtain reliable financial reports. The disclosure of sensitive information, and shall conform to generally accepted accounting principles
7. To consider and approve the internal audit plan, the budget and the capacity of the internal audit function, and to consider the independence of the internal audit function by considering the duties and reports. Including the command.
8. To review and comment on the operation of internal audit.

9. To consider and cooperate with management and comment to the Executive Committee. Dismissal and determination of remuneration consider the merits of internal auditors and / or external audit service providers.
10. To review and evaluate the performance of the auditor. And for selecting and recommending the appointment of the auditor of the company with remuneration.
11. To review the coordination between auditors, internal auditors and / or internal audit service providers from external agencies and the association's directors. For maximum efficiency
12. The Audit Committee is to be evaluated annually. Report the results to the Executive Committee. Evaluation In addition to the primary purpose of ensuring the credibility of stakeholders in fulfilling their responsibilities in a complete and effective manner. It is also a chance to be considered. Review and exchange of comments between the committees. The main goal is to seek better ways to develop and improve the performance.
13. Perform other tasks as assigned by the scope of responsibilities, with the approval of the Executive Board. The Audit Committee must obtain information. To continuously develop knowledge on matters related to the performance of the Audit Committee. And related to the operation of the company.
14. In the performance of duties. The Audit Committee has the power to invite the President, the Executive Committee, the Executive Committee, the staff of the Company or the person concerned or documents as it considers relevant. To independent opinions from other professional consultants as deemed necessary, the Company will be responsible for all expenses.

#### Qualifications of Audit Committee Member

The Audit Committee members shall possess the following qualifications:

1. Be qualified to be the independent director according to the criteria and terms as specified by the Securities and Exchange Commission, the Capital Market Supervisory Board and/or the Stock Exchange of Thailand.
2. Not be the director assigned by the board of directors to make decisions on business operations of the company, parent company, subsidiary company, associated company, subsidiary company at the same level, major shareholders or individuals having the controlling power over the company.
3. Not be the director of the parent company, subsidiary company or subsidiary company at the same level, especially the registered company
4. Have sufficient knowledge and experience to act as the Audit Committee member and there shall be at least 1 Audit Committee member with sufficient knowledge and experience to audit the reliability of the financial statements.

#### Appointment and Term

The board of directors of the shareholder meeting shall appoint the independent director as the Audit Committee member according to the term of company director. However, the Audit Committee member who vacates the office due to expiring term may be selected to return to the office.

In case the Audit Committee member fulfils the term or may not be fulfill the term which deceases the number of the Audit Committee members to be less than 3 individuals, the board of directors or the shareholder meeting shall appoint a new Audit Committee member to fulfill the number immediately or within 3 months at the latest from the dace of insufficient number of the Audit Committee members to maintain the continuation of the performance of the Audit Committee members.

### Audit Committee Meeting

The audit committee meeting was held on 31 December 2016 and 31 December 2017 with details as follows.

List of Audit Committee	Total Number of Meeting Attendances	
	2016	2017
1. Mr. Jesadavat Priebjrivat	4/4	5/5
2. Mrs. Monpilai H. Narasingha	4/4	5/5
3. Mr. Mongkon Laoworapong	4/4	5/5

### Executive Committee

As of 31 December 2017, the Executive Committee consists of 6 members as follows.

List of Executive Committee	Position	Total Number of Meeting Attendances	
		2016	2017
1. Mr. Wang Wanapaisorn	Chairman of Executive Committee	-	7/7
2. Mr. Wei Kai Wang	Executive Committee	-	7/7
3. Mr. Kang Hsu Liu	Executive Committee	-	7/7
4. Mr. Veerachai Wongcharoensin	Executive Committee	-	7/7
5. Ms. Pornpiwan Niramomcherdchay	Executive Committee	-	7/7
6. Mr. Wuttichai Wongcharoensin	Executive Committee	-	4/7

#### Remark

- In the 3/2016 board of directors meeting, there was a resolution to appoint the company directors, namely Mr. Wang Wanapaisorn, Mr. Wei Kai Wang, Mr. Kang Hsu Liu and Ms Pornpiwan Niramomcherdchay Mr. Wang Wanapaisorn is the chairperson of the Executive Committee
- In the 2/2016 ordinary shareholder meeting held on 3 August 2016, there was a resolution to appointed 1 additional company director, namely Mr. Wuttichai Wongcharoensin as the Executive Committee.

The Board of Directors' Meeting No. 6/2016, held on December 20, 2016, resolved to appoint the authority and duties of the Executive Committee. Following details

#### Duties and responsibilities of Executive Committee

- Having a duty to control the Company's management in compliance with the policies as stipulated by the Company's Board of Directors.
- Planning strategies, business operation plans, budgets, and managing structures, in order to be capable of executing in the line with policies and targets which are laid down by Board of Directors, and to be presented to the Board of Director for consideration.



3. Defining appropriately power and level of approval for individuals and allocating duties which are in favor of corruption to be separated, presenting to the Board of Directors for approval, controlling and governing to ensure that all of the approved principles and regulations are complied.
4. Considering the structure of organization, having a power to impose the management of Company including the structure of salary, and defining the scope of duty for appointment, transferring, cut-off or reduction of commission, lay-off, rewarding, and punishment, to be applied for Senior Vice President (SVP) and Vice President (VP) or equivalent. In doing so, the CEO or authorized person(s) are entitled to sign on the Company's behalf in the employment contract.
5. Considering approval of business operation relating to banking or financial institution transactions for supporting the Company's usual businesses e.g. opening bank account, lending, loaning money, financing lease, mortgage, guarantee and etc. including land sale& purchase, ownership registration for usual business operation pursuant to the Regulation of Authorization and Authority approved by the Company's Directors.
6. Considering approval of investment and estimating the budget for investment as specified in the Manual.
7. Considering operating a new business or ceasing a business to be presented to the Board of Directors
8. Considering other matters as assigned by the Board of Directors, however, such assignment shall not be regarded as granting of authority or the appointment of sub-agent that allows such appointed persons to approve any transactions that Executive Committee themselves or any persons having a conflict of interest are considered an interested person or having any conflict of interest with the Company or its subsidiaries (as defined by SEC), except the approval of transactions according to regulation stipulated and approved by the Board of Directors.

## ■ Risk Management Committee

As of 31 December 2017, the Risk Management Committee consists of 4 members as follows.

List of Risk Management Committee	Position	Total Number of Meeting Attendances	
		2016	2017
1. Mr. Mongkon Laoworapong	Chairman of Risk Management Committee	-	3/3
2. Mr. Wang Wanapaisan	Risk Management Committee	-	3/3
3. Ms. Pornpiwan Niramoncherdchay	Risk Management Committee	-	3/3
4. Mr. Wuttichai Wongcharoensin	Risk Management Committee	-	3/3

### Remark

In 2016, there was not have risk management committee meeting, and the risk management committee meeting was held for the first time on 29 March 2017.

The Board of Directors Meeting No. 5/2016 held on 18 November 2016 has the resolution to appoint the authority and duties of the Risk Management Committee. Following details

### Duties and responsibilities of Risk Management Committee

1. To consider the management and audit of the risk relating to the investment business and its current operation in order to obtain sustainability whether in connection to determine the policy or provided guideline in relation to the overall risk management of the Company. For example, financial risk, investment risk and any other risks that may affect the reputation of the business.
2. Specify the strategy and provided guideline on the risk management of the Company to ensure that it is in compliance with the policy regarding risk management. The Committee may evaluate monitor or supervise the risk management of the Company so that it remains at an appropriate level.
3. To consider the criteria level of the risk and the level of the risk that is acceptable to the Company.
4. To provide the report on the assessment of risk management to the Board of Directors for their acknowledgement. In the critical event or any event that may materially affect the Company, the Committee must report the Board of Directors for their consideration and further actions at the earliest.
5. To arrange for a risk management working committee as deemed appropriate.
6. To consider and impose measure to manage appropriate risk during certain situation.
7. To arrange and implement updated information technology system for use in managing risk and supporting personal at all level to have access to risk management related information across the board. To efficiently provide a report on risk management to the Board of Directors or any other positions within the Company.
8. To consider any other matters relating to the Company's risk as assigned by the Board of Directors.

In the 5/2016 board of directors meeting held on 18 November 2016, there was a resolution to appoint the risk management committee members and to appoint Mrs. Wichitra Thubburee as the secretary of the risk management committee. On 31 December 2017, the risk management committee consisted of 4 members. The list of names and meeting attendance of the risk management committee on 31 December 2016 and 31 December 2017 are detailed as follows.

## ■ Company Secretary

The Board of Directors Meeting No. 5/2559 held on November 18, 2017, resolved to appoint Mrs. Wichittra Thubburee as the company secretary under the provisions of Section 89/15 of the Public Limited Companies Act BE 2535 Careful And honesty It must comply with the laws, objectives, regulations of the Company. Resolution of the Board of Directors Meeting the resolutions of the shareholders' meeting. The role and responsibility. With secretarial team every director and board meeting to achieve the details are as following detail;

1. Providing preliminary suggestion related to the rule of law, the relevant regulation that the Company is required to perform by laws, the articles of association. Reporting the significant changes on the relevant legal issues to the Directors.
2. Enhancing knowledge and understanding of the principle of Corporate Governance, Giving the information and encouraging the Board of Directors to comply with such principle, including evaluation.
3. Preparing meeting agendas, supportive documents for board of director' meeting and shareholders' meeting.
4. Arranging shareholders' meeting and board of directors meeting in accordance with the rules of law, article of association.
5. Providing minutes of shareholders' meeting and director' meeting as well as following-up with resolution of the shareholders' meeting and board of directors meeting.
6. To make the directors and executives report their interests and related parties following the Legal requirements
7. Taking responsible for disclosure information and reporting information technology to the competent organization governing the Company according to relevant criteria and regulations.
8. Communicating with shareholders to render the information regarding the rights of shareholders, the Company's feeds and being a mediator between the Company and shareholder or between Board of Directors and Executive Committee.
9. Arranging the evaluation of Board of Director's operation and reporting the result to the Board of Directors.
10. Observing the changes on laws and regulations pertaining to the Company's business operation in order to give the preliminary advices
11. Coordinating with the Board of Directors and Executive Committee
12. Providing and maintaining the following documents;
  - 1) Director Register Book
  - 2) Maintaining the report as to the matters-at-stake reported by Directors or Executive Committee and handling the copies to the Vice President and Chairman of Audit Committee as required by laws.
  - 3) Board of Directors' notices including the Sub-committee's notices. The secretary is the Audit Committee, Risk Management Committee, Corporate Governance Committee (If no specific secretary)
  - 4) Board of Directors minutes and Sub-committee's minutes
  - 5) Notices and minutes for shareholders' meeting
13. Other duties that the Board of Directors may consider as appropriate. Include any other duties that the relevant laws, regulations and the company secretary must comply. Duties that the Board of Directors may consider as appropriate. Include any other duties that the relevant laws, regulations and the company secretary must comply.

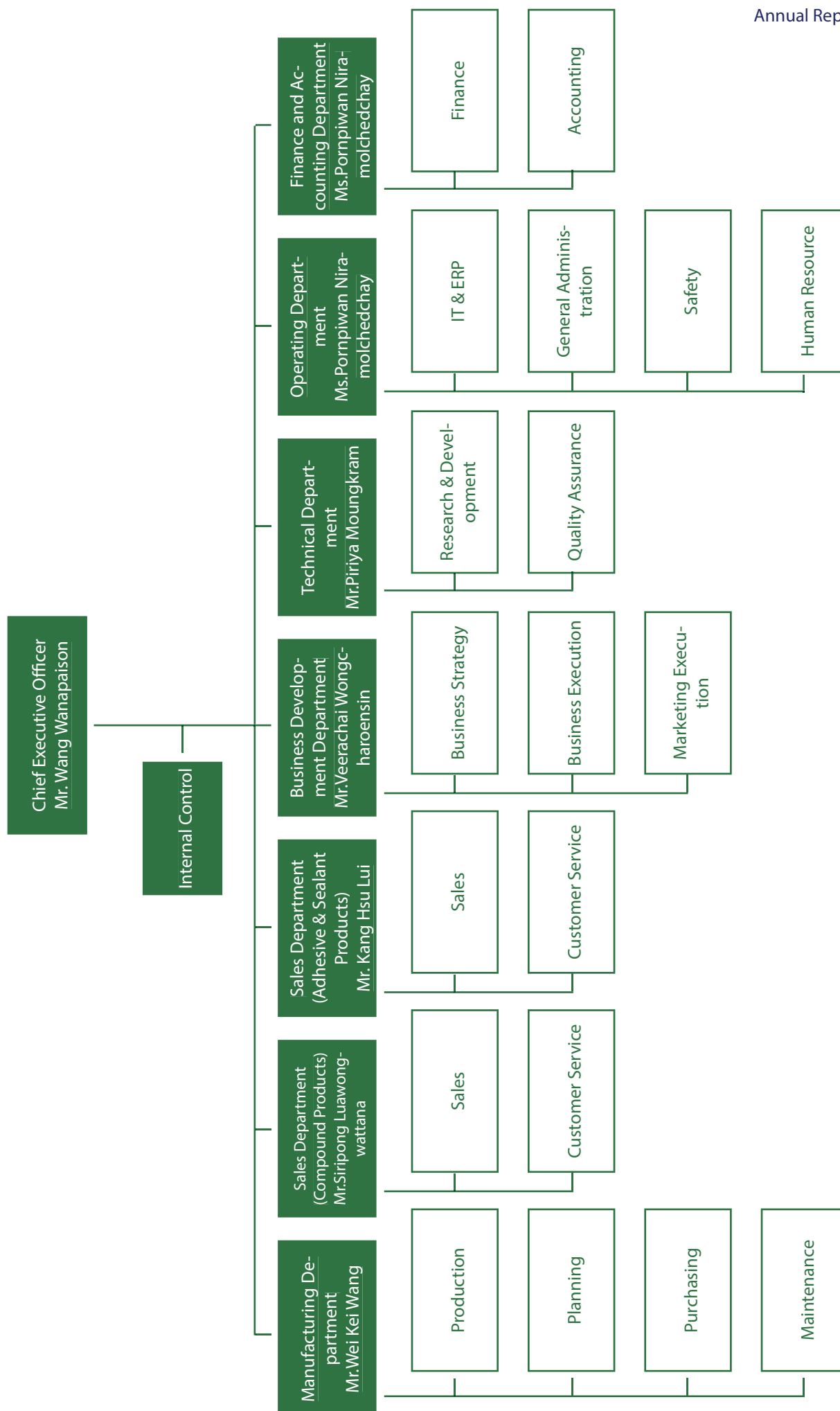
## Executive

The company has the executives according to the definition in the Notification of Capital Market Board or the first 4 individuals working in the administrative levels from the chief executive officer. The individuals at the same level as the forth executive shall include the individuals at the administrative level in the financial and accounting field who are the manager and above or equivalent according to the list of names as of 31 January 2018. The executives according to the above definition are detailed in the table below.

The Board of Directors' Meeting No. 6/2016, held on 20 December 2016, resolved to appoint the Chief Executive Officer following details;

### Duties and responsibilities of Chief Executive Officer

1. Having a power to administrate the business in compliance with the Company's purposes, policies, rules, regulations, orders, resolutions of shareholder's meeting, resolutions of directors meeting and resolutions of executive-committee's meeting
2. Controlling the management process and daily administration of the Company.
3. Consistently following up and evaluating the Company's management process and reporting the progression of management process to Executives Committee, Audit Committee, and Board of Directors.
4. Preparing and presenting the business policies, business plans, targets, administrative plan, business strategy, Company's fundraising, annual budget for business operation, annual reports, as well as, stipulating the managing power in order to submit to the Executive Committee, Audit Committee, and Board of Directors.
5. Considering the profits and losses of the Company, proposing interim dividend payment and annual dividend payment to the Board of Directors to approve. Regarding the annual dividend, it requires the resolution of shareholders' meeting to approve the payment after the approval of Company's Directors.
6. Defining the Structure of Organization, the managing approaches including the recruitment process, trainings, hiring, and dismissal of employees and defining the rates of commission, salary, compensation, bonus, and any benefit.
7. Having an authorization to impose the scope of duty for appointment, transferring, cut-off or reduction of commission, lay-off, rewarding, and punishment, to be applied for all employees of whom the level is the same as Assistant Vice President (AVP) and Manager or equivalent.
8. Taking consideration of entering into the contracts relating to the usual business operation, the investment in new businesses, or the close-down in accordance with the Company's Authorization Manual.
9. Having an authorization to approve the payment for each transaction arising from the usual business operation as stipulated in the Regulation of Authorization and Authority approved by the Board of Directors.
10. Having a power for commanding, contacting, ordering and entering into any contracts, document orders, and notices as stated in the Company's Authorization Manual.
11. Having a power to appoint and administrate any committee of Company in order to benefit the Company and demonstrate the efficiency of management and transparency, and having a power to appoint a sub-agent or any specified person for performing any specific duty, and /or within a scope of such appointment as stated in the power of attorney letter, and/or within a scope of the Regulation of Authorization and Authority approved by the Board of Directors.
12. Having a power for ordering, regulating, proclaiming, and recording in order that the business operation is merely for the Company's sake and in compliance with the Company's policies. In this regard, granting of power and responsibility by CEO shall not be regarded as the authorization or the appointment of sub-agent that allows such appointed person to approve any transaction that the CEO himself or any person having conflict of interest (as defined by SET) is considered an interested person, or having a conflict of interest with the Company and its subsidiaries, except the approval of usual business operation.
13. Taking any action as assigned by the Executive Committee and/or the Board of Directors



## Audit Committee



Mr. Jesadavat Priebjivat  
Independent Director /  
Chairman of Audit Committee



Mrs. Monpilai H. Narasingha  
Independent Director /  
Audit Committee



Mr. Mongkon Laoworapong  
Independent Director /  
Audit Committee

## Risk Management Committee



Mr. Mongkon Laoworapong  
Chairman of Risk Management Committee



Mr. Wang Wanapaisorn  
Risk Management Committee



Ms. Pornpiwan Niramondchay  
Risk Management Committee



Mr. Wuttichai Wongcharoensin  
Risk Management Committee

## Executive Committee



Mr. Wang Wanapaisan  
Chairman of Executive  
Committee



Ms. Pornpiwan Niramondchay  
Executive Committee



Mr. Wei Kai Wang  
Executive Committee



Mr. Wuttichai Wongcharoensin  
Executive Committee



Mr. Veerachai Wongcharoensin  
Executive Committee



Mr. Kang Hsu Liu  
Executive Committee

## Executive



Mr. Wang Wanapaisan  
Chief Executive Officer



Ms. Pornpiwan Niramondchay  
Senior Vice President of Financial  
and Accounting, Senior Vice Presi-  
dent of Operating Department



Mr. Wei Kai Wang  
Vice President of Manufacturing



## Executive



Mr. Veerachai Wongcharoensin  
Vice President of Business  
Development



Mr. Kang Hsu Liu  
Vice President of Sales Department  
Adhesive & Sealant Products



Mr. Piriya Moungram  
Vice President  
Of Technical Department



Mr. Siripong Luewongwattana  
Vice President of Sales  
Department Compound Products



Mr. Santan Cheeranoravanich  
Vice President of IT&ERP  
Department



Mr. Jirawat Akkranupornpong  
Vice President of  
Financial & Accounting



Mrs. Wichitra Thubburee  
Company Secretary / Vice President  
of Internal Control and Quality  
Management Representative



Mrs. Nokjinda Nonasa  
Assistant Accounting Manager

## Remuneration of Directors and Executives

The company has clearly and transparently determined the remuneration for the directors and executives according to the roles and responsibilities and with the consideration of maximum benefits for the company and the shareholders. The details are as follows.

### ■ Monetary Remuneration

#### • Company Board of Directors

The 2016 ordinary shareholder meeting held on 20 April 2016, there was a resolution to appoint the Audit Committee members and determine the remunerations for the company board of directors and the Audit Committee members. Nevertheless, the 3/2016 ordinary shareholder meeting held on 28 December 2016 and the 2017 ordinary shareholder meeting held of 13 March 2017 approved the remunerations for the company board of directors and the sub-committees, namely the Audit Committee, the administrative committee and the risk management committee, which has been effective since 1 January 2017.

Position	Remuneration					
	2015		2016		2017	
	Allowance per Meeting	Allowance per Month	Allowance per Meeting	Allowance per Month	Allowance per Meeting	Allowance per Month
Chairperson	-	-	12,000	-	15,000	-
Director <sup>1</sup>	-	-	12,000	10,000	15,000	10,000
Independent Director	-	-	-	-	-	-
Chairperson of Audit Committee	-	-	15,000	-	15,000	10,000
Audit Committee Member	-	-	10,000	10,000	15,000	10,000
Administrative Committee Member <sup>2</sup>	-	-	-	-	-	-
Risk Management Committee Member who is not the director <sup>3</sup>	-	-	-	-	15,000	-
Risk Management Committee Member who is the director <sup>3</sup>	-	-	-	-	-	-

#### Remark

1. The committee member who is the director shall receive the monthly salary, not the monthly remuneration.
2. The administrative committee member shall not receive any remuneration.
3. On 31 December 2016, the company did not approve the remuneration for the risk management committee members. The remuneration was approved by the resolution of the 2017 ordinary shareholder meeting held on 13 March 2017.
4. Resolutions of the Board of Directors Meeting No. 1/2561, held on February 27, 2018, resolved to approve the remuneration of the directors and sub-committees as the same as the previous year.

In 2015 – 2017, the company paid the monetary remuneration to the directors and committee members with details as follows.

List of Board of Directors	Remuneration of Board of Directors		
	2015	2016	2017
1. Mr. Pawat Wongtangtrakul	8,911,732	74,000	145,000
2. Mr. Rattanachai Wongcharoensin	-	104,000	160,000
3. Mr. Veerachai Wongcharoensin <sup>4</sup>	963,899	1,195,766	1,282,535
4. Mr. Wuttichai Wongcharoensin <sup>3</sup>	-	42,000	175,000
5. Mr. Wang Wanapaison <sup>4</sup>	5,637,712	6,560,980	6,216,969
6. Mr. Wei Kai Wang <sup>4</sup>	1,872,905	2,063,469	2,355,932
7. Ms. Pornpiwan Niramondchardchay <sup>4</sup>	2,605,070	3,495,454	3,181,683
8. Mr. Jesadavat Priebjrivat <sup>2</sup>	-	60,000	225,000
9. Mrs. Monpilai H. Narasingha <sup>2</sup>	-	48,000	225,000
10. Mr. Mongkon Laoworapong <sup>2</sup>	-	48,000	225,000
11. Mr. Chung Jen Yang <sup>4</sup>	-	-	150,000
Total	19,991,318	13,691,668	14,342,119

#### Remuneration of Audit Committee

List of Audit Committee	Remuneration of Audit Committee	
	2016	2017
1. Mr. Jesadavat Priebjrivat	96,000	75,000
2. Mrs. Monpilai H. Narasingha	88,000	75,000
3. Mr. Mongkon Laoworapong	88,000	75,000
Total	272,000	225,000

#### Remuneration of Risk Management Committee

List of Risk Management Committee	Remuneration of Risk Management Committee	
	2016	2017
1. Mr. Mongkon Laoworapong	-	45,000
2. Mr. Wang Wanapaison	-	-
3. Ms. Pornpiwan Niramondchardchay	-	-
4. Mr. Wuttichai Wongcharoensin	-	45,000
Total	-	90,000

#### Remark

- The 2016 ordinary shareholder meeting held on 20 April 2016 approved the remunerations for the company board of directors and the Audit Committee; the allowance per meeting was 12,000 Baht and 10,000 Baht, respectively. The 3/2016 ordinary shareholder meeting held on 28 December 2016 approved the remunerations for the risk management committee and approved the adjustment of the remunerations for the company board of directors and the Audit Committee; the allowance per meeting was 15,000 Baht. However, the remuneration for the board and the committees was approved again by the 2017 ordinary shareholder meeting on 13 March 2017.
- The remuneration for 4 company directors, according to the 7th meeting, would be paid in January 2018 (Quarter 1/2018). Therefore, the remuneration in 2017 is not shown.

## Executive

In 2015 – 2017, the company paid the monetary remuneration for the executives with details as follows.

Remuneration of Executive	2015		2016		2017	
	Number <sup>1</sup> (Individual)	Remuneration (Baht)	Number <sup>2</sup> (Individual)	Remuneration (Baht)	Number <sup>2</sup> (Individual)	Remuneration (Baht)
Salary and Bonus <sup>4</sup>	9	18,531,076	8	14,668,446	8	16,910,634
other <sup>5</sup>	8	9,738,494	7	8,623,100	7	5,079,751
Total		28,269,569		23,291,547		21,990,385

Remark

1. In 2015, the company had 9 executives, namely Mr. Phawat Wongtangtrakul, Mr. Wang Wanapaisorn, Mr. Wei Kai Wang, Mr. Kang Hsu Liu, Mr. Siripong Luwongwattana, Mr. Piriya Muangkram, Mr. Jirawat Akranupornpong, Mr. Santhan Seeranorawanich and Ms. Pornpiwan Niramomcherdchay.
2. In 2016 – 2017, the company had 8 executives, namely Mr. Wang Wanapaisorn, Mr. Wei Kai Wang, Mr. Kang Hsu Liu, Mr. Siripong Luwongwattana, Mr. Piriya Muangkram, Mr. Jirawat Akranupornpong, Mr. Santhan Seeranorawanich and Ms. Pornpiwan Niramomcherdchay. The number of executives decreased because Mr. Pawat Wongtangtrakul retired in September 2015.
3. Other remunerations e.g. position emolument, welfares such as provident fund, living allowance, administrative allowance, traveling allowance, vehicle insurance premium, accident insurance allowance, medical allowance, child's education allowance, damage allowance, house rent allowance, etc.
4. In this regard, such items appeared as the expenses in the financial statement of 2015 and 2016, respectively, which were not included in the monetary remunerations. However, there will be no payment of special remuneration in the future.

- Other Remuneration
- None -

**Personnel and Personnel Development Policy**

On 31 December 2015 – 2017 and on 31 December 2018, the company has the total of 434, 458, 451 and 472 personnel (including the executives), respectively, which are divided into each department as follows.

Department	Number of employees (people)			
	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Jan 2018
1. COO Department	2	1	1	1
2. Accounting and Financial Department	25	26	25	23
3. Sales and Marketing Department	27	29	35	31
4. Technical Departmen	35	40	41	42
5. Administration Department	35	35	37	39
6. Manufacturing Department	310	327	327	327
Total	434	458	451	472

#### Remark

1. In 2015, the company had 9 executives, namely Mr. Phawat Wongtangtrakul, Mr. Wang Wanapaisorn, Mr. Wei Kai Wang, Mr. Kang Hsu Lui, Mr. Siripong Luewongwattana, Mr. Piriya Muangkram, Mr. Jirawat Akranupornpong, Mr. Santhan Seeranorawanich and Ms. Pornpiwan Niramomcherdchay.
2. In 2016 – 2017, the company had 8 executives, namely Mr. Wang Wanapaisorn, Mr. Wei Kai Wang, Mr. Kang Hsu Lui, Mr. Siripong Luewongwattana, Mr. Piriya Muangkram, Mr. Jirawat Akranupornpong, Mr. Santhan Seeranorawanich and Ms. Pornpiwan Niramomcherdchay. The number of executives decreased because Mr. Phawat Wongtangtrakul retired in September 2015.
3. As of 31 January 2018, the company has 10 executives, namely Mr. Wang Wanapaisorn, Mr. Wei Kai Wang, Mr. Kang Hsu Lui, Mr. Siripong Luewongwattana, Mr. Piriya Muangkram, Mr. Jirawat Akranupornpong, Mr. Santhan Seeranorawanich, Ms. Pornpiwan Niramomcherdchay, Mr. Veerachai Wongchaloensin and Mrs. Wichitra Thubburee.
4. The company has increased the number of employees in 2018 subjective to the opening of a new factory to produce Sealant. Partial and Business Development Support

#### Remuneration for Employees

In 2015 – 2017, the company paid the monetary remuneration for the employees (not including the executives) with details as follows.

Remuneration for Employees (Baht)	2015	2016	2017
Salary and Bonus <sup>1</sup>	94,845,607	96,804,501	102,895,657
Other <sup>2</sup>	22,593,459	23,415,089	25,755,486
Total	117,439,066	120,219,590	128,651,143

#### Remark

1. The sales employees do not have monthly salary and bonus. The company will pay the commission; therefore, the commission is included to the remuneration.
2. Other remunerations e.g. position emolument, welfares such as professional allowance, living allowance, smelling allowance, color mixing allowance, over time wage, far running allowance, damage allowance, house rent allowance, retirement allowance, etc.

#### Provident Fund

The company has established the provident fund under the administration of Kasikorn Asset Management Co., Ltd., which manages assets pursuant to the Provident Fund Act B.E. 2530 (1987) (and its amended version) on 11 June 2012.

### Labor Dispute

The company has established the labor union since 2001. It was registered as "Apply DB Thailand Labor Union" on 14th February 2001, the labor union registration number of which is Sor Por. 728. Currently, there have been approximately 210 employees in the company. However, the labor union committee totally consists of 15 members. The union committee consists of 6 members as the employee committee of the Labor Relations Act B.E. 2518 (1975). In 2017, the labor union submitted the complaint the claim of changing the employment state to the company and conducted a negotiation of the claim of changing the aforementioned employment state until making an agreement of employment state on 9th March 2017. The company registered the agreement of the aforementioned employment state with the Samut Prakan Provincial Office of Labor Protection and Welfare on 14th March 2017. So far, the company has not had any disputes but has had a good relationship with the labor union.

### Policy of Personnel Development

The company is aware of the importance of personnel training and development so that the employees will enhance their knowledge and skills and keep up with a change conforming to the company's strategies on the following criteria:

1. To survey the demand of training in each department and agency conforming to the company's vision and goal;
2. To collect the data from the survey above and make a plan of it including analyzing and providing the training course as the survey data for skill enhancement and application to the effective operation;
3. When the employees are trained inside and outside, the company will evaluate the training course on the assessment form determined by the company. The result will be applied to the operational enhancement in the future.

### Employee Internal Training

Training Course	Objective
1. Law of Labor Relation Welfare Committee and Roles and Duties of Employee Committee	1. To let the participants know about the law of welfare administration 2. To let the participants learn and understand the roles and duties
2. Change of Production Process towards Industry 4.0	1. To strengthen the potential of industrial sector of Thailand to get ready for the industry 4.0 2. To give the information about the industry 4.0 including its effect and model of assimilation and application of using technology towards industry 4.0
3. Project of Health Promotion and Knowledge of Social Security	To let the employers, the employees and the insured understand the principle of social security including the duties and privileges according to the social security law
4. Management of Hazardous Substance and Suppression of Chemical Leak Cause	To be aware of the principle of controlling and preventing from the hazard of chemicals including the use of chemicals, the storage of chemicals, the transportation of chemicals and the safe operational model

Training Course	Objective
5. Knowledge Project of Privilege, Fund, Social Security and Workmen's Compensation Fund 2017	To let the employers, the employees and the insured understand the principle of social security including the duties and privileges according to the social security law
6. Workforce Planning and Analysis for Cost Reduction and Aligned to Business Strategies	1. To let the learners understand how the importance of workforce planning affects the organization and agency 2. To let the learners learn the procedures and principles of workforce planning with effectiveness
7. Technique of Time Management for Work Success	1. To let the participants understand the idea of time management and aware of the importance of time management 2. To let the participants apply the knowledge to time management at the maximum benefit of theirs and of the organization after trained
8. Company Policy Should Know	To let all employees know about the company's important policies and comply with it
9. Risk Management in Organization	To let the executives and the employees in the organization aware that risk management is everyone's duty and considered a part of the organization culture

## Corporate Governance Policy for Board of Director and Employees

In the past, the Company of directors, executives and employees have participated in various training courses related to the existence of good corporate governance. The Capital Markets Office and the stock market is always held. To ensure that the board management of the company knowledgeable and experience in business management. In addition, the management has complied with the policy set by the Company. Moreover, the Company has monitored and controlled the operation to maximize the benefits to the Company. To the shareholders. Ensuring that the Company's internal control system is in place. Is effective enough.

The Code of Conduct was approved by the Board of Directors and announced on March 27,2017. The working manual was used to train all employees from the employees. Operations to top management between October 14, 2017 and November 4,2017, and all employees signed the work manual and implemented it.

### Recruitment and Appointment of Directors and Chief Executives

#### ■ 1. Composition and Recruitment of Directors

The appointment of directors shall be in accordance with the company's Articles of Association; it must be transparent and clear by considering the educational background and professional experience of the person with sufficient details to benefit the decision making of the BOARD OF DIRECTORS and shareholders. In this regard, the BOARD OF DIRECTORS is composed of not less than 11 directors and not less than half of the total number of directors, all of which must reside in the Kingdom of Thailand. The directors must be qualified by law, the board must have independent directors



of at least one-third of the total number of directors and not less than 4 persons. The individuals must be considered and proposed to the BOARD OF DIRECTORS and the shareholder meeting for appointment.

#### Qualifications of Board of Directors

##### Internal Appointment

1. Have worked in the company for at least 10 years.
2. Be a major shareholder or executive.
3. Not a person with crippling debt or have never been a bankrupt, corrupt or incompetent or quasi-incompetent person.
4. Have never been sentenced to imprisonment by a final judgment, except for the offense committed by negligence or petty offense and have never been sentenced to imprisonment by a final judgment in connection with fraudulent property.
5. Not insane or mentally unstable.
6. Have never received a court judgment or order enforcing the property to be vested to the state due to unusual wealth or unusual increase of asset.
7. Not a member of the House of Representatives, Senator, council, local council or a local administrative officer
8. Not a political official except as a director according to the provisions of the law.

##### External appointment

1. Meet the requirements
2. Be a professional executive and have at least 10 years of relevant experience.
3. Not a person with crippling debt or have never been a bankrupt, corrupt or incompetent or quasi-incompetent person.
4. Have never been sentenced to imprisonment by a final judgment, except for the offense committed by negligence or petty offense and have never been sentenced to imprisonment by a final judgment in connection with fraudulent property.
5. Not insane or mentally unstable.
6. Have never received a court judgment or order enforcing the property to be vested to the state due to unusual wealth or unusual increase of asset.
7. Not a member of the House of Representatives, Senator, council, local council or a local administrative officer
8. Not a political official except as a director according to the provisions of the law.

#### 2. Composition and Recruitment of Auditing Committee

The auditing committee members must be appointed from the board of directors and approved by the shareholder meeting. The members shall be the company directors and possess the qualifications as specified by the regulations of the securities and stock exchange law, including the notifications, regulations or provisions as specified by the Stock Exchange of Thailand. The auditing committee shall consist of no less than 3 members. In this regard, at least one auditing committee member shall have knowledge in accounting and finance. A term of the auditing member shall be 3 years from the date of appointment resolution. Upon the expiry of term, if the BOARD OF DIRECTORS or shareholder meeting does not have a resolution to appoint a new committee, the previous committee shall continue performing the duties until the BOARD OF DIRECTORS or shareholder meeting will appoint a new committee to replace the vacating one and/or it will be in accordance with the term of the company directors. The auditing committee members recruited must be independent directors with qualifications as follows.

#### Qualifications of Independent Directors

1. Hold no more than 1% of the total shares with the right to vote of the company, its parent company, subsidiaries, affiliated companies, major shareholders or the persons having the power over the company. This includes shareholding of related persons of the independent director.
2. Not or have never been a director who is involved in the management of employees, staffs, consultants who receive regular salary or the persons having the power over the company; its parent company; subsidiary companies; associated companies; subsidiary companies; major shareholders or the persons having the power over the company, unless such person has vacated the office for no less than 2 years before the date of permission submission to the Securities and Exchange Commission. Nevertheless, such prohibition does not include cases where an independent director has been a public servant or official consultant who is the major shareholder of the person having the power over the company.
3. Not a person who has a family relationship or is legally registered as a parent, spouse, sibling or child, including the spouse or child of other directors, major shareholders, executives, major shareholders, persons having the controlling power or persons to be nominated as the directors, executives or persons having the power over the company or its subsidiary companies.
4. Not or have never been the auditor of the company, its parent company; subsidiary companies; associated companies; subsidiary companies; major shareholders or the persons having the power over the company and not a significant shareholder, person having the controlling power of having the partnership with the auditing company with which the auditor of the company, its parent company; subsidiary companies; associated companies; subsidiary companies; major shareholders or the persons having the power over the company is affiliated, unless such person has been free from such qualification for no less than 2 years before the date of appointment as the independent director.
5. Not have or have never had a business relationship with the company, its parent company; subsidiary companies; associated companies; subsidiary companies; major shareholders or the persons having the power over the company in a manner that may obstruct his/her independent judgment. The individual must not be or has never been a significant shareholder or the person having the controlling power with a business relationship with the company, its parent company; subsidiary companies; associated companies; subsidiary companies; major shareholders or the persons having the power over the company, unless such individual has been free from such qualification for no less than 2 years before the date of appointment as the independent director. Such business relationship includes regular business transactions for business operations, rent or lease of real estate, items related to assets or services or financial assistance by receiving or giving loans; guarantees and assets as the securities, as well as other similar circumstances which bind the company or the contractual party to repay debts to the other party from 3 percent of the net tangible asset or more than 20 million Baht, whichever amount is lower.
6. Not or have never been a professional service provider, including legal and financial advisory services with remuneration of more than 2 million Baht per year from the company, its parent company; subsidiary companies; associated companies; subsidiary companies; major shareholders or the persons having the power over the company and not a significant shareholder, person having the controlling power of having the partnership with the auditing company with which the auditor of the company, its parent company; subsidiary companies; associated companies; subsidiary companies; major shareholders or the persons having the power over the company is affiliated, unless such person has been free from such qualification for no less than 2 years before the date of appointment as the independent director

7. Not a director appointed to represent the company's directors, major shareholders or shareholders who are related to major shareholders.
8. Not have the same business which is a competition to the company or its subsidiary companies or not a partner in a partnership with involvement in the management of employees, employees, consultants who receive a regular salary or hold more than 1% of shares with the right to vote of other companies which operate similar business and is a competition to the company or its subsidiary companies.
9. Not possess other qualifications that disable the individual from independently giving opinions on the company's operations.
10. After being appointed as an independent director, the independent directors may be assigned by the BOARD OF DIRECTORS to make decisions on the operations of the company, its parent companies, subsidiaries, affiliated companies, subsidiary companies at the same level, major shareholders or the persons having the controlling power over the company with the collective decision making.

### ■ 3. Composition and Recruitment of Administrative Committee

The administrative committee member shall be the company directors and/or executives who are appointed by from the BOARD OF DIRECTORS as deemed appropriate by the BOARD OF DIRECTORS. The BOARD OF DIRECTORS will appoint one member as the chairperson of the administrative committee. In this regard, a term of office is 3 year, and the members may return to the office after the expiry. In addition, the powers and responsibilities will be as assigned by the BOARD OF DIRECTORS.

### ■ 4. Composition and Recruitment of Risk Management Committee

The risk management committee member shall be the company directors and/or executives who are appointed by from the BOARD OF DIRECTORS as deemed appropriate by the BOARD OF DIRECTORS. The BOARD OF DIRECTORS will appoint one member as the chairperson of the risk management committee. In this regard, the term of office is detailed as follows:

4.1 The risk management committee members will have a term of 3 year and may return to the office after expiry.

4.2 The powers and responsibilities will be as assigned by the BOARD OF DIRECTORS.

In addition to the vacation of office under Item 1), the risk management committee members will vacate their office upon:

4.2.1 Resignation

4.2.2 Resolution by the BOARD OF DIRECTORS to resign

## 5. Composition and Recruitment of Chief Executive Officer

The chief executive officers will be nominated by the administrative committee, and the nominees will be selected based on the specified qualifications and proposed to the BOARD OF DIRECTORS for appointment.

### Qualifications of Chief Executive Officer

#### Internal appointment

1. Hold the position of Senior Vice President (SVP) for more than 10 years.
2. Be able to communicate with other people and negotiate well.
3. Be able to plan and mobilize resources to be effective.

#### External appointment

1. Have experience in working in the position of CEO or senior executive for not less than 10 years.
2. Be able to communicate with other people and negotiate well.
3. Be able to plan and mobilize resources to be effective.

## 6. Composition and Recruitment of Senior Vice President and Chief Financial Officer

The senior vice president and chief financial officer will be appointed by nomination of the BOARD OF DIRECTORS. The nominees will have the qualifications as determined, and the chief financial officer will be proposed to the BOARD OF DIRECTORS for approval upon consent of the administrative committee.

### Qualifications of Senior Vice President and Chief Financial

#### Internal appointment

1. Hold the position of the director for more than ten years.
2. Be approved by the administrative committee.

#### External appointment

1. Possess the qualifications according to the position.
2. Have experience in the field for at least 10 years, be able to plan and mobilize resources to be effective

## 7. Policy on Supervisory of Subsidiaries and Associate Companies

The company intends to invest in the same business as its core business or similar or business type that supports the company business, which will increase the Company turnover. Therefore, the Company has set a policy to control and oversee the management of the subsidiaries or associates that the Company invests in. The details are as follows

1. The Company will nominate persons who are approved by the Board of Directors' meeting to be directors and executives of subsidiaries and associate companies, by considering from qualifications and experiences appropriate to the business. The nominated directors and executives will represent the Company in the position of director in that subsidiary to determine the important policy and control its business operation.
2. The nominated directors are responsible to monitor the operation of subsidiary or its associate where they are obliged to, to ensure they reach the goals and compliance with the plans, strategies and budgets as determined. Approving important matters of the subsidiary or associate company shall refer to the resolution of the Board of Directors' meeting or the shareholders' meeting to make the most benefit to the company.
3. The persons nominated by the Company being the directors in the subsidiaries or associates, have the right to vote in the Board of Directors' meeting of subsidiaries or associates in regard to the general management and the normal business operation of the subsidiaries as being agreed by the directors and the executives of subsidiaries or associates, for the best interests of the company, subsidiaries and associates, except to consider and vote as defined in clause 4.
4. It is prohibited that the persons nominated to be the directors in the subsidiaries or associates, voting for Board of Directors Meeting of subsidiaries or associates in regard to the following subjects unless approved by the Board of Directors and / or the shareholders' meeting, as the case may be, before commencing.

4.1 Transactions of subsidiaries in accordance with TorJor. 21/2008 Re: Rules on Connected Transactions and TorJor. 20/2008 Re: Rules on Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, B.E.2004

4.2 Any transactions affecting to the financial position and operation result of subsidiaries are as follows;

4.2.1 Selling or transaction of entire or any part of business of the subsidiary to others, including transaction or benefits relinquishment, a waiver claim that is significant damage of the subsidiary.

4.2.2 Raising a loan, lending a loan, granting credit, guarantee, entering into a binding legal activity or providing financial assistance in any other manner to other company.

4.2.3 The capital increase, the allocation of new shares and the reduction of registered capital of the subsidiary as well as any other actions that will affect directly and indirectly to proportion of the shareholdings of the company in any level of the subsidiaries.

5. The nominated persons appointed by the Company to be the directors and executives in the subsidiaries or associates including the related persons of directors and executives, are also required to inform the Board of the subsidiary about the relationship and the transactions with the subsidiary which may cause conflict of interest with the subsidiary. The Board of Directors of the subsidiary is responsible for informing the Board of Directors of the Company.

However, the directors of the company must not participate in the self-interest or a conflict of interests.

6. The subsidiary and its associate is obliged to report action plan or documents related to the company's operation in order to continuously review the performance for further plans and targets.

## Corporate Governance Policy

The company is aware of its operation with responsibility and fairness. Therefore, the company recognizes the importance of good corporate governance which will increase the competitiveness and efficiency of management. The focus is on promoting sustainable growth leading to long-term value creation for the company, the shareholders and all stakeholders. Good corporate governance will make the company's operations transparent and accountable. The company has set a good corporate governance policy for the directors, executives and employees to follow in order to enhance the existing operation to be standard and clear for all employees at all levels. It also aims create an organizational culture which adheres to good corporate governance. The company has adopted the good corporate governance practices for registered companies as prescribed by the Stock Exchange of Thailand which covers the following principles classified by topics.

1. Rights of shareholders
2. Equal treatment of shareholders
3. Responsibilities of the board of directors
4. Disclosure and transparency
5. Related Transaction
6. Role of stakeholders

### Section 1 Rights of Shareholders

The company places importance to the right of shareholders to receive accurate, complete, timely, and equitable company's information to support decision making. Therefore, the company has implemented the policy is as follows.

#### 1.1 Fundamental Rights which Shareholders will Receive

The company places importance to the rights of shareholders, which may not be limited to the rights granted by law. The company will not commit any acts that violate or deprive the shareholders of their rights and will encourage shareholders to exercise their rights. The fundamental rights of the shareholders are trading or transferring of shares, being entitled to profit share of the company, getting information concerning the company's performance and administrative policy completely and adequate, attending the shareholder meeting to vote to appoint or dismiss directors; appoint the auditor and decide on the matters which impact the company such as dividend appropriation, determination or amendment of the Company's Articles of Association and Memorandum of Association, capital reduction or capital increase, including approval of special matters.

#### 1.2. Additional Rights of Shareholders

In addition to the above fundamental rights, the company has also set guidelines on various matters which encourage and facilitate the shareholders as follows:

1.2.1 The company will send to the shareholders the notice of the meeting together with agenda and sufficient information by specifying the objectives and reasons as well as opinions of the board of directors on every agendum so that the shareholders can study the information completely no less than 7 days prior to the meeting date. In case the shareholders are unable to attend the meeting by themselves, the company gives the shareholders the opportunity to authorize an independent director or any person as a proxy to attend the meeting on their behalf by using the proxy letter which the company has delivered along with the invitation letter.

1.2.2 Facilitate all shareholders equally to attend the meeting in the appropriate place and time

1.2.3 At the shareholder meeting, the company will consider and vote according to the agenda without changing important information or adding an agenda suddenly. The company also gives equal opportunities to shareholders to audit the company's performance, enquire, raise opinions and recommendations, and the relevant directors and related executives will attend the shareholders' meeting to answer the questions in the meeting.

1.2.4 Provide additional channels for shareholders to receive news via the company's website. The Company will post information and details of the company on its website, especially the invitation to the shareholder meeting which will be published before the meeting date so that the shareholders can download the agenda conveniently and completely.

1.2.5 The company has the policy for the directors to attend the meeting to answer questions from the shareholders.

1.2.6 The company will take minutes and notes completely, accurately, quickly and transparently. Important issues and questions will be recorded in the meeting report so that the shareholders can verify them. In addition, the meeting report will be published on the company's website so that the shareholders can consider, as well as sending the meeting report to the Stock Exchange of Thailand within 14 days from the date of the shareholder meeting.

1.2.7 Increase the convenience of shareholders to receive dividends through transfer into bank accounts (if dividends are paid) to facilitate the shareholders to receive dividends on time and prevent problems with invalid, lost or delayed checks

## Section 2 Equal Treatment of Shareholders

The company has set the policy to treat all shareholders equally. Therefore, the board of directors has implemented the policy as follows:

2.1 The company will send the invitation letter together with the information to the shareholders no less than 7 days prior to the meeting so that the shareholders can study the information before the meeting.

2.2 The company study the guidelines to allow minor shareholders to nominate directors or propose additional agenda before the shareholder meeting.

2.3 Minor shareholders are required to nominate qualified persons to be the directors which can be done through the board of directors according to the nomination criteria and to consider the remuneration prior to the date of the shareholder meeting, together with information for consideration of qualifications and consent of the nominees.

2.4 The company facilitates the shareholders who cannot attend the meeting by themselves by allowing the shareholders to appoint any person as a proxy or at least one independent director to attend the meeting and cast a vote. The name of such independent director must be notified in the notice of shareholders meeting.



2.5 The company will treat all shareholders equally, whether they are major or minor shareholders and whether they are Thai or foreign shareholders.

2.6 The directors are required report their interests at least before the consideration of such agenda and record such information in the meeting report. In addition, the company provides the directors with significant interests which may enable such directors to give opinions freely to refrain from attending the meeting.

### Board of Directors Responsibilities

The BOD is responsible for the shareholders regarding the business operation and corporate governance to be in line with the targets and guidelines to maximize the shareholders' benefits by considering the benefits of all stakeholders. The company has set up the structure of the BOD as follows.

#### 3.1. Structure of the Company Board of Directors

3.1.1 The company BOD consist of 11 independent directors who are at least one third of the total number of directors but no less than 4 which is in line with the Securities and Exchange Commission ("SEC") requirements. In this regard, the BOD are qualified in business, accounting and finance related to the company. The company has also appointed three sub-committees for specific purposes as follows.

- 1) Audit Committee
- 2) Executive Committee
- 3) Risk Management Committee

3.1.2 The chairperson of the board and the chief executive officer have different responsibilities. The BOD has determined the power of the chairperson of the board and the chief executive officer clearly to prevent either one of them from exercising unlimited power.

3.1.3 The company has appointed the secretary to provide advice in terms of laws and regulations that the BOD is required to know, to oversee the activities of the board, to ensure the compliance with the board's resolution as well as preparing and maintaining the company's documents.

#### 3.2. Board of Directors Meeting

3.2.1 The company will regularly convene the BOD meeting at least 3 times within a one-year period, and there will be additional meetings for special resolutions as needed. All the directors value the meeting and will attend the meeting every time, except in case of force majeure. In this regard, the company will serve a notice of the meeting to the shareholders at least 7 days prior to the meeting date so that the directors have the time to study the agenda and supporting documents.

3.2.2 At the BOD meeting, all directors can express their opinions openly and freely. Minutes will be recorded in writing, and the meeting report will be retained after certification by the board of directors so that relevant directors and individuals can verify. In addition, for certain agenda, the chief executives may attend the meeting to provide additional information useful to related persons so that they are informed about the policy and implement the policy effectively.

3.2.3 The chairman of the board is responsible for selecting the agenda and all directors have the freedom to propose agenda to the meeting.

3.2.4 The BOD has the right to access additional information from the chief executive officer or the company secretary or other executives designated under the extent of the policy and where necessary. The board may obtain independent opinions from external consultants or professionals.

3.2.5 At the BOD meeting, the majority of the votes shall prevail. One director is entitled to one vote, and the interested directors will not attend the meeting or cast a vote on their interested matter. If the votes are equal, the chairperson of the meeting will cause a final vote.

3.2.6 The company secretary will attend each meeting, record minutes and submitted them to the chairperson of the board to sign and verify correction before proposing them for approval in the first agenda of the next meeting. The secretary also collects information and documents related to the meeting so that it is convenient for search and reference.

### 3.3. Remuneration for Directors and Executives

3.3.1 The company provides the directors' remuneration in a manner comparable to that of the similar industry in terms of experience, responsibility, scope of accountability and responsibility, including the benefits expected from each director. The directors who are assigned additional duties and responsibilities such as members of the committees should also receive appropriate remuneration.

3.3.2 The remuneration for the chief executive officers and senior executives is in line with the principles and policies set by the board for the maximum benefits of the company. The level of remuneration, salary, bonus and incentive shall be in line with the performance of each executive, and the benefits that the shareholders will receive will be taken into account.

3.3.3 All non-executive directors will be the evaluators of the directors and executives on an annual basis in order to determine the remuneration for directors and executives based on the norms which are agreed upon in advance with the directors and executives according to the concrete criteria, including financial performance, long-term strategic objectives, management development, etc. The above evaluation results shall be submitted to the board for approval, and the chairman or senior director should communicate the findings to the chief executive officer.

### 3.4. Development of Directors and Senior Executives

3.4.1 The company promotes and facilitates the training and education of stakeholders in the corporate governance system of the company such as directors, directors auditing executives, senior executives, company secretary, etc., to improve their performance continuously. Training and education can be done within the company, or external services from outside agencies are used.

3.4.2 Every time a new board is appointed. The administration department which is composed of the company secretary together with the human resources department of the company will provide documents and information useful for the performance of new directors, as well as providing business operation recommendations and business operation approaches to new directors so that they are able to perform the duties honestly and are aware for the maximum benefits of the company and overall shareholders.

### 3.5. New Director Orientation

3.5.1 The company will hold an orientation for all new directors to inform them of the company's expectations on the roles and responsibilities of directors, business operation overview and good corporate governance practices of the company. The company also provides knowledge and understanding of the company's business operations to prepare new directors for the performance of their duties.

3.5.2 The company assigns the senior executives to provide important information about the company, as well as providing the business ethics guidelines for the directors and employees. The company has the policy to encourage directors to attend the training to enhance their understanding of roles and missions under the good corporate governance campaign. The directors can attend training courses organized by the Thai Institute of Directors or relevant agencies, the expenses of which are borne by the company.

### Section 4 Disclosure and Transparency

The board of directors has the policy to disclose financial information and other information related to the business and business profits of the company according to the facts sufficiently, frequently and timely in order to show the financial status and actual business operations of the company, as well as the future of the company. The board of directors aims to comply with the laws, regulations and relevant provisions related to disclosure and transparency strictly, so they have published the information on the website, including Stock Exchange of Thailand media, to the shareholders and relevant individuals for acknowledgement. In addition, the company is going to improve according to the approach provided by the Stock Exchange of Thailand and the Securities and Exchange Commission.

The company has staff to communicate with investors or shareholders, as well as institutional investors and minority shareholders. The company holds regular meetings to analyze their performance and also publish corporate information e.g. financial and general information to shareholders, securities analysts, reliability rating companies and relevant government agencies through various channels such as reports to the Stock Exchange of Thailand, the Securities and Exchange Commission and on the company website. Furthermore, the company places importance to the disclosure of information so that the shareholders can receive news regularly through the company website. The information on the website is always up-to-date e.g. vision, mission, financial statement, press release, annual report, company and administrative structure and shareholder and major shareholder structure.

In addition, the company places importance to the financial report to show the financial status and actual performance of the company based on accuracy of accounting information completely and sufficiently according to the generally accepted accounting principles. The company will disclose information about each director, roles and duties of the board of directors and sub-committees in the company's annual report (Form 56-2) and the annual information statement (Form 56-1), as well as disclosing the remuneration of directors and senior executives in the company's annual report (Form 56-2) and the annual information statement (Form 56-1).

### Section 5 Related transactions

The company places importance to the consideration of transactions which are transparent and beneficial to the company. Therefore, it is important to protect the transactions which may be conflict of interest in related transactions or inter-transactions. The company's policies can be summarized as follows.

5.1 Executives and employees must abide by the Code of Conduct to which is important to strictly adhere in order to create the trust and confidence for all stakeholders. The company also publishes information on employees' practices throughout the company.

5.2 Directors and executives must notify the company of relationships or related items in the business operations that may cause conflict of interest.

5.3 The related transaction is proposed to the Audit Committee for consideration before receiving recommendations and proposing it to the board of directors for approval in accordance with good corporate governance principles. Also, the company ensures the compliance with the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

## Section 6 Roles of Stakeholders

The company recognizes the importance of taking care and consideration of all stakeholders, whether they are internal stakeholders e.g. shareholders, executives and employees of the company or external stakeholders such as customers, creditors, partners, competitors, government, society, community and environment because the company receives support from various stakeholders. This creates competitiveness and profit for the company, and it is a long-term value for the Company.

### 6.1 Policy and Practice for Employees

The company realizes that the employees are the key to success. Therefore, the company has the policy to treat employees fairly in terms of opportunities, returns, appointments, relocations, as well as potential development. In order to comply with this policy, the company has the following principles:

- 6.1.1 Treat employees with courtesy and respect for the individual.
- 6.1.2 Provide fair compensation to employees, as well as setting up a provident fund and paying attention to the welfare of the employees.
- 6.1.3 Maintain a secure working environment for employees' life and property.
- 6.1.4 Appoint, relocate, award and punish employees, act in good faith and be based on the knowledge and competence of the employees
- 6.1.5 Give priority to the development of employees' knowledge and capability by providing opportunities thoroughly and consistently to develop the employees' ability of to work professionally
- 6.1.6 Listen to comments and suggestions based on professional knowledge of employees
- 6.1.7 Comply with laws and regulations related to the employees strictly

## 6.2 Policy and Practice for Shareholders

The company always recognizes that the shareholders are the business owners, and the company has a duty to increase value for shareholders in the long run. The company, therefore, requires the directors, executives and employees to follow the following practices.

- 6.2.1 Perform duties with honesty, decide on any action based on the principle of professionalism which is careful, considerate and fair to both large and small shareholders for the maximum benefit of the shareholders
- 6.2.2 Present the company's status report, business profits, financial and accounting information consistently and thoroughly based on facts
- 6.2.3 Do not seek interests for oneself and others by using any information of the company that is not publicly disclosed or do any action in a manner that may cause conflict of interest with the company

## 6.3 Policy and Guidelines for Customers

The company recognizes the importance of customers; therefore, it has the policy to treat customers as follows.

- 6.3.1 Set up a control system for production processes and supply good quality products to customers. The company also emphasizes on improving and developing technology in production and always check the quality of products.
- 6.3.2 Ensure strict compliance with the terms of the agreement with the customer with honesty, care and consistency.
- 6.3.3 Ensure strict and appropriate confidentiality of customer information as if it is the company's information and ensure that such information is illegally used for its own or others' benefits.
- 6.3.4 Not request or receive money, gifts, prizes or other compensation from customers or other persons, unless it is for the traditional purpose.
- 6.3.5 Adhere to honesty in the business operations.
- 6.3.6 Comply with the generally accepted standards related to the company's business operations.
- 6.3.7 Do business according to the laws and official requirements and do not help, encourage or support any unlawful activity or transaction.
- 6.3.8 Communicate information about the Company's products or services. Give customers the correct understanding.

#### 6.4 Policy and Guidelines for Partners

The company has the policy for employees to treat their partners with fairness and honesty without exploiting their partners but taking into account the maximum benefits of the company. The basis of return is based on fairness for both parties, and the company tries to avoid situations that cause conflicts of interest and negotiates to solve problems based on business relationships. The guidelines are as follows.

6.4.1 Not request or receive or pay any interest illegally in the trade with partners

6.4.2 Comply with the terms and conditions with partners strictly in a transparent and equal manner. In case of failure to comply with any of the conditions, the company and its partner will mutually find a solution based on reasonableness.

6.4.3 Maintaining sustainable relationships with partners and create economic, social and environmental cooperation with them.

6.4.4 Implement the criteria for the assessment and selection of partners on a fair competition basis.

6.4.5 Processes of procurement must be verified for transparency and the maximum benefits of the company.

6.4.6 Provide true and accurate information.

6.4.7 Support and cooperate with partners to produce quality and standard products.

6.4.8 Take into account equality and fairness without exploitation, have integrity in the business, maintain benefits with partners by strictly adhering to the laws and regulations.

6.4.9 The board of directors, executives and employees are not allowed to receive or claim for benefits, offers, payment or any interest in a dishonest manner from partners.

6.4.10 Maintain confidentiality of customers' information and not use the information for its own or others' benefits illegally.

Throughout ADB's work, we collaborate closely with customer and supplier to the development the various product and follow the testimonials of the involved parties. Every year the expected customers have the plan to visit us subject to products audits or system audits including learning new products. ADB awareness to build the good practice to integrated and collaboration.

#### 6.5 Policy and Guidelines for Creditors

The company recognizes the importance of creditors; therefore, it has the policy to treat creditors as follows.

6.5.1 Maintain and strictly comply with the terms and conditions made with creditors in terms of repayment, collateral and other conditions. In addition, the company will not spend the loan money in a way that is contrary to the purpose of the agreement with the lender.

6.5.2 Report on financial status of the company with honesty and accuracy in a timely manner to the creditors regularly.

6.5.3 Treat trade payables equally and fairly based on a fair return for both parties.

6.5.4 Inform creditors in advance if the company is unable to comply with any of the terms and conditions in the contract and mutually find a solution for such problem

The Company has set up the criteria for evaluating supplier by the international standard in accordance with the ISO9001: 2015 standard. The quality assessment in all aspects to develop the quality of the product alliance supply chain. Give and take with reasonable prices delivers the right time. In the year 2560, we have visited the manufacturing process and reviewed the factory quality system, especially the major change in raw material such as the glue container made of steel have the price increase.

#### 6.6 Policies and Guidelines for Competitors

The company has a policy to treat its competitors without violating the confidentiality or trade secrets of competitors by fraudulent methods. Therefore, the main policy has been established as follows.

6.6.1 Behave under the framework of fair and equal competition and do not misrepresent, deceive, or use any other wrongful means in the competition.

6.6.2 Do not seek confidential information from competitors by illegal means.

6.6.3 Do not intentionally destroy a competitor's reputation by making misleading or false allegations, slandering, or doing any unfair action in the competition.

6.6.4 Do not exclude others from entering the business competition.

#### 6.7 Policies and Guidelines for Society, Community and Environment

The company has a policy to conduct businesses with social and environment responsibilities and aims to develop sustainable businesses with society, as well as adhering to being a good citizen by complying with the laws and regulations. The company strives to develop, promote and enhance the quality of life of society, community and environment in which the company is located so that it can be improved in line with the growth of the company. The guidelines are as follows.

6.7.1 Focus on sustainable business and social, community and environmental responsibilities, as well as improving the quality of life, security, use of natural resources and care for interests of stakeholders.

6.7.2 Raise awareness for employees and employees in terms of social, community and environmental responsibility continuously.

6.7.3 Promote regular social or environmental projects or activities which give benefits the community and society by using the company's resources to be cost-effective.

6.7.4 Communicate and publicize social and environmental projects or activities to stakeholders.



## Insider Policy

The company has determined the policy concerning use of internal information to prevent directors and executives from exploiting such information for personal benefits. The details are as follows.

1. The company will educate directors and executives of the company and its subsidiaries on the duty of preparing and disclosing the company's securities holding report of themselves, their spouse and children under the legal age, as well as the change in the holding of such securities, to the Office of the Securities and Exchange Commission (the "SEC") in accordance with the rules and procedures of the Office under Section 59 of the Securities and Exchange Act, B.E. 2535 (1992), as well as the penalties for non-compliance, the Securities and Exchange Act, B.E. 2535 (1992) (and its amended version) or the Notification of the Office of the SEC.
2. The company will arrange the directors and executives of the company including their spouse and children under the legal age to prepare and disclose the securities holding report and the report on the change of the company's securities holding to the SEC within 3 business days from the date of the acquisition, trade or transfer of securities in accordance with the rules and procedures prescribed by the Office of the SEC under Section 59 of the Securities and Exchange Act, B.E. 2535 (1992). In this regard, the directors and executives must submit a copy of the report to the company secretary on the same date of submission of the report to the SEC so that the documents can be gathered and submitted to the BOARD OF DIRECTORS meeting every time, which will be scheduled as an agenda to acknowledge the securities holding report.
3. The company requires the directors, executives, persons holding managerial positions in the accounting or finance field who are assistant managers or equivalent and relevant who receive important internal information which affects the change of stock price to suspend the trading of the company's securities during the period prior to the release of the financial statements or dissemination of information on the financial status and status of the company until such information is publicized. The company will inform the BOARD OF DIRECTORS, executives, and senior executives in accounting or finance field at the level of assistant manager or equivalent to suspend the trading of the company's securities for at least thirty (30) days prior to disclosure of such information to the public and the aforesaid persons should wait at least 24 hours after disclosure of information to the public. The company also prohibits the disclosure of material information to other persons.
4. The directors, executives, employees and staffs, including their spouse and children under the legal age who have known confidential information and/or internal information of the company, must keep the confidentiality and not trade the company's securities, do any act or exploit in any form of such information illegally.
5. The directors, executives, employees and staffs, including their spouse and children under the legal age who have known confidential information and/or internal information of the company, are prohibited to use such internal information which has an impact or may have an impact on the change in the price of the company's securities which is not publicly available but such persons have learned from being in such position to buy, sell, offer to buy or sell, solicit other persons to buy or sell, offer to buy, offer to sell other shares or securities (if any) of the company, either directly or indirectly which may cause damage to the company, either directly or indirectly and whether this is done for the benefit of oneself or others or it is disclosure of such facts to others with benefits or compensation in return.
6. The company has determined the disciplinary actions in case of violation of the internal information for self-interest. The actions include warning to cut the wage, suspension of wage payment to temporary employees or dismissal from the office. The punishment will be based on the intent of the offense and the seriousness of the offense. The person who violates the provisions may also be punished by law.

## Information Disclosure

ADB's disclosure of information is based on fairness, transparency and accountability under the corporate governance. Therefore, the company has prepared the ADB Disclosure Handbook for the shareholders, investors, public or other stakeholders to ensure that the disclosure of ADB is accurate, equal and comply with the law.

### Authorized Person to Disclose Information

The chief executive officers who are responsible for finance and/or executives assigned to act as the investor relations officers can consider and decide on the content of material information for disclosure. Information may be clarified by the aforesaid persons or be assigned to relevant persons to clarify.

The executives assigned to act as the investor relations officers have the power to hold press conferences, disclose significant information of the company, answer questions of shareholders; investors and securities analysts, coordinate with the owner of the information directly to disseminate the company's material information through the media.

### Disclosure Standards

- Material Non-public Information must be disclosed carefully, accurately, completely and timely, and it must be ensured that the shareholders or investors receive information sufficiently and equally and can easily access to information. Information may be disclosed through the ADB's website as appropriate. In addition, precautions concerning the time of the disclosure must be taken.
- Information concerning expectation of conditions, business directions including forward-looking information must be disclosed with caution, and conditions or assumptions used in such expectations must be informed.
- Material information must be disclosed to the public clearly and fully without any confusion. In addition, the disclosure of material information must be clear and consistent and must not be misleading.
- Other non-material information must be disclosed on a factual basis without the intention to mislead others in terms of facts about the financial position, performance, price, securities or information which may make others understand the increase or decrease of securities.
- Extra precaution must be taken when disclosing information that may affect ADB's business or competition, such as cost information, market share information, etc.

### Definition of "Material Information"

Material Information means any information concerning ADB's business practices which, if disclosed by improper means, could have a significant impact on ADB's ability to operate its businesses or stock prices or influence the investment decision, whether the information is financial, investment or trade secret such as:

1. Financial statements (balance sheet, statement of income, statement of cash flows, statement of changes in shareholders' equity, note to financial statements).
2. Information about the merger, acquisition and disposition of major associated companies/subsidiary companies which may have an impact on or change the ADB's business structure.
3. Information on the acquisition or disposition of securities or investment projects at significant value.
4. Information about distribution and non-distribution of dividend or the change the company's dividend manual.
5. ADB's material information concerning legal disputes.
6. Information about the production or halt of production of ADB products.
7. Information about ADB's manuals or business strategies

8. Forecasting information concerning business conditions, including forward-looking information, particularly profit or loss information.
9. Other information about ADB that may affect the price of securities or influence the decision to invest.

#### Omission and Rectification of Disclosure Errors

Confidential business information or information that, if disclosed, may cause a loss and affect the ability to compete or information that has not yet been finalized or under negotiation which is uncertain must not be disclosed. In addition, information that is beyond realistic forecast or is in a way that promotes unnecessary support without reason should be refrained from using in appropriate words or formats which may mislead the stock price of the company.

In case of disclosure of inaccurate, incorrect, fact-deviant information or inaccurate interpretation or translation in its essence, the chief executive officer and the chief executive responsible for finance or the executives who are assigned to act as the investor relations officers are authorized to clarify the facts in order to obtain the right understanding immediately.

#### Provision information to Specific Individuals

The investor relations officers or assigned persons are responsible for disclosing company's information to the media, securities analysts and shareholders

At a meeting, press conference or any other information provision event to the media or relevant agencies, such disclosed information or resolution of the meeting must be published on the company's website.

#### Actions in case of Information Leakage or Rumor

When there are significant events, erroneous news about the company, invalid and incorrect references, leakage or disclosure material information to other people before time which may cause rumors that affect the stock price and/or the company's operations whether it is positive or negative, the chief executive officer or executives responsible for finance or investor relations officer and/or assigned staff must be responsible for clarifying material information and facts that should be reported through the Stock Exchange of Thailand and various disclosure channels to ensure correct understanding immediately.

#### Prohibition of Securities Trading and Refrain from Providing Information

For the benefit of good corporate governance, the directors and employees are deemed as knowledgeable persons or are likely to acknowledge the internal information of the company which is material to the change of securities price. The aforesaid individuals must follow these steps:

1. Abstain from the purchase, sale, receipt or transfer of securities issued by a company that refers to common share of the company prior to disclosure of financial information to the public.
2. Abstain from disclosing information related to the company's performance during the 30-day period prior to disclosure of the quarter and annual financial statements and within 24 hours after disclosure of such financial statements, as well as abstaining from meeting, providing information, convening a meeting or answering any question related to the company's earnings to the shareholders, investors, securities analysts and the media. In addition, regulations on internal control set by the company must be followed.

## Internal Control

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

The company awareness the importance of good internal control to be effective and efficient in the operation and to be transparent, accountable and have counterbalance power mechanisms. The BOARD OF DIRECTORS has assigned the auditing committee to review the company's performance so that the company has a good internal control and internal audit system to comply with the guidelines of the SET and the Securities and Exchange Commission.

The BOARD OF DIRECTORS assessed the adequacy of the company's internal control system according to the assessment of adequacy of the internal control system of the Office of the Securities and Exchange Commission ("SEC"). According to the information obtained from the administrative department, the assessment of the company's internal control system can be summarized in five areas as follows.

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication
5. Monitoring Activities

The BOARD OF DIRECTORS was of the opinion that in the current situation, the company has management and internal control systems that are adequate and appropriate to the nature of business operations according to the assessment of adequacy of the internal control system of the Office of the Securities and Exchange Commission, and the company has a strict and effective system to control and prevent transactions with major shareholders, directors, executives or related persons of the aforesaid persons.

In addition, the auditing committee reviewed the internal control system and the operating system of the company by coordinated with the auditor, internal control system auditor and the executives of the company concerning audit of the financial statements to ensure adequate and reliable disclosure of information to ensure the company's performance and compliance with the laws on securities and exchange Act, regulations of the Stock Exchange, provisions, notifications and relevant laws relating to the business of the company. The auditing committee's report will be submitted to the BOARD OF DIRECTORS as well as the company's annual report. Such reports will be signed by the chairperson of the auditing committee to protect the company's assets from exploitation or unauthorized use including transactions with conflicting parties and relevant persons by directors or executives.

In 2017 the Audit Committee meeting, Unique advisor who is the outsourcing of internal control unit, KPMG Auditor to attended the meeting and presented the results of the self-examination. The Audit Committee has performed its duties as assigned by the Board of Directors and in accordance with the charter of the Audit Committee. With the surrounding, It has the freedom and freedom to express opinions without any limitation on the information received and the importance of good governance in accordance with the guidelines of the Stock Exchange of Thailand.

The company has appointed Uniqueness Advisors Limited (“Unique” or “Internal Auditor”), an external audit company, to examine and evaluate the adequacy of the overview audit of the company, as well as following up the internal control system continuously to ensure that the company has an effective and efficient internal control system. The internal auditor will prepare a report on the results of the audit of the company’s internal control system. The internal audit report will be submitted to the auditing committee meeting so that company can improve quality of the internal control system which will lead to good corporate governance for the company in the long term and will promote the performance of employees and the organization in accordance with the plans and determined goals. The auditing committee was of the opinion that Unique, which serves as the company’s internal audit agency, is qualified to be the company’s auditor due to profile and experience in auditing companies listed on the Stock Exchange of Thailand and reliability.

#### Opinion of internal auditors on internal control system

In the year 2017, the internal audit division reviewed the internal control system quarterly, reviewing 5 main components of the internal control system that the company has implemented and complied with the policy and internal control system in an appropriate and consistent manner as all issues. The internal auditor has summarized the results of the audit and presented the recommendations and they also discussed the solution with the company’s management and provide a factual report that is detected by the scope of the agreed task due the information that shows in the report includes information that the internal auditor receives from observations by asking questions from staff, supervisors, and administrators and who directly relate to the various systems to find the major defects of the internal control system and bring it back on time.

In order that internal audit objectives are to ensure that the company’s executives are able to operate and provide effective control activities that are effective and effective in preventing or minimizing damages and mistakes can occur and can achieve the objectives of internal control and ongoing monitoring of performance and believe that the company can be implemented within the framework of good internal control framework in 5 aspects and satisfactory performance covers as following issues.

1. The Internal Control System has adequate Effective and practical.
2. The internal control system has implemented effectively.
3. The internal control system has been improved time and act accordingly to changing

## Corporate Social Responsibility Policy (CSR)

The company realizes the responsibilities to the society and environment including all of the stakeholders in the organization and the society under the code of conduct and the anti-corruption policy. The company follows the path of responsibilities to the society of activities formulated by the stock exchange as the guidance for the executives and the employees. The key elements which must be followed as the guidance are divided into 8 items on the following:

1. Fair Business Operation
2. Corruption Ban
3. Respectability of Human Rights
4. Fair Treatment to Labor
5. Responsibility to Consumer
6. Environmental Conservation
7. Co-Development of Community and Society
8. Availability of Innovation and Promotion of Innovation from Operation with Responsibility to Society, Environment and Stakeholder

### Social Responsibilities

Aside from the commercial business operation with the transparent and ethical planning of the structure including the expectation of sustainable business, the company still realizes the responsibilities to the society and environment including all of the stakeholders in the organization and the society emphasizing the participation of community and society for development of sustainable lifestyle and subsistence. However, the 6/2016 Committee Meeting on 13th December 2016 formulated the policy with regard to the responsibilities to the society with the guidance as the activity path for the society by the international standard under the code of conduct and the guidance of responsibilities to the society of activities as the stock exchange formulates eight guidance.

#### ■ Business Operation with Fairness

The company runs the business based on fairness, ethics, honesty and a good relationship between activities including individuals in the governmental agency. The fair treatment to other activities and business partners is also promoted. The company is well-aware that the sustainable and effective growth of business must come with the transparency, operation with standard and well control. The company will justly treat customers and business partners. The company will not demand or receive any unfair benefits from business partners. If not be able not follow any items of the commercial conditions, the company must urgently inform business partners in advance to solve the problem together and not to seek benefits from business competitors by emphasizing the free and fair competition for the mutual benefits of a society. For products, the company permits customers or business partners of the company to complain about imperfection of products. The company will accurately and completely reveal the information of all products of the company. In addition, the company strictly formulates the policy of maintaining customers' information which the company receives from the business operation. The aforementioned information must be normally reserved except the disclosure will be the legal action.

In 2017, the company did not receive any complaints from customers or business partners with regard to the unfair business operation.

#### ■ Anti-Corruption Policy

The company imposes the measure and action against the corruption dramatically. The company consistently follows the principle of anti-corruption policy and supports the executives, the employees and individuals relevant to awareness of corruption which may occur in the company. Furthermore, the company appreciates the importance of anti-corruption process. Therefore, the re-examination of anti-corruption policy compliance is always conducted including the revision of paths and terms in the operation according to the compatibility of changes of business statuses, regulations and clauses.

According to the 2017 policy communication of corruption ban and clue report to the employees and the stakeholders by directly sending the evidence documents to the committee members, the chief executive officer, the senior director of finance and accountancy, the manager of the department of human resources management and the company secretary via mail, email, phone or comment box in various places where the company provides for a clue of corrupted and unfair action in the last few years, the company has not been reported any clues of corruption.

### ■ Respectability of Human Rights

The company is aware of the importance of respectability of human rights to the stakeholders among the employees, the communities and the surrounding societies. The company lets those people respect a value of humanity which will be treated with equity and equality; will not violate human rights anyhow, will not treat only a group of people in the following differences: races, nationalities, religions, languages, skin colors, genders or physical conditions, will not let the company's business get involve violation of human rights whether it be child labor, labor enforcement or sexual harassment so that the respectability of human rights will be more effective. Therefore, the company promotes and gives the opportunity to the employees, the communities and the societies to express their opinions or complain about being violated the rights. If the company or the employees in the company has the action similar to violating the rights or making the trouble to anyone in the communities and the societies, the watchers who see the aforementioned situation can complain to the department of human resources of the company.

The company has seriously followed the labor law and has not been reported any complaints about violating the rights or making the trouble to anyone in the organization or the communities.

### ■ Fair Labor Practices

The company follows the path of fairness and equality to all employees conforming to the legal protection. The company legally and morally operates and respects the private rights for sustainability and peace along with promoting the opportunity and progress in working, developing the employees' potentiality and supervising the employees' standard of living such as providing welfares to the employees as required by law, providing securities and good sanitations in working including defensive measures against accidents, improving the employees' conscious mind towards securities, holding training courses, appointing and removing the personnel in the company, rewarding and punishing the employees based on fairness and legality and giving the opportunity to the employees to express their opinions or complaints about operation to the department of human resources.

The company has justly treated and promoted all employees. The seminar is always held inside and outside to more improve the employees' potentiality in working. In 2017, the company did not dispute with the employees of the company.

### ■ Responsibility to Consumer

The company purposes to run the business to manufacture the products with standard and morality under the following principles of operation:

- To aim for the development of products to respond customers' need;
- To accurately give the information of all products of the company to customers so that customers have enough information to make a decision of purchase without exaggeration both in the adverts and other communication channels;
- To justly treat customers towards the products or after-sales service by not treating only specific customers and not revealing customers' information;
- To give the opportunity to customers to complain about the problem from the improper products or services for improvement to customers, and the company can use the aforementioned to develop the products and services of the company in the future;
- To consistently research and develop the products and their qualities for customers' need and business value.

In 2017, the company did not dispute with any customers or consumers.



#### ■ Environmental Conservation

The company appreciates the communities and the surrounding societies with awareness that the company is a part of the societies and purposes to develop the societies and environments along with the communities. Therefore, the company formulates the policy for business operation which significantly considers the environments and formulates the effective waste disposal against the bad impact on the environments and the communities nearby. In Moreover, the company also promotes the executives and all levels of the employees of the company to be conscious and responsible for the environments and the societies by a campaign in the organization and activities. The aforementioned campaign is to use the resource effectively, to waste them as little as possible and to reuse or recycle them to reduce the amount of refuse including the various measure of energy saving.

In 2017, the company held the activities and campaigns and promotes the sorts of refuse with a correct method so that all employees of the company would comprehend the various refuse types, the problems and the impacts from refuse, how to sort out refuse, how to reduce the amount of refuse, how to reuse refuse and how to get rid of refuse with a correct method. However, the company has not been complained about the environments nearby the company.

#### ■ Co-Development of Community and Society

The company is aware of a unity of the communities with the policy of responsibilities to the society to keep developing the business sustainably along with caring the environments and the community securities. The company makes an operation plan to be responsible for the societies on the following: to support employee recruitment from the communities, to support and assist the capital to schools and disadvantaged children in the communities and isolated areas in a province such as Wat Thung Hiang, Chonburi; Nong Numkhaw Charoenraj School, Chachoengsao and makes an operation plan to be responsible for the employees inside on the following: to provide scholarships for employees' children who are well-educated, to provide medical welfares, to provide checkup welfares and other welfares required by law.

In 2017, the company formulated the policy of recruiting new employees in the communities and was responsible for the societies by holding a CSR activity at Wat Ta Katum School, Kanchanaburi which granted a sportswear and sport equipment, renovated a kindergarten classroom, held an activity promoting agriculture, granted a scholarship to well-educated students and donated money.

#### ■ Innovation and Publication

The company will support the availability of innovation in operation in the organization and interpersonal cooperation; that is to say, doing a thing by new methods and changing production or an idea to add values. However, the goal of innovation is to positively make a change for various things and better ways. Therefore, the innovation promotion is considered the responsibility to the societies by communicating and publicizing to the stakeholders directly and indirectly or via communication channels to make sure that the company's stakeholders can access the news of the company all over.

Aside from above, the company will make an idea or new thing which is different from the past and covers business, economy, societies, technology and environments for the company's benefits or the social benefits.

The executives have announced the policy to the employees in all departments to think of innovation or any process which can reduce the capital of production, materials or new formula of production. It is proved, accepted and confirmed by the department of business development, plus it is rewarded. If it will be registered a patent, it will be specially considered. The policy has been launched since January 2018.

### Activities for Social and Environmental Benefits (After Process)

The company focuses on the business operation and appreciates the participation and good relationship creation among the business, the communities and the societies. Lately, the company has held projects and activities which promote to make benefits of social and environmental development every year. The company mainly purposes to have all employees be conscious to social development on the following:

#### Buddhist Activity

The company held an activity of practicing the dharma, granting essentials, granting food and offerings at Wat Thung Hiang, Chonburi. The purpose was to promote Buddhist activities to the executives and the employees.



#### Activity of Thai Youth Support and Development

The company provided lunch, grants scholarships to the well-educated students and grants presents to youths at Wat Thung Hiang, Chonburi. The purposes were to promote the educational opportunity to youths and urge the employees to be aware of participation in social activities.



The company held an activity of granting items and educational equipment, granting scholarships to the well-educated students, renovating a playground in the school and donating money at Nong Numkhaw Charoenraj School, Chachoengsao. The purposes were to promote the educational opportunity to youths, promote teaching and urge the employees to be aware of participation in social activities.







On 9th September 2017, the company held an activity of granting a sportswear and sport equipment, renovating a kindergarten classroom, holding an activity of agricultural promotion, granting a scholarship to the well-educated students and donating money at Wat Ta Katum School, Kanchanaburi. The purposes were to promote the educational opportunity to youths, promote teaching and urge the employees to be aware of participation in social activities.



On 24th December 2017, the company along with Green Energy Company Limited donated items to take care of the school and held an activity with 37 kindergarten students and 50 teachers at Mae Fah Luang Thai Phu Khao Community Education Center, Baan Pa Mai Daeng, Kid Chang Sub-district, Mae Tang District, Chiang Mai. The purpose was to assist societies and disadvantaged children in an isolated area.



#### Activity of In-Organization Promotion and Development

Since 2014, the company has launched the policy of energy saving, displayed a tag which indicates used hours on all office appliances and set up the team of energy management with the intention of effectively managing the company's energy required by law so that the company can use the energy resource of the organization consistently and properly to the business and technology.

According to the use of energy saving policies such as displaying a campaign poster, reducing the use of energy at noon and setting up which made the number of energy uses in 2017 when comparing to the thermal energy lower than 20 million MJ per year, still, it was in the Regular Control Criteria at Controlled Factory of the Energy Conservation Promotion Act B.E. 2535; the heat did not reach 20 million MJ per year.

Moreover, the company held an activity of granting scholarships to the employees' children who are well-educated as the welfare for the company's employees. The company will allocate the budget for scholarships every year with the intention of promoting the educational opportunity to the employees' family; it is considered enhancing the employees' living better in the future and creating a good relationship between among the employees and the company.



#### Activity for Social and Environmental Benefits

The company held an activity and campaign and promoted the sorts of refuse with a correct method so that all employees of the company would comprehend the various refuse types, the problems and the impacts from refuse, how to sort out refuse, how to reduce the amount of refuse, how to reuse refuse and how to get rid of refuse with a correct method considered reducing the amount of refuse in the company which makes the environments in communities better including promoting the employees to harmonize with one another for refuse management in each department.



According to the project of promoting the sorts of refuse with a correct method, three factories were satisfying. Most employees cooperated to sort out refuse. This makes the organization full of cleanness and sanitation. However, in 2018, the company will expand the environmental system for better workplaces and environments in the company.

In addition, the company also considers an area and community in the country where is impacted from flood or other disasters. The company will give a hand them such as donating money for people who encounter flood in the southern part of Thailand at the beginning of 2017.



## Connected Transactions

### 1. A party who may have conflicts of interest and relationship

The company proceeds connected transactions with a party who may have conflicts of interest including the Board of Directors, shareholders, management and related companies which refer to any companies that have a party who may have conflicts of interest with the Company and is related to Board of Directors, management and shareholders. The relationships can be summarized as follows.

Party / Juristic Person who may have conflicts of interest	Relationships
C. P. L. Group Public Company Limited	<ul style="list-style-type: none"> <li>- Manufacturer and distributor of finished leather products and safety equipment and personal protective equipment</li> <li>- Share the same director who is Mr. Mongkol Laoworapong.</li> <li>- Have shareholders who are Mr. Manit Wongcharoensin, Mr. Puwasit Wongcharoensin, Mr. Wiwat Wongcharoensin and Mr. Suwatchai Wongcharoensin (Wongcharoensin Family) who are the Company's major shareholders holding 1.64%, 4.51%, 8.13% and 4.90% of paid-in registered capital of 418.89 million baht respectively.</li> </ul>
CS Rubber Industry Company Limited	<ul style="list-style-type: none"> <li>- Manufacturer, importer and exporter of rubber products</li> <li>- Shareholders are Mr. Manit Wongcharoensin, Mr. Puwasit Wongcharoensin, Mr. Wiwat Wongcharoensin and Mr. Suwatchai Wongcharoensin (Wongcharoensin Family) who are the Company's major shareholders, holding 10.63% of paid-in registered capital of 90 million baht per person.</li> </ul>
Charoensin Asset Company Limited	<ul style="list-style-type: none"> <li>- Real estate business and real estate for sale and leasing</li> <li>- Share the same director who is Mr. Mongkol Laoworapong.</li> <li>- Shareholders are Mr. Manit Wongcharoensin, Mr. Puwasit Wongcharoensin, Mr. Wiwat Wongcharoensin and Mr. Suwatchai Wongcharoensin (Wongcharoensin Family) who are the Company's major shareholders, holding 6.87%, 2.15%, 6.87% and 2.15% of paid-in registered capital of 1,200 million baht respectively.</li> </ul>
Pangolin Safety Products Company Limited (Formerly named "Safety Shoes Company Limited")	<ul style="list-style-type: none"> <li>- Manufacturer and distributor of genuine and artificial leather shoes and all types of leather products</li> <li>- Shareholders are Mr. Manit Wongcharoensin, Mr. Puwasit Wongcharoensin, Mr. Wiwat Wongcharoensin and Mr. Suwatchai Wongcharoensin (Wongcharoensin Family) who are the Company's major shareholders, holding 12.19%, 14.38% and 12.25% of paid-in registered capital of 100 million baht respectively.</li> </ul>
Thai Wiring System Company Limited	<ul style="list-style-type: none"> <li>- Manufacturer and distributor of wire meshes</li> <li>- Share the same director who is Mr. Wutthichai Wongcharoensin.</li> <li>- Shareholders are Mr. Manit Wongcharoensin, Mr. Puwasit Wongcharoensin, Mr. Wiwat Wongcharoensin and Mr. Suwatchai Wongcharoensin (Wongcharoensin Family) who are the Company's major shareholders, holding 12.50%, 6.25%, 12.50% and 7.00% of paid-in registered capital of 72 million baht respectively.</li> </ul>



Party / Juristic Person who may have conflicts of interest	Relationships
All New Vision Company Limited	<ul style="list-style-type: none"> <li>- Operate trading business such as health and beauty products, fashion products, office equipment and home equipment etc., mainly focusing on E-Commerce.</li> <li>- Share the same director who is Mr. Wang Wanapraisson.</li> <li>- Shareholder is Mr. Wang Wanapraisson who is a director and the Company's major shareholder, holding 96.00% of paid-in registered capital of 5 million baht.</li> </ul>
Showa Global (Thailand) Company Limited* Note: Showa Global (Thailand) Company Limited is not a party who may have conflicts of interest according to the definition announced in the Notification of the Securities and Exchange Commission No. KorJor. 17/2551, it is disclosure of information.	<ul style="list-style-type: none"> <li>- Wholesale distributor of rubber and primary plastic</li> <li>Share major shareholders with Showa Kasei Kogyo Company Limited. Showa Global Company Limited is the Company's shareholder holding 3.33% of paid-in registered capital of 300 million baht.</li> </ul>
Vina Showa Company Limited* Note: Vina Showa Company Limited is not a party who may have conflicts of interest according to the definition announced in the Notification of the Securities and Exchange Commission No. KorJor. 17/2551, it is disclosure of information.	<ul style="list-style-type: none"> <li>- Manufacturer of plastic products who shares a major shareholder with Showa Global Company Limited namely Showa Kasei Kogyo Company Limited. Showa Global Company Limited is the Company's major shareholder holding 3.33% of paid-in registered capital of 300 million baht.</li> </ul>
TVDI Vietnam Company Limited	<ul style="list-style-type: none"> <li>- Distributor of home equipment</li> <li>- All New Vision Company Limited is a shareholder. Shareholders of All New Vision Company Limited is Mr. Wang Wanapraisson, who is a director and the Company's major shareholder holding 96.00% of paid-in registered capital of 5 million baht.</li> </ul>
Mr. Wang Wanapraisson	<ul style="list-style-type: none"> <li>- Being a director who has the authority to sign to bind the Company.</li> <li>- Being the Company's management, holding a position of Chief Executive Officer.</li> <li>- Being the Company's major shareholder holding 11.07% of paid-in registered capital of 300 million baht.</li> </ul>
Mr. Pawat Wongtangtrakul	<ul style="list-style-type: none"> <li>- Being a director who has the authority to sign to bind the Company.</li> <li>- Being the Company's shareholder holding 3.70% of paid-in registered capital of 300 million baht.</li> </ul>
Mrs. Usa Wongcharoensin	<ul style="list-style-type: none"> <li>- Being the Company's former management, holding a director of accounting and financial department.</li> <li>- Being a wife of Mr. Rattanachai Wongcharoensin and a mother of Mr. Wutthichai Wongcharoensin, a director who has the authority to sign to bind the Company.</li> </ul>

## 2. Details of connected transactions

Connected transactions the Company makes with a party/a juristic person who may have conflicts of interest on December 31, 2016 and 2017 are as follows.

### 2.1 Transactions related to purchase and sale of the Company's products

Nature of Transaction	Transaction Value (THB)		Necessity / Reasons for the Transaction	Opinion from Audit Committee
	Jan – Dec 2016	Jan – Dec 2017		
C. P. L. Group Public Company Limited  <u>Selling</u> Sale revenue  Trade receivables	  96,000  2,400	  1,761,231  368,850	The Company sells adhesives and PVC compound to C. P. L. Group Public Company Limited. Sales prices and gross profit margins can be comparable to those made for outsiders. Average gross profit margin the Company makes can be comparable to those on outsiders. These commercial transactions are normal business operations which determine sales prices considered by appropriateness of sales volume and sales prices and trade terms in the same way as the Company does to other customers. Any transactions made in the 2nd quarter of 2017 under C. P. L. Group Public Company Limited were from Pangolin Safety Products Company Limited's business transfer. Therefore, they are presented in the Company's trade and trade receivables, disclosed in connected transactions with Pangolin Safety Products Company Limited.	The Audit Committee agrees that proceeding the transactions are reasonable because such transactions the Company's normal business operations. Such transactions are subject to the Company's general business conditions which the sales prices and gross profit margins are comparable to the sales prices and average gross profit margins made from selling adhesives and PVC compound to outsiders and do not make the Company lose any interest.
CS Rubber Industry Company Limited  <u>Selling</u> Sale revenue  Trade receivables	  12,852  5,508	  12,852  5,508	The Company sells thinners to CS Rubber Industry Company Limited. The products are developed from solvent which is a main material of adhesives. Thinners are not the Company's main products but they are produced from adhesive materials and can increase the Company's additional revenue. The Company sells thinners not only to CS Rubber Industry Company Limited but also to external customers. The thinners' prices sold to CS Rubber Industry Company Limited are comparable to those sold to outsiders. Average gross profit margin the Company makes can be comparable to those on outsiders and comparable to average gross profit margin made from general adhesives and sealants. Commercial transactions are normal business operations which determine sales prices considered by appropriateness of sales volume and sales prices and trade terms in the same way as the Company does to other customers.	The Audit Committee agrees that proceeding the transactions are reasonable because such transactions the Company's normal business operations and can increase the Company's additional revenue by utilizing the Company's raw materials. Such transactions are subject to the Company's general business conditions which the sales prices and gross profit margins are comparable to the sales prices and average gross profit margins made by selling adhesives to outsiders and do not make the Company lose any interest.

Nature of Transaction	Transaction Value (THB)		Necessity / Reasons for the Transaction	Opinion from Audit Committee
	Jan – Dec 2016	Jan – Dec 2017		
Charoensin Asset Company Limited  <u>Selling</u> Sale revenue  Trade receivables	  3,396,250  57,000	  238,700  -	The Company sells emulsion paint to Charoensin Asset Company Limited (“Charoensin Asset”) solely because such emulsion paint is not the Company’s main product generally sold in the market. The Company does not sell such product to other customers and it is not comparable to the Company’s general sales price. However, a material for emulsion paint is solvent, a main material for manufacturing adhesives. In addition, manufacturing emulsion paint does not affect any changes or increase the Company’s manufacturing procedures. Emulsion paint can be manufactured by the existing machines. The Company considers that manufacturing such emulsion paint increases opportunity for making revenue. The Company sells emulsion paint with the price slightly lower than other emulsion paint in the market. However, the Company increased the sales price and gross profit margin which is comparable to average gross profit margin made from general adhesives and sealants. This is subject to the policy of selling products to related persons, approved by the resolution of the Board of Directors Meeting No. 6/2016 on December 13, 2016. It is effective henceforth.	The Audit Committee agrees that proceeding the transactions do not make the Company lose any interest because such trading does not cause any changes in the Company’s manufacturing procedures. In addition, the Company instituted policy of selling products to related persons, approved by the resolution of the Board of Directors Meeting No. 6/2016 on December 13, 2016. It is effective henceforth.
Pangolin Safety Products Company Limited  <u>Selling</u> Sale revenue  Trade receivables	  3,319,870  226,510	  958,605  -	The Company sells adhesives and PVC compound to Pangolin Safety Products Company Limited. Some transactions have sales prices and gross profit margins lower than those for outsiders. However, the Company has adjusted the sales prices with gross profit margin comparable to average gross profit margin made from selling general PVC compound and adhesives. This is subject to the policy of selling products to related persons, approved by the resolution of the Board of Directors Meeting No. 6/2016 on December 13, 2016. It is effective henceforth.	The Audit Committee agrees that proceeding the transactions are reasonable because such transactions the Company’s normal business operations. Such transactions are subject to general trade terms policy and the policy of selling products to related persons, approved by the resolution of the Board of Directors Meeting No. 6/2016 on December 13, 2016. It is effective henceforth. Any transactions made in the 2nd quarter of 2017 with Pangolin Safety Products Company Limited are presented in C. P. L. Group Public Company Limited’s trading and trade receivables because all Pangolin Safety Products Company Limited’s businesses were transferred to C. P. L. Group Public Company Limited.

Nature of Transaction	Transaction Value (THB)		Necessity / Reasons for the Transaction	Opinion from Audit Committee
	Jan – Dec 2016	Jan – Dec 2017		
<p>Thai Wiring System Company Limited</p> <p><u>Selling</u> Sale revenue</p> <p>Trade receivables</p>	<p>1,694,400</p> <p>-</p>	<p>2,004,000</p> <p>-</p>	<p>The Company sells PVC Compound with special properties and specially manufactured for Thai Wiring System Company Limited (“Thai Wiring System”) solely. Therefore, the sales price cannot be comparable to the Company’s general price. Manufacturing such product does not affect any changes or increase the Company’s manufacturing procedures. However, the profit margin made from such product is lower than the gross profit margin made from other types of PVC compound products because the Company has changed the formula with the aim of reducing the manufacturing cost. Nevertheless, customers cannot use such product, the Company uses the existing formula. The Company negotiated the sales price with Thai Wiring System before starting manufacturing according to the Purchase Order in December 2017 and the Company shall gradually deliver products in 2017. As a result, the sales price cannot be changed. This results in high manufacturing cost and average gross profit margin lower than average gross profit margins made from other types of PVC compound. The Company has already delivered all products made in the purchase order. The Company has adjusted the sales price with gross profit margin comparable to average gross profit margins made from the Company’s general PVC compound for the next order. The Company does not sell such product to Thai Wiring System Company Limited since July 2017. The Company has adjusted the sales price so as to refer to average gross profit margins made from general PVC compound.</p>	<p>The Audit Committee examines and strongly requests the Company’s Board of Directors and executives to participate in examining such connected transactions. It is suggested that the sales price with gross profit margin shall be comparable to average gross profit margins made from the Company’s PVC compound and shall be subject to the policy of selling products to related persons, approved by the resolution of the Board of Directors Meeting No. 6/2016 on December 13, 2016. It is effective henceforth.</p>
<p>All New Vision Company Limited</p> <p><u>Selling</u> Sale revenue</p> <p>Trade receivables</p>	<p>277,305</p> <p>-</p>	<p>-</p> <p>-</p>	<p>The Company sells silicone which is under adhesive and sealant products to All New Vision Company Limited. Sales price is comparable to those made for outsiders. Gross profit margin is comparable to average gross profit margin the Company makes from selling such product to outsiders. These commercial transactions are normal business operations which determine sales prices considered by appropriateness of sales volume and sales prices and trade terms in the same way as the Company does to other customers.</p>	<p>The Audit Committee agrees that proceeding the transactions are reasonable because such transactions the Company’s normal business operations. Such transactions are subject to the Company’s general business conditions which the sales prices and gross profit margins are comparable to the sales prices and average gross profit margins made from selling adhesives to outsiders and do not make the Company lose any interest.</p>

Nature of Transaction	Transaction Value (THB)		Necessity / Reasons for the Transaction	Opinion from Audit Committee
	Jan – Dec 2016	Jan – Dec 2017		
Pangolin Safety Products Company Limited  <u>Purchasing</u> Cost of sales  Account receivable	  230,405  19,089	  79,496  -	The Company purchases personal protective equipment from Pangolin Safety Products Company Limited to use in the Company's factories. Sales prices are comparable to those offered by other business partners. The Procurement Department compares the prices according to the Company's procurement policy and proposes to executives for an approval.	The Audit Committee agrees that proceeding the transactions are reasonable because such transactions support the Company's normal business operations. Such transactions are subject to the Company's general trade terms and procurement policy. The Company considers and proceeds the transactions in the same way the Company does with other business partners.
C. P. L. Group Public Company Limited  <u>Purchasing</u> Cost of sales  Account receivable	  -  -	  12,379  3,929	The Company purchases personal protective equipment from C. P. L. Group Public Company Limited to use in the Company's factories. The Company had purchased such personal protective equipment with Pangolin Safety Products Company Limited before the merger took place. The sales prices are comparable to those given by other business partners. The Procurement Department compares the prices according to the Company's procurement policy and proposes to executives for an approval.	The Audit Committee agrees that proceeding the transactions are reasonable because such transactions support the Company's normal business operations. Such transactions are subject to the Company's general trade terms and procurement policy. The Company considers and proceeds the transactions in the same way the Company does with other business partners.

Nature of Transaction	Transaction Value (THB)		Necessity / Reasons for the Transaction	Opinion from Audit Committee
	Jan – Dec 2016	Jan – Dec 2017		
<p>TVDI Vietnam Company Limited</p> <p><u>Selling</u></p> <p>Sale revenue</p> <p>Trade receivables</p>	<p>616,790</p> <p>597,648</p>	<p>3,959,666</p> <p>-</p>	<p>The Company sells adhesives to TVDI Vietnam Company Limited (“TVDI Vietnam”) to be distributed in Vietnam because the Company sees a business opportunity in Vietnam’s shoes markets with growing demand. From 2016 to the 1st quarter of 2017, the Company sold products to TVDI with the sales prices comparable to those made for outsiders. Gross profit margins are comparable to average gross profit margins the Company make from selling such products to outsiders. These commercial transactions are normal business operations. However, after doing marketing for a certain period of time, the Company found that Vietnam’s shoes markets are highly competitive. The Company is a new distributor and needs to reduce prices and maintain product quality to do the marketing so as to be compete with other competitors in Vietnam’s markets. As a result, in 2nd and 3rd quarters of 2017, the Company sold products to TVDI Vietnam which cost 2,724,793 million baht with sales prices and gross profit margins lower than those made with general customers to compete with other competitors in Vietnam’s markets. In the board of director meeting, the Company decided to terminate the transactions with TVDI Vietnam Company Limited. This was proposed to the board of director meeting in last August so as to prevent any loss of interest. The latest transaction was made in July 2017 and the total amount of the purchase has already been paid.</p>	<p>The Audit Committee examines and states that the Company sold products to TVDI Vietnam Company Limited in the 3rd quarter of 2017 with the sales prices and gross profit margins lower than those made for general customers with the aim of creating the Company’s brand in Vietnam’s markets. The management permanently terminated such transactions. The last delivery was made in July 2017 and the Company does not make any sales. The Audit Committee strongly emphasizes on strictness of transactions made with a related person or juristic person, which must not make the Company lose any interest. The sales prices can be comparable to other customers and gross profit margins can be comparable to average gross profit margins of that business.</p>

## 2.2 Transactions related to the Company's rental and transportation fees

Nature of Transaction	Transaction Value (THB)		Necessity / Reasons for the Transaction	Opinion from Audit Committee
	Jan – Dec 2016	Jan – Dec 2017		
<p>All New Vision Company Limited</p> <p><u>Warehouse leasing fee</u> Other revenue</p> <p>Trade receivables</p>	<p>184,854</p> <p>-</p>	<p>-</p> <p>-</p>	<p>The Company gains warehouse leasing fee from All New Vision Company Limited. The leasing period is 1 year 4 months, starting from September 1, 2015 to December 31, 2016. The leasing fee is 22,500 baht per month. This leasing fee is similar to the fee in general lease agreement in Bangpoo Industrial Estate and the leasing conditions are similar. However, the Company terminated the lease agreement on June 30, 2016. Therefore, the revenue from the leasing fee does not appear in the 3rd quarter of 2016 henceforth.</p>	<p>The Audit Committee examines and states that such transaction is related to past property list or services which are terminated at the present. The Company gains interest from warehouse leasing from All New Vision Company Limited and the leasing fee the Company</p>
<p>All New Vision Company Limited</p> <p><u>Shipping fee</u> Other revenue</p> <p>Trade receivables</p>	<p>1,119</p> <p>-</p>	<p>-</p> <p>-</p>	<p>The Company gains shipping fee from All New Vision Company Limited which is subject to the shipping fee policy based on fee rates given to general customers. The Company sets domestic shipping fee rates according to truck types, loads, distance and zones to deliver in clear written form.</p>	<p>The Audit Committee examines and states that the transactions are reasonable because such transactions are subject to the shipping fee policy based on fee rates given to general customers. The Company collects fee based on actual distance and the set fee rate. Therefore, proceeding such transactions are reasonable and do not make the Company lose any interest.</p>



2.3 The Company's and a party/a juristic person who may have conflicts of interest's guarantee transactions on December 31, 2016 and 2017 are as follows.

The Company has loan guarantee transactions with commercial banks proceeded by the Company's Board of Directors who are Mr. Wang Wanapraisorn and Mr. Pawat Wongtangtrakul as follows.

Guarantors	Value of connected transactions (Baht)		Necessity / Reasons for the Transaction	Opinion from Audit Committee
	Jan – Dec 2016	Jan – Dec 2017		
1. Mr. Wang Wanapraisorn	258,319	-	<p>The Company has loan guarantors for commercial banks as follows.</p> <ol style="list-style-type: none"> <li>1) Kasikorn Bank</li> <li>2) Siam Commercial Bank</li> <li>3) Thai Military Bank</li> <li>4) Mega International Commercial Bank</li> </ol> <p>There are 2 guarantors for obtaining loans from above financial institutes including Mr. Wang Wanapraisorn and Mr. Pawat Wongtangtrakul because it is subject to the conditions for applying for a credit line from financial institutes to use the Company's business operations based on the conditions of commercial banks. Such guarantees bear interest at the rate of 0.1% of the outstanding balance at the end of the period of December 31 each year. The return was approved by the Board of Directors Meeting No. 1/2014. Since the Company has a plan to register in the Stock Exchange of Thailand, the Company has considered to cancel the mentioned return. The last year to give such return was 2016. The consideration for giving payment was based on outstanding loans in the fiscal year ending on September 30, 2016 which equals 516,637,763 baht and such return was paid in December 2016.</p>	<p>The Audit Committee agrees that the guarantees are reasonable because such transactions support the Company's normal business operations. Obtaining loans from financial institutes for working capital and to increase liquidity and is subject to conditions of applying for a credit line from financial institutes requests 2 guarantors who are Mr. Wang Wanapraisorn and Mr. Pawat Wongtangtrakul. Therefore, these transactions are reasonable and are for the Company's interest. However, according to the plan of registering in the Stock Exchange of Thailand, cancellation of remuneration for the Board of Directors who guaranteed the loans was proposed to the board of director meeting No. 3/2016. The last remuneration for guarantors was paid in December 2016 based on the outstanding loans from commercial banks as on September 30, 2016.</p>
2. Mr. Pawat Wongtangtrakul	258,319	-		

2.4 Executive retirement compensation and special remuneration for the Company's founders to the management on December 31, 2016 and 2017 are as follows.

Transactions	Value of connected transactions (Baht)		Necessity / Reasons for the Transaction	Opinion from Audit Committee
	Jan – Dec 2016	Jan – Dec 2017		
<p>Mr. Pawat Wongtangtrakul</p> <p><u>Special remuneration for the Company's founder</u></p> <p>Administrative expenses</p> <p>Payables of special remuneration for the Company's founder</p>	-	-	<p>The board of director meeting No. 1/2015 approved special remuneration to Mr. Pawat Wongtangtrakul as he is the Company's founder who greatly has contributed himself to the Company in many aspects. The transaction appears in the financial statement 2015 and the total amount was paid in 2015. The payment was made in 2015 and 2016 at 6.00 million baht and 4.00 million baht is still outstanding. In 2016, the balance brought forward from other account receivables was at 4.00 million baht. Since the Company is preparing to register in the Stock Exchange of Thailand, the Company has already paid such remuneration in the 1st quarter of 2017 and the special remuneration will not appear in the future.</p>	<p>The transaction had taken place before the Audit Committee was appointed. However, the Audit Committee agrees that such transaction was proceeded as remuneration to the Company's founder who contributes himself to the Company in many aspects since the Company was first operated until now. In addition, such transaction was already approved by the board of director meeting No. 1/2015 so the transaction is reasonable.</p>
<p>Mr. Pawat Wongtangtrakul</p> <p><u>Special remuneration for the Company's founder</u></p> <p>Administrative expenses</p> <p>Payables of special remuneration for the Company's founder</p>	-	-	<p>The board of director meeting No. 1/2015 approved special remuneration to Mr. Wang Wanapraison as he is the Company's founder who established the Company and contributes himself to the Company in many aspects. The transaction appeared in the financial statement 2015. The balance is still outstanding. In 2016, the balance brought forward of 10.00 million baht as the employees' obligation. Since the Company is preparing to register in the Stock Exchange of Thailand, the Company has already paid such remuneration in the 1st quarter of 2017 and the special remuneration will not appear in the future.</p>	<p>The transaction had taken place before the Audit Committee was appointed. However, the Audit Committee agrees that such transaction was proceeded as remuneration to the Company's founder who contributes himself to the Company in many aspects since the Company was first operated until now. In addition, such transaction was already approved by the board of director meeting No. 1/2015 so the transaction is reasonable.</p>
<p>Mrs. Usa Wongcharoensin</p> <p><u>Retirement compensation</u></p> <p>Administrative expenses</p> <p>Other payables</p>	1,800,000	-	<p>As the Company received a resignation letter of Mrs. Usa Wongcharoensin, a director of accounting and financial department which was effective on December 31, 2016 and according to the labor law and the Company's regulations stating that any employees who work for the Company more than 10 years and are due on retirement or resign, the Company must pay retirement compensation to such employees for 10 months. The latest salary before resigning is considered. Therefore, the Company considers and pays the compensation to Mrs. Usa Wongcharoensin on December 31, 2016.</p>	<p>The Audit Committee examines and agrees that the transaction is a normal business operation because it is the Company's retirement compensation paid to a retired employee in accordance with the labor law and the Company's regulations. Therefore, such transaction is reasonable.</p>

Transactions	Value of connected transactions (Baht)		Necessity / Reasons for the Transaction	Opinion from Audit Committee
	Jan – Dec 2016	Jan – Dec 2017		
Mrs. Usa Wongcharoensin				
<u>Special remuneration for the Company's founder</u>				
Administrative expenses	10,000,000	-	As Mrs. Usa Wongcharoensin, the Company's director officially resigned from the Company's director which was effective on December 31, 2016, the Company considers that Mrs. Usa Wongcharoensin not only served as the Company's director but also as the Company's founder in cooperation with Mr. Wang Wanapraisorn and Mr. Pawat Wongtangtrakul. She contributed herself to the Company in many aspects. The Company considered and paid 10 million baht as special remuneration for the Company's founder to Mrs. Usa Wongcharoensin. This applied with another 2 founders and the special remuneration will not appear in the future.	The Audit Committee examines and agrees that special remuneration given to Mrs. Usa Wongcharoensin who is one of the Company's founders is a remuneration for those who contribute themselves to the Company in many aspects since the Company was first operated until now. In the past, the Company approved such remunerations to another 2 company's founders including Mr. Wang Wanapraisorn and Mr. Pawat Wongtangtrakul in 2015. The transaction is reasonable.
Payables of special remuneration for the Company's founder	10,000,000	-		

2.5 Connected transactions with Showa Global (Thailand) Company Limited and Vina Showa Company Limited who are not a party who may have conflicts of interest according to the definition announced in the Notification of the Securities and Exchange Commission No. KorJor. 17/2551 but it is disclosure of information

Transactions	Value of connected transactions (Baht)		Necessity / Reasons for the Transaction	Opinion from Audit Committee
	Jan – Dec 2016	Jan – Dec 2017		
Showa Global (Thailand) Company Limited				
<u>Selling</u>				
Sale revenue	18,468,594	20,843,374	The Company sells PVC compound to Showa Global (Thailand) Company Limited ("Showa (Thailand)") divided into: 1) Soft PVC compound for wire and cable in specified grade set by Showa (Thailand). The Company purchases raw materials from Showa (Thailand) and solely manufactures PVC compound for Showa (Thailand) in a type set by Showa (Thailand). Manufacturing cost is subject to set rate so it cannot be comparable to cost given to other customers. The Company has adjusted the prices and manufacturing cost collected from Showa (Thailand) to be at the appropriate rates with gross profit margins similar to those made from selling PVC compound to outsiders.	The Audit Committee examines and states that: 1) Some transactions of soft PVC compound for wire and cable has gross profit margins lower than average gross profit margins made from PVC compound products which are not reasonable and do not give any interest to the Company. As a result, after improving sales price calculation with Showa (Thailand), which was effective in November henceforth, the Company shall sell products with gross profit margins comparable to those made from other PVC compound products and be subject to the policy of selling products to related persons, approved by the resolution of the Board of Directors Meeting No. 6/2016 on December 13, 2016. It is effective henceforth.
Trade receivables	3,883,409	10,689,572		

Transactions	Value of connected transactions (Baht)		Necessity / Reasons for the Transaction	Opinion from Audit Committee
	Jan – Dec 2016	Jan – Dec 2017		
			<p>2) Medical grade PVC compound sold in the 1st quarter of 2017 is only product sample solely manufactured for Showa (Thailand). As a result, no profit is made from the manufacturing. The price rate is similar to the rate of trading business which cannot be comparable to prices given to other customers. This is because the product is solely manufactured and sold to Showa (Thailand). The Company signed Memorandum of Understanding (MOU) with Showa (Thailand) for manufacturing medical grade PVC compound on February 21, 2017.</p> <p>MOU consists of the following conditions.</p> <p>8.1) Quantity and prices of purchasing raw materials from Showa (Thailand)</p> <p>8.2) Sales prices for the Company as manufacturing and selling products to Showa (Thailand).</p> <p>8.3) Accurate timeline for business plans</p> <p>8.4) Target customers and manufacturing goals of each year</p> <p>Consideration and review will be made every year by the Board of Directors. For a joint consideration between the Company's management and Showa (Thailand) in October 2017, improvement on sales price calculation between the Company and Showa (Thailand) shall be made. The details are as follows.</p> <p>For general sale, (in case of 1,000 kilograms or above is ordered) normal sales prices are applied by increasing prices based on gross profit margins the Company receives from other customers.</p> <p>For sample product sale, (in case of lower than 1,000 kilograms is ordered) the Company sets manufacturing cost per hour (4 hours is a minimum). A manufacturing hour is based on labor cost and actual overhead cost. Cost of raw materials is calculated separately from service cost. In addition, sales prices/service rates shall be approved by the Company's management before manufacturing product sample for Showa (Thailand). Therefore, gross profit margins in the 4th quarter for product selling and related service cost can be comparable to those given to the Company's other customers.</p>	<p>2) For medical grade PVC compound the Company solely manufactured for Showa (Thailand), the Audit Committee examines and states that the transactions were aimed for research and development on medical grade PVC compound products which will equip the Company with new know-how that can be applied for further business development in the future. However, based on considering the existing Memorandum of Understanding (MOU) signed by the Company and Showa (Thailand), such transactions are not reasonable and make the Company loss interest. As a result, the Company agrees to adjust sales prices made between the Company and Showa (Thailand) as proposed to Showa (Thailand) signed in revised version and it shall be strictly followed.</p>

Transactions	Value of connected transactions (Baht)		Necessity / Reasons for the Transaction	Opinion from Audit Committee
	Jan – Dec 2016	Jan – Dec 2017		
Showa Global (Thailand) Company Limited  <u>Purchasing</u> Cost of sales  Account receivable	  2,603,204  1,240,831	  3,669,571  883,351	According to the transactions of 2 types of PVC compound sold to Showa (Thailand), the Company purchased raw materials to manufacture PVC compound according to the prices Showa (Thailand) sets. The Company counts such sales prices as manufacturing cost and expenses. The Company sets sales prices of PVC compound sold to Showa (Thailand) mainly based on gross profit margins the Company will receive. However, the Company signed Memorandum Of Understanding (MOU) with Showa (Thailand) to manufacture medical grade PVC compound with conditions including quantity and prices of raw materials purchased from Showa (Thailand), sales prices the Company sells products to Showa (Thailand). Consideration and review will be made every year by the Board of Directors and accurate timeline for business plans are made. It also determines that in the future, the Company will gain the right to order raw materials directly from manufacturers and suppliers.	The Audit Committee agrees that proceeding the transactions are reasonable because such transactions the Company's normal business operations. It is a purchase of raw materials specifically for manufacturing products based on a purchase order. This transaction has the aim for research and development on medical grade PVC compound products which will equip the Company with new know-how that can be applied for further business development in the future. However, based on considering the existing Memorandum Of Understanding (MOU) signed by the Company and Showa (Thailand), all conditions in MOU shall be strictly followed.
Showa Global (Thailand) Company Limited  <u>Shipping fee</u> Other revenue  Trade receivables	  76,459  6,156	  156,546  -	The Company gains shipping fee from Showa (Thailand) which is subject to the shipping fee policy based on fee rates given to general customers. The Company sets domestic shipping fee rates according to truck types, loads, distance and zones to deliver in clear written form.	The Audit Committee examines and states that the transactions are reasonable because such transactions are subject to the shipping fee policy based on fee rates given to general customers. The Company collects fee based on actual distance and the set fee rate. Therefore, proceeding such transactions are reasonable and do not make the Company lose any interest.
Showa Global (Thailand) Company Limited  <u>Warehouse leasing fee</u> Other revenue  Trade receivables	  164,160  -	  164,160  -	The Company gains warehouse leasing fee (76 square meters) from Showa (Thailand). The leasing period is 1 year 6 months, starting from July 1, 2016 to December 31, 2017. The leasing fee is 13,680 baht per month. This leasing fee is extended every year. The leasing fee is similar to the fee in general lease agreement in Bangpoo Industrial Estate and the leasing conditions are similar.	The Audit Committee examines and states that such transaction utilizes the Company's asset. The Company gains interest from warehouse leasing from Showa (Thailand) and the leasing fee the Company gains is reasonable. Therefore, such transaction is reasonable. However, if the leasing contract is extended from December 31, 2017, the Company will consider the leasing period and leasing fee based on general leasing fee in general lease agreement in Bangpoo Industrial Estate according to the Company's connected transactions.

Transactions	Value of connected transactions (Baht)		Necessity / Reasons for the Transaction	Opinion from Audit Committee
	Jan – Dec 2016	Jan – Dec 2017		
Showa Global (Thailand) Company Limited  <u>Office building leasing fee</u> Other revenue  Trade receivables	  48,000  -	  48,000  -	The Company gains office building leasing fee (25.74 square meters) from Showa (Thailand). The leasing period of warehouse is 1 year 3 months, starting from July 1, 2016 to December 31, 2017. The leasing fee and service fee is 4,000 baht per month. This lease contract is extended every year. The leasing fee and service fee is similar to fee in general lease agreement in Bangpoo Industrial Estate and the leasing conditions are similar.	The Audit Committee examines and states that such transaction utilizes the Company's asset. The Company gains interest from office building leasing fee from Showa (Thailand) and the leasing fee the Company gains is reasonable. Therefore, such transaction is reasonable. However, if the leasing contract is extended from December 31, 2017, the Company will consider the leasing period and leasing fee based on general leasing fee in general lease agreement in Bangpoo Industrial Estate according to the Company's connected transactions.
Showa Global (Thailand) Company Limited  <u>Bag changing service fee and plastic palette selling</u> Other revenue  Trade receivables	  3,969  -	  318  -	In the 1st quarter of 2016, the Company gains bag changing fee from Showa (Thailand) which equals 3,651.00 baht because Showa (Thailand) needs to change the existing bags to the new ones which match Showa (Thailand)'s specs. New bags are used to contain medical grade PVC compound. Sales prices are calculated from cost and expenses plus labor cost who offer the service.  In the 4th quarter of 2016 and in the 1st quarter of 2017, the Company gains revenue from selling 2 sheets of large plastic pallets to Showa (Thailand) which equals 158.88 baht per sheet or 317.76 in total. The prices are resale price because the plastic pallets are normally used before. The Company sells plastic pallets along with PVC compound sold to Showa (Thailand) to be used as product shelves in Showa (Thailand)'s warehouses.	The Audit Committees examines and agrees that the transactions are reasonable because such transactions do not make the Company lose any interest. In addition, such revenue is not significant and is not revenue gained from the Company's main business.
Showa Global (Thailand) Company Limited  <u>Product exporting</u> Expense  Service payable	  -  -	  109,646  -	The Company has export expense to Hong Kong for Showa (Thailand) because the Company sells PVC compound to Showa (Thailand) and shipping fee is included in sales price. However, Showa (Thailand) has already paid for shipping fee so Showa (Thailand) will collect shipping fee from the Company.	The Audit Committee examines and states that for the next transaction, the Company shall pay for shipping fee stated in the agreement by making a payment directly to shipping company.



Transactions	Value of connected transactions (Baht)		Necessity / Reasons for the Transaction	Opinion from Audit Committee
	Jan – Dec 2016	Jan – Dec 2017		
Vina Showa Company Limited  <u>Selling</u> Sale revenue  Trade receivables	  60,761  -	  -  -	The Company sells raw materials to Vina Showa Company Limited (“Vina Showa”) in Vietnam to manufacture product sample of PVC compound for the sake of research and development for PVC compound machine technology. Vina Showa has fully-automated machines which more advanced than the Company’s (Semi-automated). The Company records cost of raw materials delivered to Vietnam in material cost and shipping fee to Vina Showa. It is recorded as trading transaction between the Company and Vina Showa.	The Audit Committee examines and states that the transaction contributes to the Company in terms of research and development for machine technology to manufacture the Company’s main products which gives great benefits to the Company in the future. Raw materials exported to manufacture the product sample is not significant. In addition, sales prices of raw materials are cost prices. Shipping fee the Company collects from Vina Showa is an actual domestic shipping fee. As a result, this does not make the Company lose any interest.
Showa Global (Thailand) Company Limited  <u>Purchasing</u> Inventory  Account receivable	  54,043  54,043	  -  -	The Company sells above raw materials to Vina Showa Company Limited for the sake of research and development for machine technology. Some raw materials from Vina Showa are used in manufacturing process including solvent. After the product sample is manufactured, Vina Showa delivers the sample from Vietnam to the Company so that the Company can use for further research and development. Vina Showa collects cost of Vina Showa’s raw materials used in the manufacturing, cost during manufacturing and testing the sample during research and development. Vina Showa also collects international shipping fee since it delivers the sample back to Thailand.	The Audit Committee examines and states that the transaction contributes to the Company in terms of research and development for machine technology to manufacture the Company’s main products which gives great benefits to the Company in the future. Cost of raw materials, expenses and international shipping fee Vina Showa collects from the Company are based on raw materials cost, expenses and shipping fee actually take place which are not significant.



### 3. Necessity and Reasonableness of Connected transactions

The Company's connected transactions for the fiscal year ended in December 31, 2016 and 2017 can be divided into 5 groups.

1. Normal business transaction refers to a commercial transaction normally performed by the Company or its subsidiaries for the purpose of operating business such as trading, service provision, resale etc.
2. Supporting business transaction refers to a commercial transaction that companies that are in the same business with the Company often proceed to support normal business such as purchase of safety equipment etc.
3. Lease or real estate lease transaction not longer than 3 years and common trade terms cannot be presented.
4. Asset or service transaction such as acquisition or disposition of assets providing/receiving services, investment/ sales of investment in business etc.
5. Financial assistance transaction refers to a financial assistance transaction through receiving or borrowing, guaranteeing, giving asset as loan guarantee and other similar behavior etc.

### 4. Connected transactions Measures or Procedures for Approval of Connected Transaction

The board of director meeting No. 6/2016 on December 13, 2016 established the policy and procedure for connected transactions of the Company with a party who may have conflicts of interest or related persons so as to clarify transactions and maintain the Company's benefits. The Company ensures compliance with the laws on securities and exchange, regulations, notifications, orders or any requirements of the Stock Exchange of Thailand. The management and stakeholders are prohibited to take part in approving connected transactions. In the case where the law requires the approval of the Board of Directors, the Company will arrange the Audit Committee to attend the meeting to consider and give opinions on the transaction and the reasonableness of the transaction. Transactions of trade agreement with general trade terms and transaction of trade agreement without general trade terms shall apply the following principles.

#### Transactions of Trade Agreement with General Trade Terms

Normal business transactions and supporting normal business transaction including product selling and services, warehouse leasing and shipping services shall have fair trade agreement and trade terms which can be comparable to the market prices or can refer to prices of products in the same groups and shall not cause benefit transfer. The Board of Directors are approved to set a framework for the management to proceed the transactions. The Company's management can proceed the transactions under the principles approved by the Board of Directors. The report of transactions shall be prepared and reported to the Audit Committee Meeting in every quarter. The Company ensures compliance with the laws on securities and exchange, regulations, notifications, orders or any requirements of the Stock Exchange of Thailand and disclosure of connected transactions.

#### Transactions of Trade Agreement without General Trade Terms

Transactions of trade agreement without general trade terms in the case of a connected transaction under the authority of the Board of Directors, the executives of relevant departments such as sales department, marketing department, accounting department, operating department shall propose details, transactions, necessity and reasonableness of transactions to request for an approval from the Audit Committee and propose them to the Meeting of the Board of Directors for an approval of transactions. The Company will disclose connected transactions in the remark of financial statements examined by the Company's auditor. If the Company's common shares are registered in the Stock of Exchange of Thailand, the Company will disclose connected transactions in Annual Transactions (Form 56-1) and Annual Report (Form 56-2) in accordance with the laws on securities and exchange, regulations, notifications, orders or any requirements of the Stock Exchange of Thailand.



# Audit Committee Report


## Report of the Audit Committee

The Audit Committee of Applied DB Public Company Limited consists of three individual directors as follows.

1. Mr. Jesadavat Priebjrivat	Chairman of the Audit Committee
2. Mrs. Monpilai H. Narasingha	Audit Committee
3. Mr. Mongkon Laoworapong	Audit Committee

The Audit Committees performed its duties within the scope of the responsibilities assigned by the Board of Directors and in accordance with the requirements of the Stock Exchange of Thailand. In 2017, the Audit Committee held the quarterly meetings to consider matters and make the conclusions as follows.

- Review of quarterly and annual financial statements before proposing them to the Board of Directors for an approval. The Audit Committee recognizes the importance of compliance with the generally accepted accounting standards. Sufficient disclosure especially of the connected transactions and transactions that may cause conflicts of interest.
- Review the adequacy and appropriateness of the internal control process. The Audit Committee agreed that the Company's internal control system is appropriate and adequate for business operation. The Company plans to review the internal control system and review quarterly performance reports.
- Review the Charter of the Audit Committee. The Audit Committee reviews the Charter. The Audit Committee consider, amend and revise the qualifications, roles and authorities of the Audit Committee to ensure the compliance with criteria and guidelines for good corporate governance and the requirements of the Stock Exchange of Thailand and Securities and Exchange Commission.
- Review the corporate governance, Business Ethics Policy, Information Dissemination Policy, Anti-Corruption Policy, Information Protection Policy and Complaint Investigation which comply with operations the requirements of the Stock Exchange of Thailand and Securities and Exchange Commission.
- Provide a self-assessment of the entire Audit Committee and demonstrate that the Audit Committee has performed its duties assigned by the Board of Directors and comply with good working practices.
- Consider connected transactions or transactions that may have conflicts of interest of in order to consider according to the law and the regulations prescribed by the Capital Market Supervisory Board and other relevant agencies which ensures that the transactions are reasonable, transparent and sufficiently disclosed and contribute to the most benefits to the company with reasonable conditions and prices as performed with other outsiders.
- The Audit Committee has supervised business operations in accordance with the Securities and Exchange Act, the requirements of the Stock Exchange or relevant law. For the year 2018, the Audit Committee has considered and proposed to the Board of Directors to appoint Mrs. Munchupa Singsooksawat, a Certified Public Accountant No. 6112 and/or 2. Mr. Yutthapong Soontarinka, a Certified Public Accountant No. 10604 and/or Mr. Sumeth Jaengsamsee, a Certified Public Accountant No. 9362 of KPMG Phoomchai Audit Company Limited as the Company's auditors. The appointment of auditors and audit remunerations are subject to an approval at the Annual General Meeting of Shareholders 2018.



Mr. Jesadavat Priebjrivat  
Chairman of the Audit Committee

# Management Discussion and Analysis

## Statement of financial position

Statement of financial position	Consolidated financial statements					
	31-Dec-15 (Restated)		31-Dec-16		31-Dec-17	
	MB	%	MB	%	MB	%
Current assets						
Cash and cash equivalents	40.61	4.28	38.02	3.55	72.42	6
Trade accounts receivable	364.5	38.45	374.68	34.94	315.96	26.16
Other receivables	24.46	2.58	29.03	2.71	42.82	3.55
Inventories	213.24	22.49	266.57	24.86	319.04	26.42
Total current assets	642.82	67.8	708.31	66.05	750.24	62.12
Non-current assets						
Assets available for sales	-	-	-	-	-	-
Property, plant and equipment	292.12	30.81	355.21	33.12	447.73	37.07
Intangible assets	0.34	0.04	0.64	0.06	0.43	0.04
Deferred tax assets	11.85	1.25	7.27	0.68	8.42	0.7
Other non-current assets	0.97	0.1	0.97	0.09	0.93	0.08
Total non-current assets	305.28	32.2	364.08	33.95	457.51	37.88
Total assets	948.1	100	1,072.39	100	1,207.75	100
Current liabilities						
Bank overdrafts and short-term borrowings	329.89	34.79	415.73	38.77	277.46	22.97
Trade accounts payable	209.83	22.13	238.92	22.28	212.27	17.58
Other payables	44.97	4.74	39.73	3.7	44.12	3.65
Current portion of long-term borrowing from financial institutions	16.9	1.78	13.4	1.25	14.9	1.23
Current portion of finance lease liabilities	-	-	0.95	0.09	1.01	0.08
Accrued extraordinary compensation to the entire founders	8	0.84	24	2.24	0	0
Income tax payable	11.98	1.26	9.24	0.86	3	0.25
Other current liabilities	0.64	0.07	0.46	0.04	1.76	0.15
Dividend payable	-	-	-	-	-	0
Total current liabilities	622.21	65.63	742.43	69.23	554.52	45.91
Non-current liabilities						
Finance lease liabilities	-	-	4.3	0.4	3.29	0.27
Accrued extraordinary compensation to the entire founders	10	1.05	-	-	-	-
Long-term borrowings from financial institutions	17.75	1.87	4.35	0.41	39.45	3.27
Non-current provisions for employee benefit	25.26	2.66	23.75	2.21	25.6	2.12
Total non-current liabilities	53.01	5.59	32.4	3.02	68.34	5.66
Total liabilities	675.22	71.22	774.82	72.25	622.86	51.57

Statement of financial position	Consolidated financial statements					
	31-Dec-15 (Restated)		31-Dec-16		31-Dec-17	
	MB	%	MB	%	MB	%
Shareholders' equity						
Authorized share capital	210		210		300	
Paid share capital	210	22.15	210	19.58	300	
Share premium on ordinary shares	2.01	0.21	2.01	0.19	202.2	
Surplus on share-base payment transaction	-	-	0.31	0.03	0.31	
Retained earnings:						
Appropriated to legal reserve	5.6	0.59	7.33	0.68	12.56	
Unappropriated	55.27	5.83	77.92	7.27	71.14	5.89
Other component of shareholders' equity	-	-				
Total shareholders' equity	272.88	28.78	297.57	27.75	584.89	48.43
Total liabilities and shareholders' equity	948.1	100	1,072.39	100	1,207.75	100

## Statement of Comprehensive Income

Statement of comprehensive income	Consolidated financial statement					
	2015 (Restated)		2016		2017	
	MB	%	MB	%	MB	%
Revenue from sales of goods	1,434.38	98.21	1,411.78	98.79	1,372.41	99.14
Cost of sales of goods	-1,174.59	80.42	-1,125.58	78.76	-1,159.51	83.76
Gross Profit	259.79	17.79	286.19	20.03	212.9	15.38
Other income	26.18	1.79	15.63	1.09	11.87	0.86
Net foreign exchange gain (Loss)	-4.04	0.28	1.73	0.12	3.36	-0.24
Profit before expenses	281.92	19.3	303.56	21.24	228.13	16.48
Distribution costs	-92.63	6.34	-88.36	6.18	-89.53	6.47
Administrative expenses	-127.94	8.76	-107.24	7.5	-92.71	6.7
Total distribution & administrative expenses	-220.57	15.1	-195.6	13.69	-182.24	13.16
Earnings before interest and tax	61.35	3.01	107.96	7.55	45.89	3.32
Finance costs	-12.96	0.89	-12.35	0.86	-13.37	0.97
Profit before income tax expenses	48.39	3.31	95.62	6.69	32.52	2.35
Income tax expenses	-13.9	0.95	-19.91	1.39	-8.94	0.65
Profit for the year	34.49	2.36	75.71	5.3	29.04	1.7
Other comprehensive income for the year	-1.75	0.12	1.17	0.08	-0.41	0.03
Total comprehensive income for the year	32.73	2.24	76.88	5.38	28.63	2.04

Statement of comprehensive income	Consolidated financial statement					
	2015 (Restated)		2016		2017	
	MB	%	MB	%	MB	%
Earnings per share						
Basic earnings per share (Baht) <sup>1</sup>	0.08		0.18		0.65	
Weighted average number of ordinary shares (shares) <sup>2</sup>	420,000,000		420,000,000		600,000,000	
Earnings per share (Fully Diluted) (Baht) <sup>3</sup>	0.06		0.13		0.075	
Total number of ordinary shares outstanding (Shares)	600,000,000		600,000,000		600,000,000	

**Note:**

1. Earnings per share (from weighted average number of ordinary shares)
2. Number of shares outstanding (par value at Baht 0.50/share) for comparable with the current par value of the Company after initial public offering
3. Earnings per share after fully diluted (after Initial public offerings) for the total of 600,000,000 shares

**Statement of Cash flows**

Statement of cash flows	For the year end		
	2015	2016	2017
	MB	MB	MB
Cash flows from operating activities			
Earnings before income tax	48.39	95.62	32.51
Adjustment to reconcile profit to cash receipts (payments)			
Depreciation and amortization	37.29	34.41	34.58
Interest income	-0.02	-0.03	-0.05
Finance costs	12.96	12.35	13.37
(Reversal of) losses on inventories devaluation	16.87	-18.72	4.46
Reversal of allowance for doubtful accounts	5.42	-0.7	-2.23
Unrealised (gain) loss on exchange	-1.34	0.08	-0.45
(Gain) loss on disposal and write off of property, plant and equipment	1.74	-0.27	0.1
Expenses for share-based payment transaction	-	0.31	0
Post-employee benefit	3.85	4.17	3.55
	125.18	127.2	85.84
Changes in operating assets and liabilities			
Trade accounts receivable	-109.08	-7.71	60
Other receivables	-3.42	-4.57	-13.8
Inventories	22.62	-34.61	-56.92
Other non-current assets	-0.7	-	0.03
Trade accounts payable	14.81	28.18	-26.09
Other payables	10.16	-5.7	-5.2
Accrued extraordinary compensation to the entire founders	20	10	-24
Other current liabilities	0.26	-0.18	-0.35
Net cash generated from operating	79.81	112.61	19.51
Extra ordinary compensation to the entire founders paid	-2	-4	-
Employee benefit paid	-4.56	-4.22	-0.56
Taxes paid	-3.36	-18.36	-10.77

Statement of cash flows	For the year end		
	2015	2016	2017
	MB	MB	MB
Net cash from operating activities	69.9	86.03	8.18
Cash flows from financing activities			
Proceeds from issue of shares	-	-	304.2
Transaction costs from issue of shares	-	-	-14.01
Interest paid	-14.04	-11.9	-15.27
Dividends paid to owners of the Company	-5.25	-52.5	-31.5
Proceeds from (repayment of) short-term borrowings from financial institutions	-3.24	85.09	-136.1
Payment by a lessee for reduction of the outstanding liability relating to a finance lease	-1.12	-2.18	-0.95
Proceeds from long-term borrowing from financial institutions	0	0	57
Repayment of long-term borrowings from financial institutions	-16.9	-16.9	-20.4
Net cash from financing activities	-40.56	1.61	142.97
Net increase (decrease) in cash and cash equivalents before effect of exchange rates	-10.15	-2.43	35.71
Cash and cash equivalents at 1 January	48.72	38.76	36.68
Effect of exchange rate changes on cash and cash equivalents	0.18	0.35	0.03
Cash and cash equivalents at 31 December	38.76	36.68	72.42

### Key Financial Ratios

Financial Ratios		2015	2016	2017
<b>Liquidity Ratios</b>				
Current ratio	times	1.03	0.95	1.35
Quick ratio	times	0.65	0.56	0.7
Cash flow liquidity ratios	times	0.11	0.13	0.01
Accounts receivable turnover ratio	times	4.6	3.82	3.97
Accounts receivable turnover	days	78.3	94.25	90.58
Inventory turnover ratio	times	5.04	4.69	3.96
Inventory turnover	days	71.41	76.73	90.91
Accounts payable turnover ratio	times	5.81	5.02	5.14
Accounts payable turnover	days	61.97	71.76	70.04
Cash cycle	days	87.74	99.21	111.45
<b>Profitability Ratios</b>				
Gross margin	%	18.11	20.27	15.51%
Operating profit margin	%	2.73	6.42	2.23%
Cash turnover	%	178.22	94.95	26.71%
Profitability ratios	%	2.36	5.3	2.09%
Return on Equity	%	13.31	26.5	6.58
<b>Assets Turnover Ratios</b>				
Total asset turnover ratio	%	3.76	7.49	2.55%
Fixed assets turnover ratio	%	23.61	32.9	15.49%
Asset turnover	times	1.59	1.41	1.22
<b>Financial Ratios</b>				
Debt to equity ratio	times	2.47	2.6	1.06
Time interest earned	times	3.17	5.36	2.34
Cash basis	times	0.88	0.53	0.05
Dividend payout ratio	%	15.22	69.34	106.43

Note: Adjust the annualized calculation to be comparable to historical data.



## Management Discussion and Analysis for the year Ended December 31, 2017

Table 2 : Statement of Financial Position as at 31 December 2016 and 2017

	For the year ended 31 December					
	2016		2017		Compare 2017 with 2016	
	MB	%	MB	%	MB	%
Revenue from Sales	1,411.78	100	1,372.40	100	-39.38	-2.79
Cost of Sales	1,125.58	79.73	1,159.51	84.49	33.93	3.01
Gross Profit	286.19	20.27	212.9	15.51	-73.3	-25.61
Other Income	15.63	1.11	11.87	0.86	-3.76	-24.06
Net Foreign Exchange Gain	1.73	0.12	3.36	0.24	1.63	94.22
Profit Before Expenses	303.56	21.5	228.12	16.62	-75.44	-24.85
Distribution Costs	88.36	6.26	89.53	6.52	1.17	1.32
Administrative Expenses	107.24	7.6	92.71	6.76	-14.53	-13.55
Total SG&A	195.6	13.85	182.24	13.28	-13.36	-6.83
Financial Costs	12.35	0.87	13.37	0.97	1.02	8.26
Profit before tax expenses	95.62	6.69	32.52	2.37	-63.1	-65.99
Tax expenses	19.91	1.41	3.47	0.25	-16.44	-82.57
Profit for the period	75.71	5.3	29.04	2.12	-46.67	-61.64
Other comprehensive income (expenses)	1.17	0.08	0.41	0.03	-0.76	-64.96
Total Comprehensive Income	76.88	5.38	28.63	2.09	-48.25	-62.76

## Sales Revenue

For the year ended December, 2016 and 2017, our total revenue was THB 1,429.14 million and THB 1,387.64 million, respectively. From those amounts, revenue from sales was accounted of THB 1,411.78 million and THB 1,372.40 million, respectively, which represent the decrease of THB 39.38 million, or -2.79%. The decrease was mainly attributed to the decrease in sales of PVC wire and cable for THB 32.50 million, or -4.48% driven by the small and medium wire and cable markets leading by the price competition as the Company adjusted the pricing in order to achieve appropriate profit margin since Q3/2017. In addition, the Company also experienced the lower sales revenue of adhesive products for THB 12 million, mainly attributed to the slowdown of shoe industry; causing lower sales orders from local adhesive dealers. In addition, sales from DIY products dropped for THB 6.00 million due to the baht appreciation especially during Q4/17 and some delay of the foreign customers in Africa causing the delay of the shipment.

However, compared to 2017 and 2016, the Company reported higher revenue in Sealant products for THB 11 million due to the increase of demand from both local distributors that promoted our products through hardware stores and OEM customers. Consolidating revenue of Plastic Compound business of with Adhesive & Sealant Business, the percentage of sales revenue from adhesive and sealant business reached 51:49, respectively. The table below illustrates the revenue breakdown by business and Revenue breakdown by customer locations.

Table 3 : Revenue breakdown by Business – December 31

Revenue of Plastic Compound Business	Year Ended December 31				Increase(Decrease)	
	2016		2017			
	MB	%	MB	%	MB	%
Total PVC Compound	646.94	45.82	628.34	45.78	-18.6	-2.87
Thermoplastic Elastomer (TPE)	51.87	3.67	45.08	3.28	-6.79	-13.09
Polypropylene Split Yarn (PPYarn)	27.01	1.91	19.9	1.45	-7.11	-26.31
Total Plastic Compound Business	725.83	51.41	693.33	50.52	-32.5	-4.48

Revenue of Adhesive & Sealant Business	Year Ended December 31				Increase(Decrease)	
	2016		2017			
	MB	%	MB	%	MB	%
Adhesive	304.59	21.57	293.09	21.36	-11.5	-3.78
Sealant	182.06	12.9	192.68	14.04	10.62	5.84
DIY	176.96	12.53	170.57	12.43	-6.39	-3.61
Related Products	22.35	1.58	22.74	1.66	0.39	1.74
Total Adhesive & Sealant Business	685.95	48.59	679.08	49.48	-6.87	-1
Total Revenue	1,411.78	100	1,372.40	100	-39.38	-2.79

Table 4 : Revenue by Geographical segments

Geographical Segments	2016		2017	
	MB	%	MB	%
Thailand	990.7	70.17	972.47	70.86
Nigeria	69.14	4.9	92.26	6.72
Bangladesh	61.29	4.34	54.4	3.96
Vietnam	33.48	2.37	49.99	3.64
Kenya	74.66	5.29	47.66	3.47
Myanmar	31.74	2.25	33.41	2.43
Other	150.78	10.68	122.22	8.91
Total	1,411.78	100	1,372.40	100

### Cost of Sales and Gross Profit

For the year ended December 31, 2016 and 2017, our cost of sales increased from THB 1,125.58 million to THB 1,159.51 million, respectively. The cost of sales consists of cost of Plastic Compound Business for THB 627.82 million and the cost of Adhesive and Sealant Business for THB 497.76 million in 2016; and cost of Plastic Compound Business for THB 628.92 million and costs of Adhesive and Sealant Business for THB 530.59 million. Compared to the profit margin between 2016 and 2017, the company reported lower gross profit from 20.27% to 15.51%, respectively. The following table indicates the breakdown of cost of sales by business segment.

Table 5 : Cost of sales and Gross Profit

Cost of sales and Gross Profit	2016	2017
	Million Baht	Million Baht
Cost of Sales : Plastic Compound Business	627.82	628.92
Cost of Sales : Adhesive & Sealant Business	497.76	530.59
Total Cost of Sales	1,125.58	1,159.51
Gross Profit : Plastic Compound Business	98.01	64.4
Gross Profit : Adhesive & Sealant Business	188.19	148.49
Gross Profit	286.19	212.89
Gross Profit Margin : Plastic Compound Business	13.5	9.29
Gross Profit Margin : Adhesive & Sealant Business	27.43	21.87
Gross Profit Margin	20.27	15.51

In the current situation that the company has experienced a significant decrease in profit margin from Plastic Compound Business as a result of the rising PVC resin and plasticizer material prices correspondingly to the two major factors; the shortage of material supplies as a consequence of the shutdown of factories in China due to environmental issue and pricing issues that was confirmed by some of major customers without being able to adjust the price according to the higher cost of materials. However, during Q4, with the pricing adjustment in accordance to the material price increase and developing products that can meet the customer's requirement with better cost effectiveness, these strategies delivered higher productivity as mentioned in Q4 performance earlier.

Compared to the Adhesive & Sealant profit margin, the company reported lower gross profit margin in Adhesive & Sealant Business. The two major reasons attributed to the higher material costs of synthetic rubber and solvent, which have moved correspondingly to the global oil price while the Baht appreciation and pricing competition from China limited the pricing adjustment to customers.

## Selling &amp; Administrative Expenses

Table 6 : Selling &amp; Administrative Expenses

Selling and Administrative Expenses	2016		2017	
	Million Baht	%	Million Baht	%
Selling Expenses	88.36	6.26	89.53	6.45
Administrative Expenses	107.24	7.6	92.71	6.68
Total Selling & Administrative Expenses	195.60	13.86	182.24	13.13

Total selling and administrative expenses decreased THB 13.36 million, or -6.83% for year ended December 31, 2017. The decrease in selling and administrative costs was primarily due to the following details;

■ Selling Expenses

Total selling expenses for the year ended 2016 and 2017 increased THB 1.17 million or +1.33% from THB 88.36 million to THB 89.53 million. The higher selling expenses were primarily due to the more sample products from THB 26.52 million to THB 33.99 million, or an increase of THB 7.47 million. The sample products consist of sales volume rebates for the purpose of sales promotion. The main target markets were the overseas customers for adhesive and sealant business (during 9 months of 2017). In addition, the higher shipping cost to overseas customers for THB 1.26 million (from THB 5.26 million to THB 6.52 million) was attributed to higher international freight charges. Whereas the new commission scheme effective in 2017 reduced the commissions and incentive paid to sales and agents for THB 5.84 million during 2017.

■ Administrative Expenses

Total administrative expenses decreased THB 14.53 million from THB 107.24 million to THB 92.71 million. The decrease in administrative expenses was mainly due to the Company booked the special retirement benefit to the founder for THB 10 million in 2016 and the reclassification of the IPO related expenses in order to be listed to the Market for Alternative Investment. These IPO related expenses also can be deducted from taxable income in 2017.

■ Finance Costs

When compared to the finance costs between 2016 and 2017, total finance costs increased from THB 12.35 million to THB 13.37 million or increased from 0.87% of sales to 0.97% of sales. An increase in finance costs percentage compared to sales was attributable to the increase in short-term borrowings from financial institutions including promissory notes (P/N), Trust Receipt (T/R), and short-term borrowing to be used as working capital as Bridging Loan before listing to the Market for Alternative Investment (MAI).

■ Net Profit

The Company profit for the year ended December 31, 2017 decreased THB 46.67 million, or -61% from THB 75.71 million to THB 29.04 million. As the company has experienced the fluctuation of PVC resin and plasticizer material prices correspondingly to the shortage of material supplies during 2017 as mentioned in the costs of sales section, and some pricing that was confirmed without being able to adjust the pricing according to higher material costs. These 2 factors were mainly attributable to the lower net profit of the PVC Compound and overall Company net profit margin.

## ■ Financial Position

### Total Assets

As at December 31, 2016 and 2017, the Company had total assets of THB 1,072.39 million and THB 1,207.75 million, respectively. The company's main assets were mainly consisting of trade accounts receivable and other receivables, inventories, and property, plant and equipment. Among these assets; it can be classified as current assets for THB 708.31 million and THB 750.24 million and non-current assets for THB 364.08 million and THB 457.51 million, respectively.

### Total Liabilities & Shareholders' Equity

As at December 31, 2016 and 2017, the Company had total liabilities of THB 774.82 million and THB 622.86 million, respectively. The company's major liabilities were consisting of bank overdrafts and short-term borrowings from financial institutions and bridging loan, trade accounts payable, and other payables, and long-term loans from financial institutions. As at December 31, 2016 and 2017, the Company had shareholders' equity of THB 297.57 million and THB 584.89 million, respectively. The increase in shareholders' equity during 2017 was mainly attributed to the capital increase for Initial Public Offerings of THB 90 million from THB 210 million to THB 300 million and share premium on ordinary shares for THB 200.19. This share premium on share capital is determined by the par value of THB 0.50/share and subscription price THB 1.69/share with the total of THB 214.20 million. The Company already deducted the expenses related to the Initial Public Offering amounted to THB 14 million from the premium on share capital received from the new investors.

# Financial Statement and Independent Auditor's Report

## ■ Key Financial Information

### Auditors and Independent Auditor's Report

Auditor Office / Auditor	Certified Financial Statement		
	For the year end as at 31 December 2015	For the year end as at 31 December 2016	For the year end as at 31 December 2017
KPMG Phoomchai Audit Company Limited	Mr.Santi Pongcharoensup CPA Registration No 4623	Mrs.Munchupa Singsuksawat CPA Registration No.6112	Mrs.Munchupa Singsuksawat CPA Registration No.6112

### Summary of auditor's report

#### Financial Statement for the year ended 31 December 2015

The financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards "TFRSs".

#### Financial Statement for the year ended 31 December 2016

The accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards "TFRSs".

#### Consolidated financial statement for the year ended 31 December 2017

The accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2017 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards "TFRSs".



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## Independent Auditor's Report

**To the Shareholders of Applied DB Public Company Limited  
(Formerly Applied DB Industrial Co., Ltd.)**

### *Opinion*

I have audited the consolidated and separate financial statements of Applied DB Public Company Limited and its subsidiaries (the "Group") and of Applied DB Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2017, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2017 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

### *Basis for Opinion*

I conducted my audit in accordance with Thai Standards on Auditing ("TSAs"). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. 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 judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

<i>Valuation of inventories</i>	
Refer to Note 3(g) and 8 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
The Group's inventories have significant balances and the main raw materials are commodity products, for which the market price is volatile as well as a risk of deterioration. The Group measures its inventories at the lower of cost and net realizable value. The estimation of net realizable value of inventories involve management's judgment. Therefore, this was an area of focus in my audit.	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"><li>- inquired of the management to obtain an understanding of the management's judgments and assumptions used to set up selling prices, estimated net realizable value of inventories, including the design and implementation of the related internal controls;</li><li>- verified the accuracy of the inventory aging report on a sample basis with supporting documents;</li><li>- evaluated the management's assumptions used to identify deteriorated inventories with supporting documents, and attending inventory count observation including considering the condition of inventories;</li><li>- sampling items to test the estimated net realizable value of inventories and related selling expenses with supporting documents; and</li><li>- Evaluated the adequacy of the disclosures in accordance with the relevant Thai Financial Reporting Standards.</li></ul>

<i>Valuation of trade accounts receivable</i>	
Refer to Note 3 (f) and 6 to the financial statements.	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
The Group distributes goods to domestic and oversea customers with some customers having significant outstanding balances over credit terms. Therefore the Group is subject to a risk of uncollectibility of receivables. The evaluation of the ability to pay of those trade accounts receivable and the estimation of allowance for doubtful accounts requires management's judgment. Therefore, this was an area of focus in my audit.	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- inquired of management to obtain an understanding of the process of acceptance of new customers, sales, credit-granting, monitoring of cash collection, and the Group's policy of estimating the allowance for doubtful accounts, including the design and implementation of the related internal controls;</li> <li>- tested subsequent cash receipts from trade accounts receivable after the year-end on a sampling basis;</li> <li>- verified the accuracy of the trade accounts receivable aging report on a sample basis with supporting documents;</li> <li>- evaluated the appropriateness of the estimation of the allowance for doubtful accounts by select sample of customers to compare with historical collection as well as through assessment based on financial information; and</li> <li>- Evaluated the adequacy of the disclosures in accordance with the relevant Thai Financial Reporting Standards.</li> </ul>

### *Other Information*

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

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

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





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

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

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

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

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

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 TSAs 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 consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate 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 and the Company to cease to continue as a going concern.

*my*



- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Munchupa Singsuksawat)  
Certified Public Accountant  
Registration No. 6112

KPMG Phoomchai Audit Ltd.  
Bangkok  
27 February 2018

## Summary of Financial Performance and Operation

### Statement of financial position

Statement of financial position	Consolidated financial statements					
	31-Dec-15		31-Dec-16		31-Dec-17	
	(Restated)					
	MB	%	MB	%	MB	%
<b><u>Current assets</u></b>						
Cash and cash equivalents	40.61	4.28	38.02	3.55	72.42	6.00
Trade accounts receivable	364.50	38.45	374.68	34.94	315.96	26.16
Other receivables	24.46	2.58	29.03	2.71	42.82	3.55
Inventories	213.24	22.49	266.57	24.86	319.04	26.42
<b>Total current assets</b>	<b>642.82</b>	<b>67.80</b>	<b>708.31</b>	<b>66.05</b>	<b>750.24</b>	<b>62.12</b>
<b><u>Non-current assets</u></b>						
Assets available for sales	-	-	-	-	-	-
Property, plant and equipment	292.12	30.81	355.21	33.12	447.73	37.07
Intangible assets	0.34	0.04	0.64	0.06	0.43	0.04
Deferred tax assets	11.85	1.25	7.27	0.68	8.42	0.70
Other non-current assets	0.97	0.10	0.97	0.09	0.93	0.08
<b>Total non-current assets</b>	<b>305.28</b>	<b>32.20</b>	<b>364.08</b>	<b>33.95</b>	<b>457.51</b>	<b>37.88</b>
<b>Total assets</b>	<b>948.10</b>	<b>100.00</b>	<b>1,072.39</b>	<b>100.00</b>	<b>1,207.75</b>	<b>100.00</b>
<b><u>Current liabilities</u></b>						
Bank overdrafts and short-term borrowings	329.89	34.79	415.73	38.77	277.46	22.97
Trade accounts payable	209.83	22.13	238.92	22.28	212.27	17.58
Other payables	44.97	4.74	39.73	3.70	44.12	3.65
Current portion of long-term borrowing from financial institutions	16.90	1.78	13.40	1.25	14.90	1.23
Current portion of finance lease liabilities	-	-	0.95	0.09	1.01	0.08
Accrued extraordinary compensation to the entire founders	8.00	0.84	24.00	2.24	0.00	0.00
Income tax payable	11.98	1.26	9.24	0.86	3.00	0.25
Other current liabilities	0.64	0.07	0.46	0.04	1.76	0.15
Dividend payable	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>622.21</b>	<b>65.63</b>	<b>742.43</b>	<b>69.23</b>	<b>554.52</b>	<b>45.91</b>
<b><u>Non-current liabilities</u></b>						
Finance lease liabilities	-	-	4.30	0.40	3.29	0.27
Accrued extraordinary compensation to the entire founders	10.00	1.05	-	-	-	-

Statement of financial position	Consolidated financial statements					
	42,369.00		42,735.00		43,100.00	
	(Restated)					
	MB	%	MB	%	MB	%
Long-term borrowings from financial institutions	17.75	1.87	4.35	0.41	39.45	3.27
Non-current provisions for employee benefit	25.26	2.66	23.75	2.21	25.60	2.12
<b>Total non-current liabilities</b>	<b>53.01</b>	<b>5.59</b>	<b>32.40</b>	<b>3.02</b>	<b>68.34</b>	<b>5.66</b>
<b>Total liabilities</b>	<b>675.22</b>	<b>71.22</b>	<b>774.82</b>	<b>72.25</b>	<b>622.86</b>	<b>51.57</b>
<b><u>Shareholders' equity</u></b>						
Authorised share capital	210.00		210.00		300.00	
Paid share capital	210.00	22.15	210.00	19.58	300.00	24.84
Share premium on ordinary shares	2.01	0.21	2.01	0.19	202.20	16.74
Surplus on share-base payment transaction	-	-	0.31	0.03	0.31	0.03
Retained earnings:						
Appropriated to legal reserve	5.60	0.59	7.33	0.68	12.56	1.04
Unappropriated	55.27	5.83	77.92	7.27	71.14	5.89
Other component of shareholders' equity	-	-			( 1.32)	( 0.11)
<b>Total shareholders' equity</b>	<b>272.88</b>	<b>28.78</b>	<b>297.57</b>	<b>27.75</b>	<b>584.89</b>	<b>48.43</b>
<b>Total liabilities and shareholders' equity</b>	<b>948.10</b>	<b>100.00</b>	<b>1,072.39</b>	<b>100.00</b>	<b>1,207.75</b>	<b>100.00</b>

### Statement of Comprehensive Income

Statement of comprehensive income	Consolidated financial statement					
	2015 (Restated)		2016		2017	
	MB	%	MB	%	MB	%
Revenue from sales of goods	1,434.38	98.21	1,411.78	98.79	1,372.41	99.14
Cost of sales of goods	( 1,174.59)	80.42	( 1,125.58)	78.76	( 1,159.51)	83.76
<b>Gross Profit</b>	<b>259.79</b>	<b>17.79</b>	<b>286.19</b>	<b>20.03</b>	<b>212.90</b>	<b>15.38</b>
Other income	26.18	1.79	15.63	1.09	11.87	0.86
Net foreign exchange gain (Loss)	( 4.04)	0.28	1.73	0.12	3.36	( 0.24)
<b>Profit before expenses</b>	<b>281.92</b>	<b>19.30</b>	<b>303.56</b>	<b>21.24</b>	<b>228.13</b>	<b>16.48</b>
Distribution costs	( 92.63)	6.34	( 88.36)	6.18	( 89.53)	6.47
Administrative expenses	( 127.94)	8.76	( 107.24)	7.50	( 92.71)	6.70
<b>Total distribution &amp; administrative expenses</b>	<b>( 220.57)</b>	<b>15.10</b>	<b>( 195.60)</b>	<b>13.69</b>	<b>( 182.24)</b>	<b>13.16</b>

Statement of comprehensive income	Consolidated financial statement					
	2015 (Restated)		2016		2017	
	MB	%	MB	%	MB	%
Earnings before interest and tax	61.35	3.01	107.96	7.55	45.89	3.32
Finance costs	( 12.96)	0.89	( 12.35)	0.86	( 13.37)	0.97
Profit before income tax expenses	48.39	3.31	95.62	6.69	32.52	2.35
Income tax expenses	( 13.90)	0.95	( 19.91)	1.39	( 8.94)	0.65
Profit for the year	34.49	2.36	75.71	5.30	29.04	1.70
Other comprehensive income for the year	( 1.75)	0.12	1.17	0.08	( 0.41)	0.03
Total comprehensive income for the year	32.73	2.24	76.88	5.38	28.63	2.04
<b>Earnings per share</b>						
Basic earnings per share (Baht) <sup>1</sup>	0.08		0.18		0.07	
Weighted average number of ordinary shares (shares) <sup>2</sup>	420,000,000.00		420,000,000.00		447,616,000.00	
Earning per share (Fully Diluted) (Baht) <sup>3</sup>	0.06		0.13		0.05	
<b>Total number of ordinary shares outstanding (Shares)</b>	<b>600,000,000.00</b>		<b>600,000,000.00</b>		<b>600,000,000.00</b>	

Note :

1. Earnings per share (from weighted average number of ordinary shares)
2. Number of shares outstanding (par value at Baht 0.50/share) for comparable with the current par value of the Company after initial public offering
3. Earnings per share after fully diluted (after Initial public offerings) for the total of 600,000,000 shares

**Statement of Cash flows**

Statement of cash flows	For the year end		
	2015	2016	2017
	MB	MB	MB
<b><u>Cash flows from operating activities</u></b>			
Earnings before income tax	48.39	95.62	32.51
Adjustment to reconcile profit to cash receipts (payments)			
Depreciation and amortization	37.29	34.41	34.58
Interest income	( 0.02)	( 0.03)	( 0.05)
Finance costs	12.96	12.35	13.37
(Reversal of) losses on inventories devaluation	16.87	( 18.72)	4.46
Reversal of allowance for doubtful accounts	5.42	( 0.70)	( 2.23)
Unrealised (gain) loss on exchange	( 1.34)	0.08	( 0.45)
(Gain) loss on disposal and write off of property, plant and equipment	1.74	( 0.27)	0.10
Expenses for share-based payment transaction	-	0.31	0.00



Statement of cash flows	For the year end		
	2015 MB	2016 MB	2017 MB
Post-employee benefits	3.85	4.17	3.55
	125.18	127.20	85.84
Changes in operating assets and liabilities			
Trade accounts receivable	( 109.08)	( 7.71)	60.00
Other receivables	( 3.42)	( 4.57)	( 13.80)
Inventories	22.62	( 34.61)	( 56.92)
Other non-current assets	( 0.70)	-	0.03
Trade accounts payable	14.81	28.18	( 26.09)
Other payables	10.16	( 5.70)	( 5.20)
Accrued extraordinary compensation to the entire founders	20.00	10.00	( 24.00)
Other current liabilities	0.26	( 0.18)	( 0.35)
Net cash generated from operating	79.81	112.61	19.51
Extra ordinary compensation to the entire founders paid	( 2.00)	( 4.00)	-
Employee benefit paid	( 4.56)	( 4.22)	( 0.56)
Taxes paid	( 3.36)	( 18.36)	( 10.77)
<b>Net cash from operating activities</b>	<b>69.90</b>	<b>86.03</b>	<b>8.18</b>
<b><u>Cash flow from investing activities</u></b>			
Interest received	0.02	0.03	0.05
Purchase of investment in subsidiaries	-	-	-
Purchase of intangible assets	2.73	0.30	0.01
Purchase of property, plant and equipment	( 42.13)	( 89.73)	( 115.42)
Purchase of intangible assets	( 0.11)	( 0.66)	( 0.07)
<b>Net cash used in investing activities</b>	<b>( 39.49)</b>	<b>( 90.06)</b>	<b>( 125.73)</b>
<b><u>Cash flows from financing activities</u></b>			
Proceeds from issue of shares	-	-	304.20
Transaction costs from issue of shares	-	-	( 14.01)
Interest paid	( 14.04)	( 11.90)	( 15.27)
Dividends paid to owners of the Company	( 5.25)	( 52.50)	( 31.50)
Proceeds from (repayment of) short-term borrowings from financial institutions	( 3.24)	85.09	( 136.10)
Payment by a lessee for reduction of the outstanding liability relating to a finance lease	( 1.12)	( 2.18)	( 0.95)
Proceeds from long-term borrowing from financial institutions	0.00	0.00	57.00

Statement of cash flows	For the year end		
	2015 MB	2016 MB	2017 MB
Repayment of long-term borrowings from financial institutions	( 16.90)	( 16.90)	( 20.40)
<b>Net cash from financing activities</b>	<b>( 40.56)</b>	<b>1.61</b>	<b>142.97</b>
Net increase (decrease) in cash and cash equivalents before effect of exchange rates	( 10.15)	( 2.43)	35.71
Cash and cash equivalents at 1 January	48.72	38.76	36.68
Effect of exchange rate changes on cash and cash equivalents	0.18	0.35	0.03
Cash and cash equivalents at 31 December	<b>38.76</b>	<b>36.68</b>	<b>72.42</b>

### Key Financial Ratios

Financial Ratios		2015	2016	2017
<b><u>Liquidity Ratios</u></b>				
Current ratio	times	1.03	0.95	1.35
Quick ratio	times	0.65	0.56	0.70
Cash flow liquidity ratios	times	0.11	0.13	0.01
Accounts receivable turnover ratio	times	4.60	3.82	3.97
Accounts receivable turnover	days	78.30	94.25	90.58
Inventory turnover ratio	times	5.04	4.69	3.96
Inventory turnover	days	71.41	76.73	90.91
Accounts payable turnover ratio	times	5.81	5.02	5.14
Accounts payable turnover	days	61.97	71.76	70.04
Cash cycle	days	87.74	99.21	111.45
<b><u>Profitability Ratios</u></b>				
Gross margin	%	18.11	20.27	0.16
Operating profit margin	%	2.73	6.42	0.02
Cash turnover	%	178.22	94.95	0.27
Profitability ratios	%	2.36	5.30	0.02
Return on Equity	%	13.31	26.54	0.07
<b><u>Assets Turnover Ratios</u></b>				
Total asset turnover ratio	%	3.76	7.49	0.03
Fixed assets turnover ratio	%	23.61	32.90	0.15
Asset turnover	times	1.59	1.41	1.22
<b><u>Financial Ratios</u></b>				
Debt to equity ratio	times	2.47	2.60	1.06
Time interest earned	times	3.17	5.36	2.34
Cash basis	times	0.88	0.53	0.05
Dividend payout ratio	%	15.22	69.34	106.43

Note: Adjust the annualized calculation to be comparable to historical data.

## Management Discussion and Analysis for the year Ended December 31, 2017

*Table 2 : Statement of Financial Position as at 31 December 2016 and 2017*

Detail	For the year ended 31 December					
	2016		2017		Compare 2017 with 2016	
	MB	%	MB	%	MB	%
Revenue from Sales	1,411.78	100.00	1,372.40	100.00	( 39.38)	( 2.79)
Cost of Sales	1,125.58	79.73	1,159.51	84.49	33.93	3.01
<b>Gross Profit</b>	<b>286.19</b>	<b>20.27</b>	<b>212.90</b>	<b>15.51</b>	<b>( 73.30)</b>	<b>( 25.61)</b>
Other Income	15.63	1.11	11.87	0.86	( 3.76)	( 24.06)
Net Foreign Exchange Gain	1.73	0.12	3.36	0.24	1.63	94.22
Distribution Costs	88.36	6.26	89.53	6.52	1.17	1.32
Administrative Expenses	107.24	7.60	92.71	6.76	( 14.53)	( 13.55)
Total SG&A	195.60	13.85	182.24	13.28	( 13.36)	( 6.83)
Financial Costs	12.35	0.87	13.37	0.97	1.02	8.26
<b>Profit before tax expenses</b>	<b>95.62</b>	<b>6.69</b>	<b>32.52</b>	<b>2.37</b>	<b>( 63.10)</b>	<b>( 65.99)</b>
Tax expenses	19.91	1.41	3.47	0.25	( 16.44)	( 82.57)
Profit for the period	75.71	5.30	29.04	2.12	( 46.67)	( 61.64)
Other comprehensive income (expenses)	1.17	0.08	0.41	0.03	( 0.76)	( 64.96)
<b>Total Comprehensive Income</b>	<b>76.88</b>	<b>5.38</b>	<b>28.63</b>	<b>2.09</b>	<b>( 48.25)</b>	<b>( 62.76)</b>

### Sales Revenue

For the year ended December, 2016 and 2017, our total revenue was THB 1,429.14 million and THB 1,387.64 million, respectively. From those amounts, revenue from sales was accounted of THB 1,411.78 million and THB 1,372.40 million, respectively, which represent the decrease of THB 39.38 million, or - 2.79%. The decrease was mainly attributed to the decrease in sales of PVC wire and cable for THB 32.50 million, or -4.48% driven by the small and medium wire and cable markets leading by the price competition as the Company adjusted the pricing in order to achieve appropriate profit margin since Q3/2017. In addition, the Company also experienced the lower sales revenue of adhesive products for THB 12 million, mainly attributed to the slowdown of shoe industry; causing lower sales orders from local adhesive dealers. In addition, sales from DIY products dropped for THB 6.00 million due to the baht appreciation especially during Q4/17 and some delay of the foreign customers in Africa causing the delay of the shipment.

However, compared to 2017 and 2016, the Company reported higher revenue in Sealant products for THB 11 million due to the increase of demand from both local distributors that promoted our products through hardware stores and OEM customers. Consolidating revenue of Plastic Compound business of with Adhesive & Sealant Business, the percentage of sales revenue from adhesive and sealant business reached 51:49, respectively. The table below illustrates the revenue breakdown by business and Revenue breakdown by customer locations.

*Table 3 : Revenue breakdown by Business – December 31*

Revenue of Plastic Compound Business	Year Ended December 31				Increase(Decrease)	
	2016		2017			
	MB	%	MB	%	MB	%
Total PVC Compound	646.94	45.82	628.34	45.78	( 18.60)	( 2.87)
Thermoplastic Elastomer (TPE)	51.87	3.67	45.08	3.28	( 6.79)	( 13.09)
Polypropylene Split Yarn (PP Yarn)	27.01	1.91	19.90	1.45	( 7.11)	( 26.31)
Total Plastic Compound Business	725.83	51.41	693.33	50.52	( 32.50)	( 4.48)
Revenue of Adhesive & Sealant Business	Year Ended December 31				Increase(Decrease)	
	2016		2017			
	MB	%	MB	%	MB	%
Adhesive	304.59	21.57	293.09	21.36	( 11.50)	( 3.78)
Sealant	182.06	12.90	192.68	14.04	10.62	5.84
DIY	176.96	12.53	170.57	12.43	( 6.39)	( 3.61)
Related Products	22.35	1.58	22.74	1.66	0.39	1.74
Total Adhesive & Sealant Business	685.95	48.59	679.08	49.48	( 6.78)	( 1.00)
Total Revenue	1,411.78	100.00	1,372.40	100.00	( 39.38)	( 2.79)

*Table 4 : Revenue by Geographical segments*

Geographical Segments	2016		2017	
	MB	%	MB	%
Thailand	990.7	70.17	972.47	70.86
Nigeria	69.14	4.9	92.26	6.72
Bangladesh	61.29	4.34	54.4	3.96
Vietnam	33.48	2.37	49.99	3.64
Kenya	74.66	5.29	47.66	3.47
Myanmar	31.74	2.25	33.41	2.43
Other	150.78	10.68	122.22	8.91
<b>Total</b>	<b>1,411.78</b>	<b>100</b>	<b>1,372.40</b>	<b>100</b>

### Cost of Sales and Gross Profit

For the year ended December 31, 2016 and 2017, our cost of sales increased from THB 1,125.58 million to THB 1,159.51 million, respectively. The cost of sales consists of cost of Plastic Compound Business for THB 627.82 million and the cost of Adhesive and Sealant Business for THB 497.76 million in 2016; and cost of Plastic Compound Business for THB 628.92 million and costs of Adhesive and Sealant Business for THB 530.59 million. Compared to the profit margin between 2016 and 2017, the company reported lower gross profit from 20.27% to 15.51%, respectively. The following table indicates the breakdown of cost of sales by business segment.

*Table 5 : Cost of sales and Gross Profit*

<b>Cost of sales and Gross Profit</b>	<b>2016 Million Baht</b>	<b>2017 Million Baht</b>
Cost of Sales : Plastic Compound Business	627.82	628.92
Cost of Sales : Adhesive & Sealant Business	497.76	530.59
<b>Total Cost of Sales</b>	<b>1,125.58</b>	<b>1,159.51</b>
Gross Profit : Plastic Compound Business	98.01	64.4
Gross Profit : Adhesive & Sealant Business	188.19	148.49
<b>Gross Profit</b>	<b>286.19</b>	<b>212.89</b>
Gross Profit Margin : Plastic Compound Business	13.5	9.29
Gross Profit Margin : Adhesive & Sealant Business	27.43	21.87
<b>Gross Profit Margin</b>	<b>20.27</b>	<b>15.51</b>

In the current situation that the company has experienced a significant decrease in profit margin from Plastic Compound Business as a result of the rising PVC resin and plasticizer material prices correspondingly to the two major factors; the shortage of material supplies as a consequence of the shutdown of factories in China due to environmental issue and pricing issues that was confirmed by some of major customers without being able to adjust the price according to the higher cost of materials. However, during Q4, with the pricing adjustment in accordance to the material price increase and developing products that can meet the customer's requirement with better cost effectiveness, these strategies delivered higher productivity as mentioned in Q4 performance earlier.

Compared to the Adhesive & Sealant profit margin, the company reported lower gross profit margin in Adhesive & Sealant Business. The two major reasons attributed to the higher material costs of synthetic rubber and solvent, which have moved correspondingly to the global oil price while the Baht appreciation and pricing competition from China limited the pricing adjustment to customers.

### **Selling & Administrative Expenses**

*Table 6 : Selling & Administrative Expenses*

<b>Selling and Administrative Expenses</b>	<b>2016</b>		<b>2017</b>	
	<b>Million Baht</b>	<b>%</b>	<b>Million Baht</b>	<b>%</b>
Selling Expenses	88.36	6.26	89.53	6.45
Administrative Expenses	107.24	7.6	92.71	6.68
<b>Total Selling &amp; Administrative Expenses</b>	<b>195.6</b>	<b>13.86</b>	<b>182.24</b>	<b>13.13</b>

Total selling and administrative expenses decreased THB 13.36 million, or -6.83% for year ended December 31, 2017. The decrease in selling and administrative costs was primarily due to the following details;

### **Selling Expenses**

Total selling expenses for the year ended 2016 and 2017 increased THB 1.17 million or +1.33% from THB 88.36 million to THB 89.53 million. The higher selling expenses were primarily due to the more sample products from THB 26.52 million to THB 33.99 million, or an increase of THB 7.47 million. The sample

products consist of sales volume rebates for the purpose of sales promotion. The main target markets were the overseas customers for adhesive and sealant business (during 9 months of 2017). In addition, the higher shipping cost to overseas customers for THB 1.26 million (from THB 5.26 million to THB 6.52 million) was attributed to higher international freight charges. Whereas the new commission scheme effective in 2017 reduced the commissions and incentive paid to sales and agents for THB 5.84 million during 2017.

### **Administrative Expenses**

Total administrative expenses decreased THB 14.53 million from THB 107.24 million to THB 92.71 million. The decrease in administrative expenses was mainly due to the Company booked the special retirement benefit to the founder for THB 10 million in 2016 and the reclassification of the IPO related expenses in order to be listed to the Market for Alternative Investment. These IPO related expenses also can be deducted from taxable income in 2017.

### **Finance Costs**

When compared to the finance costs between 2016 and 2017, total finance costs increased from THB 12.35 million to THB 13.37 million or increased from 0.87% of sales to 0.97% of sales. An increase in finance costs percentage compared to sales was attributable to the increase in short-term borrowings from financial institutions including promissory notes (P/N), Trust Receipt (T/R), and short-term borrowing to be used as working capital as Bridging Loan before listing to the Market for Alternative Investment (MAI).

### **Net Profit**

The Company profit for the year ended December 31, 2017 decreased THB 46.67 million, or -61% from THB 75.71 million to THB 29.04 million. As the company has experienced the fluctuation of PVC resin and plasticizer material prices correspondingly to the shortage of material supplies during 2017 as mentioned in the costs of sales section, and some pricing that was confirmed without being able to adjust the pricing according to higher material costs. These 2 factors were mainly attributable to the lower net profit of the PVC Compound and overall Company net profit margin.

### **Financial Position**

#### **Total Assets**

As at December 31, 2016 and 2017, the Company had total assets of THB 1,072.39 million and THB 1,207.75 million, respectively. The company's main assets were mainly consisting of trade accounts receivable and other receivables, inventories, and property, plant and Equipment. Among these assets; it can be classified as current assets for THB 708.31 million and THB 750.24 million and non-current assets for THB 364.08 million and THB 457.51 million, respectively.

#### **Total Liabilities & Shareholders' Equity**

As at December 31, 2016 and 2017, the Company had total liabilities of THB 774.82 million and THB 622.86 million, respectively. The company's major liabilities were consisting of bank overdrafts and short-term borrowings from financial institutions and bridging loan, trade accounts payable, and other payables, and long-term loans from financial institutions. As at December 31, 2016 and 2017, the Company had shareholders' equity of THB 297.57 million and THB 584.89 million, respectively. The increase in shareholders' equity during 2017 was mainly attributed to the capital increase for Initial Public Offerings of THB 90 million from THB 210 million to THB 300 million and share premium on ordinary shares for THB 200.19. This share premium on share capital is determined by the par value of THB 0.50/share and subscription price THB 1.69/share with the total of THB 214.20 million. The Company already deducted the expenses related to the Initial Public Offering amounted to THB 14 million from the premium on share capital received from the new investors.

# Applied DB Public Company Limited and its Subsidiaries

(Formerly Applied DB Industrial Co., Ltd.)

## Statement of financial position

		Consolidated financial	Separate financial	
		statements	statements	
		31 December	31 December	
Assets	Note	2017	2017	2016
			(in Baht)	
<b>Current assets</b>				
Cash and cash equivalents	5	72,418,606	72,349,373	38,019,925
Trade accounts receivable	4, 6	315,958,905	315,958,905	374,681,176
Other receivables	7	42,820,300	42,820,300	29,031,610
Inventories	8	319,041,044	319,041,044	266,574,822
<b>Total current assets</b>		<b>750,238,855</b>	<b>750,169,622</b>	<b>708,307,533</b>
<b>Non-current assets</b>				
Investments in subsidiaries	9	-	6,923	-
Property, plant and equipment	10	447,727,549	447,727,549	355,205,348
Intangible assets		433,294	433,294	638,744
Deferred tax assets	11	8,417,768	8,417,768	7,271,316
Other non-current assets		935,757	935,757	965,757
<b>Total non-current assets</b>		<b>457,514,368</b>	<b>457,521,291</b>	<b>364,081,165</b>
<b>Total assets</b>		<b>1,207,753,223</b>	<b>1,207,690,913</b>	<b>1,072,388,698</b>



# Applied DB Public Company Limited and its Subsidiaries

(Formerly Applied DB Industrial Co., Ltd.)

## Statement of financial position

	<i>Note</i>	Consolidated financial statements	Separate financial statements	
		31 December	31 December	
Liabilities and equity		2017	2017	2016
			<i>(in Baht)</i>	
<b>Current liabilities</b>				
Bank overdrafts and short-term borrowings				
from financial institutions	12	277,464,777	277,464,777	415,730,300
Trade accounts payable	4, 13	212,273,875	212,273,875	238,923,445
Other payables	4, 14	44,122,648	44,122,648	39,726,005
Current portion of finance lease liabilities	12	1,007,296	1,007,296	951,591
Current portion of long-term borrowings				
from financial institutions	12	14,900,000	14,900,000	13,400,000
Accrued extraordinary compensation				
to the entire founders	4	-	-	24,000,000
Income tax payable		2,990,495	2,978,139	9,237,727
Other current liabilities		1,763,598	1,763,598	457,114
<b>Total current liabilities</b>		<b>554,522,689</b>	<b>554,510,333</b>	<b>742,426,182</b>
<b>Non-current liabilities</b>				
Finance lease liabilities	12	3,290,497	3,290,497	4,297,763
Long-term borrowings from financial institutions	12	39,449,986	39,449,986	4,349,981
Non-current provisions for employee benefit	15	25,599,457	25,599,457	23,749,709
<b>Total non-current liabilities</b>		<b>68,339,940</b>	<b>68,339,940</b>	<b>32,397,453</b>
<b>Total liabilities</b>		<b>622,862,629</b>	<b>622,850,273</b>	<b>774,823,635</b>

# Applied DB Public Company Limited and its Subsidiaries

(Formerly Applied DB Industrial Co., Ltd.)

## Statement of financial position

		Consolidated financial	Separate financial	
		statements	statements	
		31 December	31 December	
Liabilities and equity	Note	2017	2017	2016
			(in Baht)	
<b>Shareholders' equity</b>				
Share capital:	16			
Authorised share capital		300,000,000	300,000,000	210,000,000
Issued and paid share capital		300,000,000	300,000,000	210,000,000
Share premium:				
Share premium on ordinary shares	16	202,200,890	202,200,890	2,010,000
Surplus on share-base payment transactions	16	308,333	308,333	308,333
Retained earnings:				
Appropriated to legal reserve	17	12,563,304	12,563,304	7,328,053
Unappropriated		71,140,435	71,091,009	77,918,677
Other component of shareholders' equity	17	(1,322,368)	(1,322,896)	-
<b>Total shareholders' equity</b>		<b>584,890,594</b>	<b>584,840,640</b>	<b>297,565,063</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,207,753,223</b>	<b>1,207,690,913</b>	<b>1,072,388,698</b>

# Applied DB Public Company Limited and its Subsidiaries

(Formerly Applied DB Industrial Co., Ltd.)

## Statement of comprehensive income

		Consolidated financial statements	Separate financial statements	
		For the year ended	For the year ended	
		31 December	31 December	
	Note	2017	2017	2016
			(in Baht)	
<b>Revenues</b>				
Revenue from sales of goods	4, 18	1,372,404,358	1,372,404,358	1,411,777,957
Net foreign exchange gain		3,361,578	3,361,578	1,729,515
Other income	4, 19	11,871,413	11,871,413	15,633,976
<b>Total revenues</b>		<b>1,387,637,349</b>	<b>1,387,637,349</b>	<b>1,429,141,448</b>
<b>Expenses</b>	4			
Cost of sale of goods	8, 21	1,159,512,439	1,159,512,439	1,125,583,492
Distribution costs	21	89,530,835	89,530,835	88,359,722
Administrative expenses	21	92,706,687	92,768,469	107,235,808
Finance costs		13,368,286	13,368,286	12,346,812
<b>Total expenses</b>		<b>1,355,118,247</b>	<b>1,355,180,029</b>	<b>1,333,525,834</b>
<b>Profit before income tax expense</b>		<b>32,519,102</b>	<b>32,457,320</b>	<b>95,615,614</b>
Income tax expense	22	3,474,231	3,461,875	19,906,046
<b>Profit for the year</b>		<b>29,044,871</b>	<b>28,995,445</b>	<b>75,709,568</b>

# Applied DB Public Company Limited and its Subsidiaries

(Formerly Applied DB Industrial Co., Ltd.)

## Statement of comprehensive income

		Consolidated financial statements	Separate financial statements	
		For the year ended	For the year ended	
		31 December	31 December	
	Note	2017	2017	2016
			(in Baht)	
<b>Other comprehensive income</b>				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Exchange difference on translating foreign operations		528	-	-
Effective portion of changes in fair value of cash flow hedges	2(f)	-1,653,620	(1,653,620)	-
Income tax relating to items that will be reclassified to profit or loss	2(f), 11, 22	330,724	330,724	-
<b>Total items that will be reclassified subsequently to profit or loss</b>		<b>-1,322,368</b>	<b>(1,322,896)</b>	<b>-</b>
<i>Items that will not be reclassified to profit or loss</i>				
Gains on remeasurements of defined benefit plans	15	1,140,172	1,140,172	1,457,821
Income tax relating to item that will not be reclassified to profit or loss	11, 22	-228,034	-228,034	-291,564
<b>Total items that will not be reclassified to profit or loss</b>		<b>912,138</b>	<b>912,138</b>	<b>1,166,257</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>-410,230</b>	<b>-410,758</b>	<b>1,166,257</b>
<b>Total comprehensive income for the year</b>		<b>28,634,641</b>	<b>28,584,687</b>	<b>76,875,825</b>
<b>Profit attributable to:</b>				
Owners of the parent		29,044,871	28,995,445	75,709,568
<b>Profit for the year</b>		<b>29,044,871</b>	<b>28,995,445</b>	<b>75,709,568</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent		28,634,641	28,584,687	76,875,825
<b>Total comprehensive income for the year</b>		<b>28,634,641</b>	<b>28,584,687</b>	<b>76,875,825</b>
<b>Basic earnings per share</b>	23	<b>0.065</b>	<b>0.065</b>	<b>0.180</b>

# Applied DB Public Company Limited and its Subsidiaries

(Formerly Applied DB Industrial Co., Ltd.)

## Statement of changes in equity

Consolidated financial statements									
				Retained earnings		Other components of shareholders' equity			
			Surplus on						
			share-base				Translation of		Total
			payment				foreign	Losses on	other
			transactions				operations	cash flow hedges	components
									of equity
									equity

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

# Applied DB Public Company Limited and its Subsidiaries

(Formerly Applied DB Industrial Co., Ltd.)

## Statement of changes in equity

	<i>Note</i>	Separate financial statements				
		Issued and paid share capital	Share premium	Surplus on share-based payment transactions	Retained earnings	
					Legal reserve	Unappropriated
						Total Shareholders' equity
					<i>(in Baht)</i>	
<b>Year ended 31 December 2016</b>						
<b>Balance at 1 January 2016</b>		<b>210,000,000</b>	<b>2,010,000</b>	<b>-</b>	<b>5,603,687</b>	<b>55,267,218</b>
<b>Transactions with owners, recorded directly in equity</b>						
<b>Distributions to owners of the Company</b>						
Dividends to owners of the Company	24	-	-	-	-	(52,500,000)
Share-based payment transactions		-	-	308,333	-	-
<b>Total transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>308,333</b>	<b>-</b>	<b>(52,500,000)</b>
<b>Comprehensive income for the year</b>						
Profit		-	-	-	-	75,709,568
Other comprehensive income		-	-	-	-	1,166,257
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76,875,825</b>
Transfer to legal reserve	17	-	-	-	1,724,366	(1,724,366)
<b>Balance at 31 December 2016</b>		<b>210,000,000</b>	<b>2,010,000</b>	<b>308,333</b>	<b>7,328,053</b>	<b>77,918,677</b>

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

Applied DB Public Company Limited and its Subsidiaries  
(Formerly Applied DB Industrial Co., Ltd.)  
Statement of changes in equity

		Separate financial statements					Other components	
				Surplus on	Retained earnings		of shareholders'	
	Note	Issued and paid	Share	share-based			equity	Total
		share capital	premium	payment	Legal reserve	Unappropriated	Losses on	Shareholders'
				transactions	(in Baht)		cash flow hedges	equity
<b>Year ended 31 December 2017</b>								
<b>Balance at 1 January 2017</b>		<b>210,000,000</b>	<b>2,010,000</b>	<b>308,333</b>	<b>7,328,053</b>	<b>77,918,677</b>	<b>-</b>	<b>297,565,063</b>
<b>Transactions with owners, recorded directly in equity</b>								
<i>Contributions by and distributions to owners of the Company</i>								
Issue of ordinary shares	16	90,000,000	200,190,890	-	-	-	-	290,190,890
Dividends to owners of the Company	24	-	-	-	-	(31,500,000)	-	(31,500,000)
<b>Total transactions with owners, recorded directly in equity</b>		<b>90,000,000</b>	<b>200,190,890</b>	<b>-</b>	<b>-</b>	<b>(31,500,000)</b>	<b>-</b>	<b>258,690,890</b>
<b>Comprehensive income for the year</b>								
Profit		-	-	-	-	28,995,445	-	28,995,445
Other comprehensive income		-	-	-	-	912,138	(1,322,896)	(410,758)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,907,583</b>	<b>(1,322,896)</b>	<b>28,584,687</b>
Transfer to legal reserve	17	-	-	-	5,235,251	(5,235,251)	-	-
<b>Balance at 31 December 2017</b>		<b>300,000,000</b>	<b>202,200,890</b>	<b>308,333</b>	<b>12,563,304</b>	<b>71,091,009</b>	<b>(1,322,896)</b>	<b>584,840,640</b>

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



# Applied DB Public Company Limited and its Subsidiaries

(Formerly Applied DB Industrial Co., Ltd.)

## Statement of cash flows

		Consolidated financial statements	Separate financial statements	
		For the year ended 31 December	For the year ended 31 December	
	Note	2017	2017	2016
			(in Baht)	
<b>Cash flows from operating activities</b>				
Profit for the year		29,044,871	28,995,445	75,709,568
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Income tax expense	22	3,474,231	3,461,875	19,906,046
Finance costs		13,368,286	13,368,286	12,346,812
Depreciation and amortization		34,576,757	34,576,757	34,407,190
Post-employee benefits	15	3,552,800	3,552,800	4,170,414
Unrealised (gain) loss on exchange		(450,214)	(450,742)	78,526
Expenses for share-based payment transactions		-	-	308,333
Reversal of allowance for doubtful accounts	6	(2,229,211)	(2,229,211)	(704,680)
(Reversal of) losses on inventories devaluation	8	4,458,107	4,458,107	(18,721,597)
(Gain) loss on disposal and write off of property, plant and equipment		97,572	97,572	(274,908)
Interest income		(49,966)	(49,966)	(25,443)
		85,843,233	85,780,923	127,200,261
<b>Changes in operating assets and liabilities</b>				
Trade accounts receivable		59,997,520	59,997,520	(7,711,910)
Other receivables		(13,797,326)	(13,797,326)	(4,567,652)
Inventories		(56,924,329)	(56,924,329)	(34,614,039)
Other non-current assets		30,000	30,000	-
Trade accounts payable		(26,093,063)	(26,093,063)	28,181,339
Other payables		(5,206,223)	(5,206,223)	(14,677,100)
Accrued extraordinary compensation to the entire founders		(24,000,000)	(24,000,000)	6,000,000
Other current liabilities		(347,136)	(347,136)	(178,722)
Employee benefit paid	15	(562,880)	(562,880)	(4,223,648)
Net cash generated from operating		18,939,796	18,877,486	95,408,529
Taxes paid		(10,765,226)	(10,765,226)	(18,355,530)
<b>Net cash from operating activities</b>		<b>8,174,570</b>	<b>8,112,260</b>	<b>77,052,999</b>

# Applied DB Public Company Limited and its Subsidiaries

(Formerly Applied DB Industrial Co., Ltd.)

## Statement of cash flows

		Consolidated financial statements	Separate financial statements	
		For the year ended 31 December	For the year ended 31 December	
	Note	2017	2017	2016
			(in Baht)	
<b>Cash flows from investing activities</b>				
Purchase of investment in subsidiaries	9	-	(6,923)	-
Proceeds from sale of property, plant and equipment		7,477	7,477	297,009
Purchase of property, plant and equipment		(115,417,222)	(115,417,222)	(80,753,722)
Purchase of intangible assets		(77,000)	(77,000)	(657,950)
Interest received		49,966	49,966	25,443
<b>Net cash used in investing activities</b>		<b>(115,436,779)</b>	<b>(115,443,702)</b>	<b>(81,089,220)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of shares	16	304,200,000	304,200,000	-
Transaction costs from issue of shares	16	(14,009,110)	(14,009,110)	-
Proceeds from (repayment of) short-term borrowings from financial institutions		(136,099,446)	(136,099,446)	85,089,959
Proceeds from long-term borrowing from financial institutions		57,000,000	57,000,000	-
Repayment of long-term borrowings from financial institutions		(20,399,995)	(20,399,995)	(16,900,008)
Payment by a lessee for reduction of the outstanding liability relating to a finance lease		(951,561)	(951,561)	(2,181,146)
Dividends paid to owners of the Company	24	(31,500,000)	(31,500,000)	(52,500,000)
Interest paid		(15,269,756)	(15,269,756)	(11,899,431)
<b>Net cash from financing activities</b>		<b>142,970,132</b>	<b>142,970,132</b>	<b>1,609,374</b>
Net increase (decrease) in cash and cash equivalents,				
before effect of exchange rates		35,707,923	35,638,690	(2,426,847)
Effect of exchange rate changes on cash and cash equivalents		30,366	30,366	351,213
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>35,738,289</b>	<b>35,669,056</b>	<b>(2,075,634)</b>
Cash and cash equivalents at 1 January		36,680,317	36,680,317	38,755,951
<b>Cash and cash equivalents at 31 December</b>		<b>72,418,606</b>	<b>72,349,373</b>	<b>36,680,317</b>

**Applied DB Public Company Limited and its Subsidiaries**  
**(Formerly Applied DB Industrial Co., Ltd.)**

**Statement of cash flows**

		<b>Consolidated financial statements</b>	<b>Separate financial statements</b>	
		For the year ended 31 December	For the year ended 31 December	
	<i>Note</i>	2017	2017	2016
			(in Baht)	
<b>Supplemental disclosures of cash flow information</b>				
1. Cash and cash equivalents consisted of:				
Cash and cash equivalents	5	72,418,606	72,349,373	38,019,925
Bank overdrafts	12	-	-	(1,339,608)
<b>Net</b>		<b>72,418,606</b>	<b>72,349,373</b>	<b>36,680,317</b>
2. Property, plant and equipment purchased during the year are detailed as follows:				
Property, plant and equipment purchased during the year	10	126,921,557	126,921,557	97,157,726
Less: Capitalised interest	10	(1,476,175)	(1,476,175)	-
Less: Assets under finance leases		-	-	(7,430,500)
Changes in payables on purchase of property, plant and equipment		(10,028,160)	(10,028,160)	(8,973,504)
<b>Net purchase of property, plant and equipment paid by cash</b>		<b>115,417,222</b>	<b>115,417,222</b>	<b>80,753,722</b>

**Applied DB Public Company Limited and its Subsidiaries**  
**(Formerly Applied DB Industrial Co., Ltd.)**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

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**Applied DB Public Company Limited and its Subsidiaries**  
**(Formerly Applied DB Industrial Co., Ltd.)**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 27 February 2018.

## **1 General information**

Applied DB Public Company Limited, the “Company”, was incorporated in Thailand on 4 January 2005 and has its registered offices at:

Head office : 252 Moo 4, Sukhumvit Road, TambolPrakasa, AmplurMuangSamutprakarn, Thailand 10280.  
First branch : 260 Moo 4, Sukhumvit Road, TambolPrakasa, AmplurMuangSamutprakarn, Thailand 10280.  
Second branch : 271 Moo 4, Sukhumvit Road, TambolPrakasa, AmplurMuangSamutprakarn, Thailand 10280.  
Third branch : 271/1 Moo 4, Sukhumvit Road, TambolPrakasa, AmplurMuangSamutprakarn, Thailand 10280.

The Company registered the conversion to a public company limited with the Ministry of Commerce and changed its name to Applied DB Public Company Limited on 22 March 2017.

The Company was listed on the Stock Exchange of Thailand on 6 November 2017.

The Company’s major shareholder during the financial year were the Wongchareonsin Family (25% shareholding), the Wang Wanapraisorn Family (21% shareholding) and the Wongtangtrakul Family (16% shareholding).

The principal activities of the Company are manufacturing and distribution of plastic compound, adhesive and sealant.

Details of the Company’s subsidiaries as at 31 December 2017 are given in Note 9 to the financial statements.

## **2 Basis of preparation of the financial statements**

### **(a) Statement of compliance**

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2017. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2018 and have not been adopted in the preparation of these financial statements. The Group has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

**Applied DB Public Company Limited and its Subsidiaries**  
**(Formerly Applied DB Industrial Co., Ltd.)**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following items

<i>Items</i>	<i>Measurement bases</i>
Derivative financial instruments	Fair value
Defined benefit liability	Present value of the defined benefit obligation as explained in Note 3 (n) to the financial statements

**(c) Functional and presentation currency**

The financial statements are prepared and presented in Thai Baht, which is the Company's functional currency. All financial information has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

**(d) Use of judgements and estimates**

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

*Assumptions and estimation uncertainties*

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 15            Measurement of defined benefit obligations: key actuarial assumptions

*Measurement of fair values*

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

**Applied DB Public Company Limited and its Subsidiaries**  
**(Formerly Applied DB Industrial Co., Ltd.)**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 3 (o) share-based payment arrangements;
- Note 25 financial instruments.

**(e) *The first time preparation of the consolidated financial statements***

On 3 March 2017 and 10 March 2017, the Company established ADB USA Inc. and Sparko USA Inc., respectively (the “subsidiaries”). Both subsidiaries are incorporated in the United States of America, which the Company owned 100% of shares. The financial statements of subsidiaries are included in the consolidated financial statements for the year ended 31 December 2017 (See Note 3 (a) and 9 to the financial statements).

**(f) *Cash flow hedges from the interest rate swap agreement***

On 9 June 2017, the Company entered into an interest rate swap agreement (“IRS”) with a local financial institution. The IRS is designated as the hedging instrument in a hedge of the variability in cash flows (See Note 3 (d) and 12 to the financial statements).

The following tables summarise the material quantitative impacts resulting from the above changes in accounting policy on the Group’s consolidated and separate statements of comprehensive income.

***Statements of comprehensive income for the year ended 31 December 2017***

	<i>(in million Baht)</i>
Decrease in finance costs	1,654
Increase in income tax expense	(331)
<b>Increase in profit for the period</b>	<b>1,323</b>
Decrease in effective portion of changes in fair value of cash flow hedges	(1,654)
Increase in income tax relating to items that will be reclassified to profit or loss	331
<b>Decrease in other comprehensive income for the year, net of tax</b>	<b>(1,323)</b>
<b>Increase (decrease) in total comprehensive income for the year</b>	<b>-</b>
<b>Increase in basic earnings per share (in Baht)</b>	<b>0.003</b>

**Applied DB Public Company Limited and its Subsidiaries**  
**(Formerly Applied DB Industrial Co., Ltd.)**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 2 (e) and (f) to the financial statements.

**(a) Basis of consolidation**

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”).

*Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

*Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated.

**(b) Foreign currencies**

*Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of qualifying cash flow hedges to the extent the hedge is effective are recognized in other comprehensive income.

*Foreign operations*

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and presented in the currency translation differences reserve in equity until disposed of the investments.



**Applied DB Public Company Limited and its Subsidiaries**  
**(Formerly Applied DB Industrial Co., Ltd.)**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**(c) *Derivative financial instruments***

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate arising from operational and financing activities. These instruments mainly comprise foreign currency forward contracts and interest rate swap contracts.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see accounting policy 3(d)).

*Foreign currency forward contracts*

Foreign currency forward contracts protect the Company from risks in fluctuation of exchange rates by establishing the future exchange rate. The gain or loss on measurement to fair value is recognized immediately in profit or loss.

The fair value of forward contracts is based on broker quotes at the reporting date.

*Interest rate swap contracts*

Interest rate swap contracts protect the Company from risks in fluctuation of interest rates. The differences under interest rate swaps are recorded as adjustments to the interest expense relating to the financial obligations in profit or loss.

The fair value of interest rate swap contracts is based on broker quotes at the reporting date.

**(d) *Hedging***

*Cash flow hedges*

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative financial instrument is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion is recognised immediately in profit or loss.

*Discontinuing hedge accounting*

Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument existing in equity is retained in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is recognised in profit or loss immediately.

**(e) *Cash and cash equivalents***

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of cash and cash equivalents for the purpose of the statement of cash flows.

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**(f) Trade and other accounts receivable**

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

**(g) Inventories**

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

**(h) Investments**

Investments in subsidiaries

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method.

**(i) Property, plant and equipment**

*Owned assets*

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cashflow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

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*Leased assets*

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

*Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

*Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings and other constructions	5, 20 and 30	years
Machinery and equipment	3, 5, 10 and 15	years
Furniture, fixtures and office equipment	2, 3 and 5	years
Vehicles	5	years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(j) *Intangible assets***

Intangible asset comprises software licenses that is acquired by the Company and has finite useful lives is measured at cost less accumulated amortisation and accumulated impairment losses.

*Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

*Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

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Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives of software licences are 3 and 5 years.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(k) Impairment**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

*Calculation of recoverable amount*

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversals of impairment*

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(l) Interest-bearing liabilities**

Interest-bearing liabilities are stated at cost

**(m) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

**(n) Employee benefits**

*Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

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*Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(o) Share-based payments**

The grant-date fair value of share-based payment awards granted to employees is generally recognised as an employee expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met. For employees, the share-based payment awards granted and vest immediately on the grant date, the grant-date fair value of the awards is recognised as an expense immediately.

**(p) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

**(q) Revenue**

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates.

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*Sale of goods*

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

*Interest and other income*

Interest and other income is recognised in profit or loss as it accrues.

**(r) Finance costs**

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognised in the statement of income using the effective interest rate method.

**(s) Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

*Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

**(t) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(u) *Earnings per share***

The Group presents basic earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

**(v) *Segment reporting***

Segment results that are reported to the Group’s CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

**4 *Related parties***

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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Relationships with subsidiaries are disclosed in Note 9 to the financial statements. Relationship with key management and other related parties were as follows:

<b>Name of parties</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
C.P.L Group PCL.	Thailand	Common directors
CS Rubber Industry Co., Ltd.	Thailand	Common directors
CharoensinThani Co., Ltd.	Thailand	Common directors
Charoensin Asset Co., Ltd.	Thailand	Common directors
Thai Wiring System Co., Ltd.	Thailand	Common directors
All New Vision Co., Ltd.	Thailand	Common directors
TVDI Vietnam Co., Ltd.	Vietnam	Common directors
Showa Global (Thailand) Co., Ltd.	Thailand	Common shareholder
Vina Showa Co., Ltd.	Vietnam	Common shareholder
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

The pricing policies for transactions with related parties are explained further below:

<b>Transactions</b>	<b>Pricing policies</b>
Sale of goods	Market price
Other income	Market price
Purchases of goods	Market price / at agreed price
Services and others fee	Market price / at agreed price

Significant transactions for the ended 31December 2017 and 2016 with related parties were as follows:

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>	
<i>For the year ended 31 December</i>	2017	2017	2016
		<i>(in thousand Baht)</i>	
<b>Subsidiaries</b>			
Services and others fee	-	277	-
<b>Other related parties</b>			
Sales of goods	29,772	29,772	27,924
Other income	367	367	479
Purchases of goods	3,480	3,480	3,328
Services and other fees	186	186	127
<b>Key management personnel</b>			
Key management personnel compensation			
Short-term employee benefits	27,049	27,049	34,230
Post-employment benefits	798	798	468
Extraordinary compensation to the entire founder	-	-	10,000
<b>Total key management personnel compensation</b>	<b>27,847</b>	<b>27,847</b>	<b>44,698</b>



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Balances as at 31 December 2017 and 2016 with related parties were as follows:

***Trade accounts receivable***

	<b>Consolidated financial statements 2017</b>	<b>Separate financial statements 2017</b>	<b>2016</b>
	<i>(in thousand Baht)</i>		
Related parties	11,066	11,066	5,203
Less allowance for doubtful accounts	-	-	(24)
<b>Net</b>	<b>11,066</b>	<b>11,066</b>	<b>5,179</b>

***Trade accounts payable***

	<b>Consolidated financial statements 2017</b>	<b>Separate financial statements 2017</b>	<b>2016</b>
	<i>(in thousand Baht)</i>		
Related parties	<b>883</b>	<b>883</b>	<b>2,154</b>

***Other payables***

	<b>Consolidated financial statements 2017</b>	<b>Separate financial statements 2017</b>	<b>2016</b>
	<i>(in thousand Baht)</i>		
Related parties	<b>12</b>	<b>12</b>	<b>39</b>

***Accrued extraordinary compensation to the entire founders***

	<b>Consolidated financial statements 2017</b>	<b>Separate financial statements 2017</b>	<b>2016</b>
	<i>(in thousand Baht)</i>		
Key management personnel	-	-	<b>24,000</b>

***Significant agreements with related parties***

As at 31 December 2017, the Group had significant contracts with related parties as follows:

***Marketing Assistance Agreement***

The Company has two marketing assistance agreements with two subsidiaries. Under the terms of these agreements, the subsidiaries agreed to provide marketing assistance and commercial information in overseas markets that are useful for the Company. In consideration thereof, the Company agreed to pay a service fee to the subsidiaries at the agreed rates as stipulated in the agreements. These agreements are effective for a period of 1 year and 9 months starting from 31 March 2017 and will be automatically renewable for additional periods, unless either party has an intention to terminate the agreements, a written notification must be made to the other party not later than 3 months prior to the expiration date.

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**5 Cash and cash equivalents**

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>	
	2017	2017	2016
		<i>(in thousand Baht)</i>	
Cash on hand	568	498	1,172
Cash at banks - current accounts	13,231	13,231	6,532
Cash at banks - savings accounts	58,620	58,620	30,316
<b>Total</b>	<b>72,419</b>	<b>72,349</b>	<b>38,020</b>

**6 Trade accounts receivable**

	<i>Note</i>	<b>Consolidate d financial statements</b>	<b>Separate financial statements</b>	
		2017	2017	2016
			<i>(in thousand Baht)</i>	
Related parties	4	11,066	11,066	5,203
Other parties		311,097	311,097	377,911
<b>Total</b>		<b>322,163</b>	<b>322,163</b>	<b>383,114</b>
<i>Less</i> allowance for doubtful accounts		(6,204)	(6,204)	(8,433)
<b>Net</b>		<b>315,959</b>	<b>315,959</b>	<b>374,681</b>
Reversal of allowance for doubtful accounts for the year		<b>(2,229)</b>	<b>(2,229)</b>	<b>(705)</b>

Aging analyses for trade accounts receivable were as follows:

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>	
	2017	2017	2016
		<i>(in thousand Baht)</i>	
<b>Related parties</b>			
Within credit terms	11,059	11,059	4,597
Overdue:			
Less than 3 months	7	7	534
3 - 6 months	-	-	72
	<b>11,066</b>	<b>11,066</b>	<b>5,203</b>
<i>Less</i> allowance for doubtful accounts	-	-	(24)
	<b>11,066</b>	<b>11,066</b>	<b>5,179</b>

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	<b>Consolidated financial statements 2017</b>	<b>Separate financial statements 2017</b>	<b>2016</b>
		<i>(in thousand Baht)</i>	
<b>Other parties</b>			
Within credit terms	223,323	223,323	256,038
Overdue:			
Less than 3 months	74,872	74,872	112,300
3 - 6 months	10,075	10,075	1,824
6 - 12 months	1,635	1,635	5,936
More than 12 months	1,192	1,192	1,813
	<b>311,097</b>	<b>311,097</b>	<b>377,911</b>
<i>Less</i> allowance for doubtful accounts	(6,204)	(6,204)	(8,409)
	<b>304,893</b>	<b>304,893</b>	<b>369,502</b>
<b>Net</b>	<b>315,959</b>	<b>315,959</b>	<b>374,681</b>

The normal credit terms granted by the Group range from 7 days to 120 days.

**7 Other receivables**

	<b>Consolidated financial statements 2017</b>	<b>Separate financial statements 2017</b>	<b>2016</b>
		<i>(in thousand Baht)</i>	
Value added tax receivable	35,233	35,233	19,541
Prepaid expenses	7,212	7,212	9,204
Others	375	375	287
<b>Total</b>	<b>42,820</b>	<b>42,820</b>	<b>29,032</b>

**8 Inventories**

	<b>Consolidated financial statements 2017</b>	<b>Separate financial statements 2017</b>	<b>2016</b>
		<i>(in thousand Baht)</i>	
Finished goods	79,745	79,745	79,994
Work in progress	12,642	12,642	10,612
Raw materials	165,577	165,577	139,130
Factory supplies	29,476	29,476	21,008
Goods in transit	40,233	40,233	20,005
<b>Total</b>	<b>327,673</b>	<b>327,673</b>	<b>270,749</b>
<i>Less</i> allowance for decline in value of inventories	(8,632)	(8,632)	(4,174)
<b>Net</b>	<b>319,041</b>	<b>319,041</b>	<b>266,575</b>

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	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>	
	2017	2017	2016
		<i>(in thousand Baht)</i>	
Inventories recognised as an expense in ‘cost of sales of goods’:			
- Cost	1,155,054	1,155,054	1,144,304
- Write-down to net realisable value	4,458	4,458	-
- Reversal of write-down	-	-	(18,721)
<b>Total</b>	<b>1,159,512</b>	<b>1,159,512</b>	<b>1,125,583</b>

**9 Investment in subsidiaries**

	<b>Separate financial statements</b>	
	2017	2016
	<i>(in thousand Baht)</i>	
At 1 January	-	-
Purchase of investments	7	-
<b>At 31 December</b>	<b>7</b>	<b>-</b>

*Purchase of investments*

At the Board of Directors’ meeting of the Company held on 22 February 2017, the Board of Directors approved to establish ADB USA Inc. (“ADB”) and Sparko USA Inc. (“Sparko”) in the United States of America to support the Company focusing on providing marketing assistance and commercial information in overseas markets that are useful for the Company. Both companies would have the initial authorised share capital of USD 100 each (fully paid share capital). ADB and Sparko were incorporated in the United States of America on 3 March 2017 and 10 March 2017, respectively. Accordingly, ADB and Sparko are subsidiaries of the Company.

Investments in subsidiaries as at 31 December 2017 as follows:

	<b>Separate financial statements</b>					
	<b>Ownership Interest</b>		<b>Paid capital</b>		<b>Cost</b>	
	2017	2016	2017	2016	2017	2016
	<i>(%)</i>		<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>						
ADB USA Inc.	100	-	3.5	-	3.5	-
Sparko USA Inc.	100	-	3.5	-	3.5	-
<b>Total</b>			<b>7.0</b>	<b>-</b>	<b>7.0</b>	<b>-</b>

None of the Company’s subsidiaries is publicly listed and consequently does not have published price quotations.

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**10 Property, plant and equipment**

	Consolidated/Separate financial statements					Assets under construction and installation	Total
	Land and land improvement	Building and other constructions	Machinery and equipment	Furniture, fixtures and office equipment (in thousand Baht)	Vehicles		
<b>Cost</b>							
At 1 January 2016	64,836	178,413	286,923	27,507	2,175	32,419	592,273
Additions	-	-	2,952	2,125	7,431	84,650	97,158
Transfers	-	3,873	22,919	690	-	(27,482)	-
Disposals	-	-	(2,442)	(532)	-	-	(2,974)
<b>At 31 December 2016 and at 1 January 2017</b>	<b>64,836</b>	<b>182,286</b>	<b>310,352</b>	<b>29,790</b>	<b>9,606</b>	<b>89,587</b>	<b>686,457</b>
Additions	-	177	3,109	1,752	-	121,884	126,922
Transfers	-	8,140	26,394	735	-	(35,269)	-
Disposals	-	-	(7,264)	(851)	-	-	(8,115)
<b>At 31 December 2017</b>	<b>64,836</b>	<b>190,603</b>	<b>332,591</b>	<b>31,426</b>	<b>9,606</b>	<b>176,202</b>	<b>805,264</b>
<b>Depreciation</b>							
At 1 January 2016	-	(87,671)	(186,612)	(24,978)	(892)	-	(300,153)
Depreciation charge for the year	-	(8,086)	(23,855)	(1,496)	(614)	-	(34,051)
Disposals	-	-	2,442	510	-	-	2,952
<b>At 31 December 2016 and at 1 January 2017</b>	<b>-</b>	<b>(95,757)</b>	<b>(208,025)</b>	<b>(25,964)</b>	<b>(1,506)</b>	<b>-</b>	<b>(331,252)</b>
Depreciation charge for the year	-	(6,430)	(24,353)	(1,596)	(1,915)	-	(34,294)
Disposals	-	-	7,172	838	-	-	8,010
<b>At 31 December 2017</b>	<b>-</b>	<b>(102,187)</b>	<b>(225,206)</b>	<b>(26,722)</b>	<b>(3,421)</b>	<b>-</b>	<b>(357,536)</b>

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	<b>Consolidated/Separate financial statements</b>						
	Land and land improvement	Building and other constructions	Machinery and equipment	Furniture, fixtures and office equipment (in thousand Baht)	Vehicles	Assets under construction and installation	Total
<i>Net book value</i>							
<b>At 1 December 2016</b>							
Owned assets	64,836	90,742	100,311	2,529	1,283	32,419	292,120
	<b>64,836</b>	<b>90,742</b>	<b>100,311</b>	<b>2,529</b>	<b>1,283</b>	<b>32,419</b>	<b>292,120</b>
<b>At 31 December 2016 and 1 January 2017</b>							
Owned assets	64,836	86,529	102,327	3,826	850	89,587	347,955
Asset under finance leases	-	-	-	-	7,250	-	7,250
	<b>64,836</b>	<b>86,529</b>	<b>102,327</b>	<b>3,826</b>	<b>8,100</b>	<b>89,587</b>	<b>355,205</b>
<b>At 31 December 2017</b>							
Owned assets	64,836	88,416	107,385	4,704	420	176,202	441,963
Asset under finance leases	-	-	-	-	5,765	-	5,765
	<b>64,836</b>	<b>88,416</b>	<b>107,385</b>	<b>4,704</b>	<b>6,185</b>	<b>176,202</b>	<b>447,728</b>

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2017 amounted to Baht 199.7 million (2016: Baht 164.8 million).

As at 31 December 2017, the Company has pledged assets amounting to Baht 28.0 million (2016: Baht 28.0 million) as collateral against bank overdrafts, short-term and long-term borrowings from financial institutions, and letter of guarantee as described in Note 12 to the financial statements.

*Assets under construction and installation*

Assets under construction and installation as at 31 December 2017 amounted to Baht 176.2 million (2016: Baht 89.6 million), and mainly represented construction costs for new factory building and cost of machinery and equipment including the related installation costs.

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During the year ended 31 December 2017, the Company capitalised interest expense as cost of construction in progress and installation totaling Baht 1.5 million (2016: nil), with a capitalisation rate of 4.90% per annum (2016: nil).

**11 Deferred tax**

Movements in total deferred tax assets and liabilities during the year were as follows:

	Consolidated/Separate financial statements		
	At 1 January 2017	Profit or loss Other comprehensive income (in thousand Baht)	At 31 December 2017
<b>Deferred tax assets</b>			
Trade accounts receivable (doubtful accounts)	1,687	(446)	1,241
Inventories (allowance for decline in value)	835	892	1,727
Non-current provisions for employee benefit	4,749	598	5,119
Changes in fair value of cash flow hedges	-	-	331
<b>Total</b>	<b>7,271</b>	<b>1,044</b>	<b>8,418</b>

	Consolidated/Separate financial statements		
	At 1 January 2016	Profit or loss Other comprehensive income (in thousand Baht)	At 31 December 2016
<b>Deferred tax assets</b>			
Trade accounts receivable (doubtful accounts)	2,222	(535)	1,687
Inventories (allowance for decline in value)	4,579	(3,744)	835
Non-current provisions for employee benefit	5,052	(11)	4,749
<b>Total</b>	<b>11,853</b>	<b>(4,290)</b>	<b>7,271</b>

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**12 Interest bearing liabilities**

	<b>Consolidated financial statements 2017</b>	<b>Separate financial statements 2017</b>	<b>2016</b>
		<i>(in thousand Baht)</i>	
<b><i>Current</i></b>			
Bank overdraft - secured	-	-	1,340
Short-term borrowings from financial institutions			
Promissory notes - secured	183,466	183,466	335,640
Liabilities under trust receipts - secured	93,999	93,999	78,750
Current portion of financial lease liabilities	1,007	1,007	952
Current portion of long-term borrowings from financial institution- secured	14,900	14,900	13,400
<b>Total interest bearing liabilities - current</b>	<b>293,372</b>	<b>293,372</b>	<b>430,082</b>
<b><i>Non-current</i></b>			
Financial lease liabilities	3,290	3,290	4,298
Long-term borrowings from financial institution - secured	39,450	39,450	4,350
<b>Total interest bearing liabilities - non-current</b>	<b>42,740</b>	<b>42,740</b>	<b>8,648</b>
<b>Grand total</b>	<b>336,112</b>	<b>336,112</b>	<b>438,730</b>

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December 2017 and 2016 were as follows:

	<b>Consolidated financial statements 2017</b>	<b>Separate financial statements 2017</b>	<b>2016</b>
		<i>(in thousand Baht)</i>	
Within one year	292,365	292,365	429,130
After one year but within five years	39,450	39,450	4,350
<b>Total</b>	<b>331,815</b>	<b>331,815</b>	<b>433,480</b>

Secured interest-bearing liabilities as at 31 December 2017 and 2016 were secured on the following assets:

	<b>Consolidated financial statements 2017</b>	<b>Separate financial statements 2017</b>	<b>2016</b>
		<i>(in thousand Baht)</i>	
Property, plant and equipment	<b>27,962</b>	<b>27,962</b>	<b>27,962</b>

The Group's liabilities under trust receipts, goods have been released to the Group in trust for the financial institutions. Therefore, the Group is accountable to the financial institution for such goods.



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As at 31 December 2017, the Group had unutilized credit facilities totaling Baht 830 million (2016: 779 million).

***Short-term borrowings from financial institutions***

As at 31 December 2017, the Group had short-term loans from local financial institutions totaling Baht 277.5 million (2016: Baht 414.4 million). These loans bear interest rates ranging from 2.05% to 2.97% per annum (2016: 1.55% to 3.83% per annum).

***Long-term borrowings from financial institution***

On 26 June 2014, the Group entered into a long-term borrowings agreement with a local financial institution of Baht 14.5 million, which bears an interest at the rate of THBFIX 1-month plus 1.24% per annum and repayable on a monthly basis of Baht 0.2 million each, commencing from July 2014 to June 2019 and the Group entered into an interest rate swap agreement with the same financial institution to swap interest rate of this borrowings agreement to fixed interest rate of 5.45% per annum.

On 22 September 2014, the Group entered into a long-term borrowings agreement with a local financial institution of Baht 42 million, which bears an interest at the rate of THBFIX 1-month plus 1.20% per annum and repayable on a monthly basis of Baht 1.2 million each, commencing from September 2014 to September 2017 and the Group entered into an interest rate swap agreement with the same financial institution to swap interest rate of this borrowings agreement to fixed interest rate of 5.39% per annum.

On 8 June 2017, the Group entered into a long-term borrowings agreement with a local financial institution of Baht 57 million, which bears an interest at the rate of THBFIX 1-month plus 1.82% per annum and repayable on a monthly basis of Baht 1 million each, commencing from June 2017 to February 2022 and the Group entered into an interest rate swap agreement with the same financial institution to swap interest rate of this borrowings agreement to fixed interest rate of 4.90% per annum.

***Guarantee***

These bank overdraft and borrowings from financial institutions were secured by the Company's land totaling Baht 27.96 million and director. In this regard, the Company must be in compliance with the specified covenants relating to maintain the required financial ratios and other terms as stated in the agreements, such as default payment, financial information, etc.

**13 Trade accounts payable**

	Note	Consolidated financial statements	Separate financial statements	
		2017	2017	2016
		<i>(in thousand Baht)</i>		
Related parties	4	883	883	2,154
Other parties		211,391	211,391	236,769
<b>Total</b>		<b>212,274</b>	<b>212,274</b>	<b>238,923</b>

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**14 Other payables**

	<i>Note</i>	<b>Consolidated financial statements 2017</b>	<b>Separate financial statements 2017</b>	<b>2016</b>
		<i>(in thousand Baht)</i>		
<b>Related parties</b>	<b>4</b>	<b>12</b>	<b>12</b>	<b>39</b>
<b>Others</b>				
Accrued bonus		14,000	14,000	16,000
Accrued operating expenses		7,082	7,082	7,134
Advance received from customers		1,647	1,647	1,044
Others		21,382	21,382	15,509
		<b>44,111</b>	<b>44,111</b>	<b>39,687</b>
<b>Total</b>		<b>44,123</b>	<b>44,123</b>	<b>39,726</b>

**15 Non-current provisions for employee benefits**

	<b>Consolidated financial statements 2017</b>	<b>Separate financial statements 2017</b>	<b>2016</b>
	<i>(in thousand Baht)</i>		
<b>Statement of financial position</b>			
<b>Non-current provisions for:</b>			
Post-employment benefits	25,600	25,600	23,750
<b>For the year ended 31 December</b>			
<b>Statement of comprehensive income:</b>			
<b>Recognized in profit or loss:</b>			
Post-employment benefits	3,553	3,553	4,170
<b>Recognized in other comprehensive income:</b>			
Actuarial gain recognised in the year	(1,140)	(1,140)	(1,458)
Cumulative actuarial (gain) losses recognized	(405)	(405)	735

***Defined benefit plan***

The Group and the Company operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

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Movement in the present value of the defined benefit obligations.

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>	
	2017	2017	2016
		<i>(in thousand Baht)</i>	
At 1 January	23,750	23,750	25,261
<b>Include in profit or loss:</b>			
Current service cost	2,946	2,946	2,927
Past service cost	3	3	647
Interest on obligation	604	604	596
	<u>3,553</u>	<u>3,553</u>	<u>4,170</u>
<b>Included in other comprehensive income</b>			
Actuarial gain	(1,140)	(1,140)	(1,458)
<b>Other</b>			
Benefit paid	(563)	(563)	(4,223)
<b>At 31 December</b>	<u><b>25,600</b></u>	<u><b>25,600</b></u>	<u><b>23,750</b></u>

Actuarial gains and losses recognized in other comprehensive income arising from:

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>	
	2017	2017	2016
		<i>(in thousand Baht)</i>	
Demographic assumptions	405	405	(1,292)
Financial assumptions	(1,352)	(1,352)	(297)
Experience adjustment	(193)	(193)	131
<b>Total</b>	<u><b>(1,140)</b></u>	<u><b>(1,140)</b></u>	<u><b>(1,458)</b></u>

***Actuarial assumptions***

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>	
	2017	2017	2016
		<i>(%)</i>	
Discount rate	2.22	2.22	2.57
Future salary growth	3.00	3.00	4.00
Turnover rate	5 - 46	5 - 46	5 - 46

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2017, the weighted-average duration of the defined benefit obligation was 20 years (2016: 20 years).

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*Sensitivity analysis*

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Increase	Decrease	Increase	Decrease
	<i>(in thousand Baht)</i>			
<b>At 31 December 2017</b>				
Discount rate (1% movement)	(1,764)	2,022	(1,764)	2,022
Future salary growth (1% movement)	1,839	(1,631)	1,839	(1,631)
<b>At 31 December 2016</b>				
Discount rate (1% movement)	-	-	(1,718)	1,972
Future salary growth (1% movement)	-	-	1,795	(1,590)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

**16 Share capital**

	Par value per share (in Baht)	2017		2016	
		Number	Amount	Number	Amount
		<i>(thousand shares/thousand Baht)</i>			
<b>Authorized</b>					
At 1 January					
- ordinary shares	10	21,000	210,000	21,000	210,000
22 March 2017					
- reduction in par value from Baht 10 to Baht 0.5	0.5	399,000	-	-	-
- Increase of new shares	0.5	180,000	90,000	-	-
<b>At 31 December</b>					
- ordinary shares	10	-	-	<b>21,000</b>	<b>210,000</b>
- ordinary shares	0.5	<b>600,000</b>	<b>300,000</b>	<b>-</b>	<b>-</b>
<b>Issued and paid-up</b>					
At 1 January					
- ordinary shares	10	21,000	210,000	21,000	210,000
22 March 2017					
- reduction in par value from Baht 10 to Baht 0.5	0.5	399,000	-	-	-
6 November 2017					
- Increase of new shares	0.5	180,000	90,000	-	-
<b>At 31 December</b>					
- ordinary shares	10	-	-	<b>21,000</b>	<b>210,000</b>
- ordinary shares	0.5	<b>600,000</b>	<b>300,000</b>	<b>-</b>	<b>-</b>

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***Reduction of par value and increase in authorized share capital***

At the annual general meeting of the shareholders of the Company held on 13 March 2017, the shareholders approved the reduction of the par value from Baht 10 to Baht 0.5 and the increase in the authorised share capital of Baht 90 million (increase the number of the authorised share capital from Baht 210 million to Baht 300 million) by issuing 180 million ordinary shares at Baht 0.5 par value for the Initial Public Offering (“IPO”). The Company registered the par value reduction and the capital increase with the Ministry of Commerce on 22 March 2017, and approved the listing of its ordinary shares on the Stock Exchange of Thailand.

***Initial public offering***

In November 2017, the Company offered its common shares to the initial public offering by issuing 180 million common shares. The new shares were sold to the subscribers at a price of Baht 1.7 per share (Baht 0.5 paid in capital and Baht 1.2 share premium) totaling Baht 304.2 million (premium on ordinary shares of Baht 214.2 million). The Company registered the increase in paid-up share capital with the Ministry of Commerce on 6 November 2017 and the shares of the Company begin trading in the Stock Exchange of Thailand on 9 November 2017. Directly attributable expenses of the initial public offering amounted to Baht 14 million were deductible from the premium on share capital received from new investors (premium on ordinary shares - net of Baht 200.2 million).

***Share premium***

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

***Surplus on share-based payment transactions***

Surplus on share-based payment transactions are recognised in equity is the fair value of employees’ rights to acquire the shares at grant dates based on the underlying fair value of the shares and the consideration payable, and to recognise related expense, with a corresponding increase in equity in accordance with TFRS 2.

**17 Reserves**

Reserves comprise:

***Appropriations of profit and/or retained earnings***

***Legal reserve***

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

The Company appropriated legal reserve for the year ended 31 December 2017 amounted to Baht 5.2 million (2016: Baht 1.7 million).

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*Other components of equity*

**Currency translation differences**

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign operation.

**Cash flow hedges**

The cash flow hedges account within equity comprises the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

**18 Segment information**

The Group has two reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker ("CODM") reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

- Segment 1 Plastic compound
- Segment 2 Adhesive and sealant

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

*Information about reportable segments*

	<b>Segment 1</b>		<b>Segment 2</b>		<b>Total</b>	
	Plastic compound		Adhesive and sealant			
	2017	2016	2017	2016	2017	2016
	<i>(in million Baht)</i>					
Revenue from sale of goods	693	726	679	686	1,372	1,412
Finance costs	(5)	(6)	(8)	(6)	(13)	(12)
Depreciation and amortisation	(17)	(15)	(18)	(19)	(35)	(34)
Profit before income tax	5	16	28	80	33	96

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***Geographical segments information***

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

	2017	2016
	<i>(in thousand Baht)</i>	
Thailand	972,470	990,700
Nigeria	92,259	69,140
Bangladesh	54,397	61,286
Vietnam	49,990	33,475
Kenya	47,663	74,660
Myanmar	33,410	31,735
Others	122,215	150,782
<b>Total</b>	<b>1,372,404</b>	<b>1,411,778</b>

***Segment assets***

All Company's segment assets are located in Thailand.

***Major customer***

Revenues from one customer of the Group's segment 1 for the year ended 31 December 2017 represents approximately Baht 167.0 million (2016: Baht 124.4 million) of the Group's total revenues.

**19 Other income**

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>	
	2017	2017	2016
	<i>(in thousand Baht)</i>		
Revenue from sale of scrap	2,468	2,468	2,397
Refundable import duty	2,308	2,308	6,324
Miscellaneous income	1,937	1,937	4,222
Others	5,158	5,158	3,591
<b>Total</b>	<b>11,871</b>	<b>11,871</b>	<b>15,634</b>

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**20 Employee benefit expenses**

		<b>Consolidated financial statements</b>	<b>Separate financial statements</b>	
	<i>Note</i>	2017	2017	2016
			<i>(in thousand Baht)</i>	
Salaries, wages and bonus		131,633	131,633	129,178
Staff welfares		32,987	32,987	34,446
Defined contribution plans		3,842	3,842	1,798
Defined benefit plans	15	3,553	3,553	4,170
Extraordinary compensation to the entire founder		-	-	10,000
Others		4,401	4,401	4,039
<b>Total</b>		<b>176,416</b>	<b>176,416</b>	<b>183,631</b>

*Defined contribution plans*

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the group and the employees at rates ranging from 2.5% to 15% of their basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

**21 Expenses by nature**

		<b>Consolidated financial statements</b>	<b>Separate financial statements</b>	
	<i>Note</i>	2017	2017	2016
			<i>(in thousand Baht)</i>	
<b><i>Included in cost of sales of goods:</i></b>				
Changes in inventories of finished goods and work in progress		(1,781)	(1,781)	(5,159)
Raw materials and consumables used		960,525	960,525	970,115
Employee benefit expenses		106,574	106,574	91,396
Depreciation and amortization		30,587	30,587	31,518
Utilities expenses		26,247	26,247	25,482
(Reversal of) write-down to net realisable value	8	4,458	4,458	(18,721)
Others		32,902	32,902	30,952
<b>Total</b>		<b>1,159,512</b>	<b>1,159,512</b>	<b>1,125,583</b>



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	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>	
	2017	2017	2016
	<i>(in thousand Baht)</i>		
<b><i>Included in selling expenses:</i></b>			
Sample product expenses	33,992	33,992	26,521
Distribution expenses	18,469	18,469	17,668
Commission expenses	13,902	13,902	19,747
Employee benefit expenses	11,773	11,773	12,164
Others	11,395	11,395	12,260
<b>Total</b>	<b>89,531</b>	<b>89,531</b>	<b>88,360</b>

		<b>Consolidated financial statements</b>	<b>Separate financial statements</b>	
	Note	2017	2017	2016
		<i>(in thousand Baht)</i>		
<b><i>Included in administrative expenses:</i></b>				
Employee benefit expenses		58,069	58,069	70,071
Professional fee		7,613	7,613	5,643
Reversal allowance for doubtful accounts	6	(2,229)	(2,229)	(705)
Extraordinary compensation to the entire founder		-	-	10,000
Depreciation and amortization		3,990	3,990	2,889
Others		25,264	25,325	19,338
<b>Total</b>		<b>92,707</b>	<b>92,768</b>	<b>107,236</b>

## **22 Income tax expense**

***Income tax recognized in profit or loss***

		<b>Consolidated financial statements</b>	<b>Separate financial statements</b>	
	Note	2017	2017	2016
		<i>(in thousand Baht)</i>		
<b>Current tax expense</b>				
Current year		4,518	4,506	15,616
<b>Deferred tax expense</b>				
Movements in temporary differences	11	(1,044)	(1,044)	4,290
<b>Total income tax expense</b>		<b>3,474</b>	<b>3,462</b>	<b>19,906</b>

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*Income tax recognised in other comprehensive income*

	Consolidated financial statements/			Separate financial statements		
	2017			2016		
	Before tax	Tax (expense) benefit	Net of tax (in million Baht)	Before tax	Tax expense	Net of tax
Loss on cash flow hedges	(1,654)	331	(1,323)	-	-	-
Defined benefit plan actuarial gains	1,140	(228)	912	1,458	(292)	1,166

*Reconciliation of effective tax rate*

	Consolidated financial statements		2016	
	2017		2016	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		32,519		-
Income tax using the Thai corporation tax rate	20	6,504	-	-
Expenses not deductible for tax purposes		720		-
Addition deductible expenses		(3,750)		-
<b>Total</b>	<b>11</b>	<b>3,474</b>	<b>-</b>	<b>-</b>

	Separate financial statements		2016	
	2017		2016	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		32,457		95,616
Income tax using the Thai corporation tax rate	20	6,492	20	19,123
Expenses not deductible for tax purposes		720		1,335
Addition deductible expenses		(3,750)		(552)
<b>Total</b>	<b>11</b>	<b>3,462</b>	<b>21</b>	<b>19,906</b>

*Income tax reduction*

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

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**23 Basic earnings per share**

The calculations of basic earnings per share for the year ended 31 December 2017 and 2016 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the year as follows:

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>	
	2017	2017	2016
	<i>(in thousand Baht/in thousand shares)</i>		
<b>Profit for the year attributable to ordinary shareholders of the Company</b>	<b>29,045</b>	<b>28,995</b>	<b>75,710</b>
Number of ordinary shares outstanding at 1 January	21,000	21,000	21,000
Effect from the decrease of the par value	399,000	399,000	399,000
Effect of shares issued	27,616	27,616	-
<b>Weighted average number of ordinary shares outstanding</b>	<b>447,616</b>	<b>447,616</b>	<b>420,000</b>
<b>Earnings per share(in Baht)</b>	<b>0.065</b>	<b>0.065</b>	<b>0.180</b>

In March 2017, the Company had decreased the par value of the Company's shares (see note 16 to the financial statements). Consequently, the Company has restated the weighted average number of ordinary shares used in the computation of basic earnings per share for the year ended 31 December 2016 which presented for comparative purpose, assuming the decrease of the par value occurred at the beginning.

**24 Dividends**

At the annual general meeting of the shareholders of the Company held on 13 March 2017, the shareholders approved the appropriation of dividend of Baht 1.5 per share for 21 million ordinary shares (number of ordinary shares before the decreased of par value), amounting to Baht 31.5 million. The dividends were repaid to the shareholders during 2017.

At the extraordinary general meeting of the shareholders of the Company held on 3 August 2016, the shareholders approved the appropriation of dividend of Baht 2.0 per share for 21 million ordinary shares (number of ordinary shares before the decreased of par value), amounting to Baht 42.0 million. The dividends were paid to shareholders during 2016.

At the annual general meeting of the shareholders of the Company held on 20 April 2016, the shareholders approved the appropriation of dividend of Baht 0.5 per share for 21 million ordinary shares (number of ordinary shares before the decreased of par value), amounting to Baht 10.5 million. The dividends were paid to shareholders during 2016.

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**25 Financial instruments**

*Financial risk management policies*

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

*Capital management*

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, and also monitors the level of dividends to ordinary shareholders.

*Interest rate risk*

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group is primarily exposed to interest rate risk from its borrowings (see note 12 to the financial statements). The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates and uses derivative financial instruments, principally interest rate swaps, to manage exposure to fluctuations in interest rates on borrowings.

The effective interest rates of debt securities and loans receivable as at 31 December and the periods in which the loans receivable and debt securities mature or re-price were as follows:

	Effective interest rate (% per annum)	Consolidated financial statements/ Separate financial statements		
		Within 1 year	After 1 year but within 5 years (in thousand Baht)	Total
<b>2017</b>				
<b>Current</b>				
Promissory notes	2.88-3.05	183,466	-	183,466
Liabilities under trust receipts	2.05-2.77	93,999	-	93,999
Current portion of long-term borrowings from financial institutions	4.90 - 5.45	14,900	-	14,900
<b>Non-current</b>				
Long-term borrowings from financial institutions	4.90 - 5.45	-	39,450	39,450
<b>Total</b>		<b>292,365</b>	<b>39,450</b>	<b>331,815</b>

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		<b>Consolidated financial statements/ Separate financial statements</b>		
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	Total
<b>2016</b>				
<b>Current</b>				
Bank overdraft	7.12	1,340	-	1,340
Promissory notes	2.85 - 3.83	335,640	-	335,640
Liabilities under trust receipts	1.32 - 2.11	78,750	-	78,750
Current portion of long-term borrowings from financial institutions	5.39 - 5.45	13,400	-	13,400
<b>Non-current</b>				
Borrowings from financial institutions	5.39 - 5.45	-	4,350	4,350
<b>Total</b>		<b>429,130</b>	<b>4,350</b>	<b>433,480</b>

***Foreign currency risk***

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilizes some forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies.

At 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	<b>Consolidated financial statements 2017</b>	<b>Separate financial statements 2017</b>	<b>2016</b>
			(in thousand Baht)
<b><i>United States Dollars (USD)</i></b>			
Cash and cash equivalents	11,632	11,562	30,915
Trade accounts receivable	83,879	83,879	122,569
Other receivables	4,826	4,826	5,253
Interest-bearing liabilities	(93,999)	(93,999)	(78,750)
Trade accounts payable	(117,440)	(117,440)	(71,992)
Other payables	(471)	(471)	(2,232)
<b>Gross balance sheet exposure</b>	<b>(111,573)</b>	<b>(111,643)</b>	<b>5,763</b>
Currency forwards	-	-	25,099
<b>Net exposure</b>	<b>(111,573)</b>	<b>(111,643)</b>	<b>30,862</b>

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	<b>Consolidated financial statements 2017</b>	<b>Separate financial statements 2017</b>	<b>2016</b>
	<i>(in thousand Baht)</i>		
<b>Renminbi (RMB)</b>			
Cash and cash equivalents	7	7	23
Other receivables	-	-	167
<b>Gross balance sheet exposure</b>	<b>7</b>	<b>7</b>	<b>190</b>

	<b>Consolidated financial statements 2017</b>	<b>Separate financial statements 2017</b>	<b>2016</b>
	<i>(in thousand Baht)</i>		
<b>Euro (EUR)</b>			
Cash and cash equivalents	96	96	93
Trade accounts receivable	2,278	2,278	5,811
Other receivables	-	-	19
Trade accounts payable	-	-	(594)
Other payables	(5)	(5)	(5)
<b>Gross balance sheet exposure</b>	<b>2,369</b>	<b>2,369</b>	<b>5,324</b>

***Credit risk***

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

***Liquidity risk***

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

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*Carrying amount and fair values*

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Consolidated/Separate financial statements			
		Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in thousand Baht)</i>					
<b>Financial liabilities measured at fair value</b>					
<b>31 December 2017</b>					
Derivative liabilities	1,764	-	1,764	-	1,764
<b>31 December 2016</b>					
Derivative liabilities	457	-	457	-	457

At 31 December 2017 and 2016, fair value of non-derivative financial assets and financial liabilities were insignificantly different from net book value in the statement of financial position.

**Financial instruments measured at fair value**

*Valuation technique for Interest Rate Swaps*

*Swap models:* The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.

**26 Commitments with non-related parties**

	Consolidated financial statements 2017	Separate financial statements	
		2017	2016
<i>(in thousand Baht)</i>			
<b>Capital commitments</b>			
<i>Contracted but not provided for:</i>			
Machinery and equipment	28,657	28,657	8,194
<b>Total</b>	<b>28,657</b>	<b>28,657</b>	<b>8,194</b>

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	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>	
	2017	2017	2016
	<i>(in thousand Baht)</i>		
<b><i>Future minimum lease payments under non-cancellable operating leases</i></b>			
Within one year	5,551	5,551	5,560
After one year but within five years	2,168	2,168	2,694
<b>Total</b>	<b>7,719</b>	<b>7,719</b>	<b>8,254</b>

As at 31 December 2017, the Company had lease agreements covering its vehicles, space for warehouse and photocopier for periods of 1 to 5 years which will expire within August 2022.

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>	
	2017	2017	2016
	<i>(in thousand Baht)</i>		
<b><i>Other commitments</i></b>			
Unused letters of credit for purchase goods	50,751	50,751	53,937
Bank guarantees	3,613	3,613	3,613
<b>Total</b>	<b>54,364</b>	<b>54,364</b>	<b>57,550</b>

## **28 Event after the reporting period**

At the Board of Directors' meeting of the Company held on 27 February 2018, the Company's Board of Directors approved to propose to the annual general shareholders' meeting of the Company for approval to declare the dividends from the profit for the equity holders of the Company for the year 2017 of Baht 0.02 per share for 600 million ordinary shares, totaling Baht 12 million. The declaration of dividend payment must be approved by the shareholders' meeting of the Company.





# Applied DB Public Company Limited

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