

Part 1

Nature of Business Operation

1. Policy and Nature of Business Operation

Vinythai Public Company Limited was established to carry on the production and distribution of PVC and caustic soda. The Company is a producer in the intermediate petrochemical industry and distributes its products to manufacturers who reprocess PVC into finished products in the plastic industry. The Company obtains the major part of its income from the manufacture and distribution of PVC resins under the trademark “SIAMVIC”, VCM and from caustic soda as a co-product of the production of chlorine.

The Company’s production facilities are located at Map Ta Phut in Rayong. They include two PVC plants (emulsion and suspension resins), one Vinyl Chloride Monomer (VCM) plant, one Ethylene Dichloride (EDC) plant, and one Chlor-Alkali (MCA) plant. The purpose of the latter three units is to integrate upstream production of PVC, so that the Company can rely as much as possible on locally-purchased raw materials and utilities, including ethylene from PTT Global Chemical Public Company Limited, salt from Pimai Salt Company Limited (PSC), and electricity from Glow Energy Public Company Limited (Glow Group). Also with the objective of ensuring availability of raw materials, The Company holds a minority shareholding in PSC.

In addition to chlorine, which is utilized in downstream production processes, the Company’s Chlor-Alkali plant produces significant quantities of Caustic Soda as well as Hydrogen and Sodium Hypochlorite. These products are sold in the domestic market. The Company’s facilities are also equipped to import EDC and VCM as the need arises.

Advanced Biochemical (Thailand) Co., Ltd.

The Company manufactures and sells Epichlorohydrin, a chemical substance mainly used in the Epoxy Resin production. It operates a plant located at Map Ta Phut in Rayong, on the site of its parent company (Vinythai). The Company uses a new production technology based on the Epicerol® process, developed and patented by Solvay S.A. The main raw materials of this process are Glycerin, Hydrochloric Acid and Caustic Soda. The Glycerin is supplied from import and domestic suppliers, Chlorine and Caustic Soda are supplied from the parent company (Vinythai).

Solvay Biochemicals (Taixing) Limited

The Company manufactures and sells Epichlorohydrin, the same product as Advanced Biochemical (Thailand) Co., Ltd. Shareholders of the Company is Vinythai Holding Pte. Limited, which is incorporated in Singapore. It operates a plant located in Taixing Economic Development Zone, Jiangsu province, People’s Republic of China. The main raw materials of this process are Glycerin which is supplied from import and domestic suppliers, Chlorine and Caustic Soda which are supplied from domestic supplier located within the same area.

Vinythai Holding Pte. Ltd.

Vinythai Holding Pte. Limited, a company registered in Singapore, the subsidiary company of Vinythai, holds 100% of the ordinary shares of Solvay Biochemicals (Taixing) Limited.

1.1 Vision, Mission, and Values

Vinythai's Vision

Vinythai is an ethical corporate entity hosting a diversified portfolio of businesses with profitable growth and sustainable development.

Vinythai sees its customers as partners, supplying them with quality products at competitive prices, so as to support each customer's growth and development.

Vinythai provides its personnel with opportunities to develop their skills and realize their potential.

Vinythai gives due consideration to health, safety, environment, and society responsibilities pertaining to its businesses.

Vinythai's Mission

Vinythai supplies customers in Thailand and Asia with Polyvinyl Chloride resins, Caustic Soda, and Epichlorohydrin backed by world-class technology while creating ever-increasing value to its stakeholders.

Vinythai's Management Models

Vinythai develops the following models:

- Creating a New Company Culture through “Management Model and People Model”

To realize our vision and to guide our decision-making processes, the “**Management Model**” defines the key Company success drivers and the expected behaviors at all levels in the organization. As we move into the future and grow, it is important to have a solid structure that supports our culture and the way we work as a team. We call this structure our “Management Model”.

This Management Model focuses the Businesses on their strategic priorities, strengthens empowerment, accountability and discipline through the Company and develops the need of operational excellence.

The “**People Model**” defines what each individual can expect from the Company, and what the Company can expect from each individual.

Our People Model is a social contract that defines the respective responsibilities of individuals on one hand, and of the company on the other hand.

In other words, the People Model is a “new deal”, specifying what the Company’s expectations are from its employees and what employees can expect from the management in return.

- Empowerment and Accountability; Empower the right people at the right level in the organization. It is the intention to empower people at all levels in the organization to take decisions on their areas of responsibility within a clear framework.
- Develop people; Provide rich career opportunities and challenging responsibilities in the organization as well as develop the skills of people for the future.

Competitive advantages

Currently positioned at the forefront of Thailand’s petrochemical industry, Vinythai, as a leading integrated PVC producer, is proud to offer customers:

- Leading Integrated PVC producer
- Proven up-to-date standards
- World-class product quality
- Outstanding services
- Commitment to Total Quality Management (TQM)

Leading integrated PVC producer

PVC, or polyvinylchloride, is one of the most dynamic and versatile production materials to have been developed in the 20th century. With significant projected annual growth rates in Thailand and the region, PVC is expected to see still greater opportunities for development.

As a leading integrated PVC producer, the company enjoys a significant advantage in having a secure supply of locally produced ethylene from PTT Global Chemical Public Company Limited, and salt from Pimai Salt Co., Ltd.

Proven up-to-date standards

Vinythai enjoys technical support from the Solvay global group of companies, headquartered in Belgium. Vinythai runs its plant at full capacity while continuously improving its production operations. In addition, Vinythai has entered into a service agreement with Solvay, SA for worldwide PVC business intelligence and on export markets, as well as to transfer of technical support and assistance in increasing production process efficiency. This support also includes a focus on reducing production costs, improving product quality, new product development, as well as legal services, procurement and personnel training .

World-class product quality

The company devotes considerable resources to assuring customers that its products fully comply with both Thai and international standards. Under Vinythai's in-house quality control system, every stage of production is carefully and systematically monitored.

Like all products developed at Solvay production facilities throughout the world, Vinythai's PVC resins are cross-checked periodically, ensuring the company's compliance with standards.

Outstanding services

In addition to Vinythai's commitment to delivering products of world-class quality standards, the company provides a professional PVC Customer Technical Services team. With extensive experience in the PVC industry, they offer special technical assistance to the company's clients via:

PVC process support: The team can help adjust clients' PVC formulations, assist in solving production problems, and cooperate with customers to develop new applications.

Vinythai's Customer Technical Services Laboratory: This is the first PVC technical service laboratory in Thailand to offer these services to its customers.

Commitment to Total Quality Management

The Company is committed to Total Quality Management (TQM), to the management system standards of ISO 9001, ISO 14001, OHSAS 18001, ISO/IEC 17025, ISO 26000 and CSRDW26000 and to the product standards of TIS for PVC resin (K 66), TIS for caustic soda, FDA for caustic soda as food additive, and HALAL for caustic soda

1.2 Significant Changes and Developments

Significant changes and developments of Vinythai in the last five years:

February 2009	The Board of Directors Meeting of Vinythai Public Company Limited held on 26 February 2009, resolved the appointment of the Remuneration Committee as comprises:
	1) Dr. Christian De Sloover Chairman of the Remuneration Committee
	2) Dr. Chokchai Aksaranan Member
	3) Dr. Santisuk Sanguanruang Member

and the Board of Directors Meeting of Vinythai Public Company Limited held on 26 February 2009, resolved the appointment of New Executive Committee Member due to the resignation of Dr. Christian De Sloover from his position as a member of the Executive Committee of the company, effective on 11 February 2009, the meeting

appointed Mr. Roger Lester Kearns. Thus, the Executive Committee as at 26 February 2009 comprises:

- | | |
|---------------------------------|-------------------------------------|
| 1) Dr. Chokchai Aksaranan | Chairman of the Executive Committee |
| 2) Mr. Roger Lester Kearns | Member |
| 3) Mr. Guenther Wilhelm Nadolny | Member |
| 4) Mrs. Puntip Oungpasuk | Member |

August 2009 The Board of Directors Meeting of the Company held on 6 August 2009, acknowledged that Ms. Rapeepan Luangaramrut has resigned from Board of Directors of the Company but there was no appointment of the replacement.

November 2009 The Extraordinary General Meeting of Shareholders of the Company No.1/2009 held on 20 November 2009, approved for the Company to purchase the entire ordinary shares in Solvay Biochemicals (Thailand) Limited, which is a subsidiary of Solvay Chemicals and Plastics Holding B.V., the Company's major shareholder from Solvay Chemicals and Plastics Holding B.V., and Solvay Group. The total value of this transaction is Baht 360,000,000. Solvay Biochemicals (Thailand) Limited will carry on the project of Epichlorohydrin (ECH) production the Company considered that this investment as an excellent enlargement of its product range and as a way to reduce the cyclical effects of the petrochemical respectively the PVC business.

February 2010 Board of Directors Meeting of the Company held on 23 February 2010, acknowledged that Mr. Jean-Pierre Pleska has resigned from Board of Directors of the Company to be effective from 28 February 2010 and appoint Mr. Vincenzo Morici as a director to be effective from 1 March 2010.

February 2010 Board of Directors Meeting of the Company held on 23 February 2010, resolved the appointment of the Remuneration Committee as comprises:

- | | |
|-----------------------------|--|
| 1) Mr. Roger Lester Kearns | Chairman of the Remuneration Committee |
| 2) Mr. Veerasak Kositpaisal | Member |
| 3) Mr. Pipop Pruecksamars | Member |

April 2010 Board of Directors Meeting of the Company held on 29 April 2010, resolved for the appointment of Mr. Andre R. van der Heyden as a new independent director in replacement of Miss Rapeepan Luangaramrut

September 2010	Board of Directors Meeting of the Company held on 23 September 2010, resolved to change the Chairman of the Board of Directors from Dr. Christian De Sloover to Mr. Roger Lester Kearns, effective on 23 September 2010.
December 2010	On 16 December 2010, Mr. Chokchai Aksaranan has resigned from his directorship and a member of executive committee of the Company. Such resignation letter has been received by the Company on 20 December 2010.
December 2010	Solvay Vinyls Holding AG (“SVH”) has purchased the shares of Vinythai Plc. (the “Company”) from Charoen Pokphand Holding Co., Ltd. and Bangkok Telecom Holding Co., Ltd. in the aggregate amount of 100,810,453 shares, on 17 December 2010 or approximately 8.51% of the total voting shares of the Company
December 2010	On 22 December 2010, Solvay Chemicals and Plastics Holding B.V. (SCPH), a major shareholder of Vinythai Public Company Limited (VNT) which held a total amount of 595,700,606 shares or 50.26% of the total voting shares of the Company had transferred all of the shares to Solvay Vinyls Holding AG (SVH). Therefore Solvay Vinyls Holding AG (SVH) holds a total of 696,511,059 shares, or 58.77% of the total voting shares of the Company
February 2011	<p>Board of Directors Meeting of the Company no. 1/2011 held on 22 February 2011, acknowledged the resignation as a director and a member of the executive committee of the Company of Mr. Chokchai Aksaranan, effective on 20 December 2010 and the authorized directors who can sign to bind the Company shall be amended to read as follows:</p> <p>“Mr. Jacques van Rijckevorsel or Mr. Christian De Sloover or Mr. Vincenzo Morici or Mr. Dominique Dussard or Mr. Roger Lester Kearns or Mr. Andrew Leonard Cumming or Mr. Guenther Wilhelm Nadolny, one out of these seven persons can sign jointly with Mr. Veerasak Kositpaisal or Mrs. Puntip Oungpasuk or Mr. Dhanes Charoensupaya, totaling two persons, with the Company's seal affixed”, effective on 22 February 2011.”</p>
April 2011	<p>Board of Directors Meeting of the Company no. 2/2011 held on 28 April 2011, resolved to appoint Mr. Bruno van de Wielen as the new Managing Director of the Company in replacement of Mr. Guenther Nadolny, effective from 1 May 2011 and the authorized directors who can sign to bind the Company shall be amended to read as follows:</p> <p>“Mr. Jacques van Rijckevorsel or Mr. Christian De Sloover or</p>

Mr. Vincenzo Morici or Mr.Dominique Dussard or Mr. Roger Lester Kearns or Mr. Andrew Leonard Cumming or Mr. Bruno van de Wielen, one out of these seven persons can sign jointly with Mr. Veerasak Kositpaisal or Mrs. Puntip Oungpasuk or Mr. Dhanes Charoensupaya, totaling two persons, with the Company's seal affixed", effective on 1 May 2011."

July 2011	Board of Directors Meeting of the Company held on 28 July 2011, resolved to appoint Mrs. Puntip Oungpasuk as Chairperson of the Executive Committee.
November 2011	<p>Board of Directors Meeting of the Company no. 6/2011 held on 17 November 2011, resolved for the appointment of the Audit Committee as follows:</p> <ol style="list-style-type: none"> 1) Mr. Pipop Pruecksamars Chairman of the Audit Committee 2) Dr. Santisuk Sanguanruang member 3) Mr. Pote Videtyontrakich member <p>Effective from 17 November 2011</p>
December 2011	Dr. Santisuk Sanguanruang, the Audit Committee and Independent Director has passed away and no longer be the mentioned position from December 26, 2011 onward.
February 2012	<p>Board of Directors Meeting of the Company no. 1/2012 held on 21 February 2012, resolved for the Company to accept technical support for the year 2012 from Solvay S.A., a connected person of the Company, in the amount of Baht 34,000,000.</p> <p>The subsidiary of the Company has produced Epichlorohydrin on its new production unit of 100Ktpa capacity for sales on Asian markets. The production is based on renewable raw materials.</p>
May 2012	<p>Board of Directors Meeting of the Company no. 2/2012 held on 24 May 2012, acknowledged the resignation as a director of the Company of Dr. Christian De Sloover, effective on 24 May 2012 and resolved for the appointment of Mr.Gilles Madjarian as a new director in replacement of Dr. Christian De Sloover, effective on 25 May 2012 and the authorized directors who can sign to bind the Company shall be amended to read as follows:</p> <p>"Mr. Jacques van Rijckevorsel or Mr.Gilles Madjarian or Mr. Vincenzo Morici or Mr.Dominique Dussard or Mr. Roger Lester Kearns or Mr. Andrew Leonard Cumming or Mr. Bruno van der Wielen, one out of these seven persons can sign</p>

jointly with Mr. Veerasak Kositpaisal or Mrs. Puntip Oungpasuk or Mr. Dhanes Charoensupaya, totaling two persons, with the Company's seal affixed", effective on 25 May 2012."

-Resolved for the appointment of Associate Professor Dr. Danuja Kunpanitchakit as an independent Director and Audit Committee Member in replacement of Dr. Santisuk Sanguanruang, effective on 25 May 2012.

July 2012

The Extraordinary General Meeting of Shareholders of the Company No. 1/2555 held on 24 July 2012 resolved to approve for the appointment of Mrs. Vallapa Assakul as a new Independent Director, effective on 1 August 2012 onwards.

Approved the Company's investment in the project of production and sale of Epichlorohydrin (ECH) in China

Approved the entering into an agreement for the purchase of 100% equity interest of Solvay Biochemicals(Taixing) Limited from Solvay Chemicals and Plastics Holding B.V.

July 2012

Approved the entering into the Patent License Agreement, the Technology License Agreement and the Technical Assistance Services Agreement with Solvay S.A.

Approved the incorporation of the Company's Subsidiary in Singapore.

August 2012

Board of Directors Meeting of the Company no. 3/2012 held on 24 August 2012, acknowledged the resignation as a director of the Company of Mr. Veerasak Kositpaisal, effective on 23 August 2012 and resolved for the appointment of Mr. Anon Sirisaengtaksin as a new director in replacement, effective on 24 August 2012 and the authorized directors who can sign to bind the Company shall be amended to read as follows:

"Mr. Jacques van Rijckevorsel or Mr.Gilles Madjarian or Mr. Vincenzo Morici or Mr.Dominique Dussard or Mr. Roger Lester Kearns or Mr. Andrew Leonard Cumming or Mr. Bruno van der Wielen, one out of these seven persons can sign jointly with Mr. Anon Sirisaengtaksin or Mrs. Puntip Oungpasuk or Mr. Dhanes Charoensupaya, totaling two persons, with the Company's seal affixed", effective on 24 August 2012."

February 2013

Board of Directors Meeting of the Company no. 1/2013 held on 21 February 2013, resolved for the Company to accept technical support for the year 2013 from Solvay S.A., a connected person of the Company, is the amount of Baht 36,000,000

Acknowledged the resignation as a director of the Company of Mr. Dominique Dussard, effective on 22 February 2013 and the authorized directors who can sign to bind the Company shall be amended to read as follows:

" Mr. Jacques van Rijckevorsel or Mr. Gilles Madjarian or Mr. Vincenzo Morici or Mr. Andrew Leonard Cumming or Mr. Roger Lester Kearns or Mr. Bruno Marie Joseph Van der Wielen, one out of these six persons can sign jointly with Mr. Anon Sirisaengtaksin or Mrs. Puntip Oungpasuk or Mr. Dhanes Charoensupaya, totaling two persons, with the Company's seal affixed", effective on 22 February 2013"

Resolved to propose the Annual Ordinary General Meeting of Shareholders to consider and approve the Balance Sheet and Profit and Loss Statement of the Company for the fiscal year ended December 31, 2012 which was audited by the auditor.

April 2013

Board of Directors Meeting of the Company no. 2/2013 held on 30 April 2013, acknowledged the resignation as Director, Chairman of the Board of Directors and Chairman of the Nomination and Remuneration Committee of Mr. Roger Lester Kearns, effective on 2 May 2013.

Resolved for the appointment of Mr. Jacques van Rijckevorsel for the position of Chairman of the Board of Directors and Chairman of the Nomination and Remuneration Committee in replacement of Mr. Roger Lester Kearns, effective on 2 May 2013

Acknowledged the resignation as a director of Mr. Andrew Leonard Cumming, effective on 2 May 2013

Resolved for the appointment of Mr. Michel YBERT and Mrs. Quitterie Dupontreue de Pelleport as the new directors in replacement of Mr. Andrew Leonard Cumming and Mr. Dominique Dussard, effective on 2 May 2013 and the authorized directors who can sign to bind the Company shall be amended to read as follows:

"Mr. Jacques van Rijckevorsel or Mr. Gilles Madjarian or Mr. Vincenzo Morici or Mr. Bruno Van der Wielen or Mr. Michel YBERT or Mrs. Quitterie Dupontreue de Pelleport or any of these six persons can jointly sign with Mr. Anon

Sirisaengtaksin or Mrs. Puntip Oungpasuk or Mr. Dhanes Charoensupaya totalling two persons with the Company's Seal affixed"

August 2013

-Board of Directors Meeting of the Company no. 3/2013 held on 29 August 2013, resolved to appoint the "**Business Advisory Committee**" to supersede the Executive Committee and expand the advisory roles on Strategic and Risk Management. The members are as follows:

- | | | |
|-----------------------------|---|-------------|
| 1. Mrs. Puntip Oungpasuk | - | Chairperson |
| 2. Mr. Vincenzo Morici | - | Member |
| 3. Mr. Bruno Van der Wielen | - | Member |
| 4. Mrs. Vallapa Assakul | - | Member |

Term 3 years and effective from 29 August 2013

Resolved to appoint the "**Ad-hoc Committee**" in order to ensure appropriate corporate governance practices within the Company and its subsidiaries. The members are as follows:

- | | | |
|---|---|----------|
| 1. Mr. Pipop Pruecksamars | - | Chairman |
| 2. Mrs. Quitterie Dupontreue de Pelleport | - | Member |
| 3. Mr. Dhanes Charoensupaya | - | Member |

Term 1 year and effective from 29 August 2013

Resolved to extend the roles of the "**Nomination and Remuneration Committee**" to include the development of Senior Management Development (Vice President Level up), with no change of committee's members. The members are as follows:

- | | | |
|---------------------------------|---|----------|
| 1. Mr. Jacques van Rijckevorsel | - | Chairman |
| 2. Mr. Anon Sirisaengtaksin | - | Member |
| 3. Mr. Pipop Pruecksamars | - | Member |

October 2013

Board of Directors Meeting of the Company no. 4/2012 held on 3 October 2013, Acknowledged the resignation as a director of the Company of Mr. Anon Sirisaengtaksin by effective on 30 September 2013.

- Acknowledged the resignation as a director of the Company of Mr. Gilles Madjarian, effective on 3 October 2013

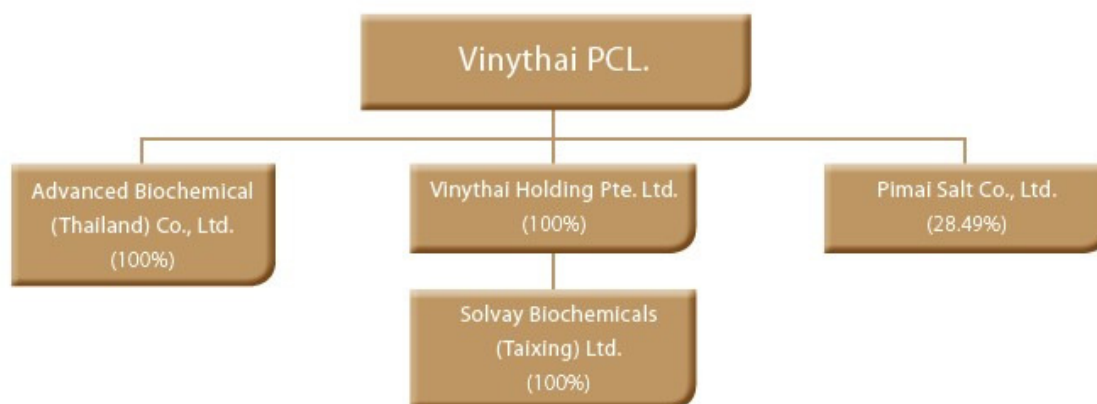
- Resolved for the appointment of Mr. Bowon Vongsinudom as a new director in replacement of Mr. Anon Sirisaengtaksin, effective on 3 October 2013 and the authorized directors

who can sign to bind the Company shall be amended to read as follows:

"Mr. Jacques van Rijckevorsel or Mr. Vincenzo Morici or Mr. Bruno Van der Wielen or Mr. Michel YBERT or Mrs. Quitterie Dupontreue de Pelleport or any of these five persons can jointly sign with Mr. Bowon Vongsinudom or Mrs. Puntip Oungpasuk or Mr. Dhanes Charoensupaya totalling two persons with the Company's Seal affixed, effective on 3 October 2013"

1.3 Shareholding Structure

Shareholding Structure



Advanced Biochemical (Thailand) Co., Ltd.

Advanced Biochemical (Thailand) Limited [formerly known as "Solvay Biochemicals (Thailand) Limited"], the subsidiary company of Vinythai, principally engaged in manufacturing and trading of chemical product. Vinythai holds 100% of the company's total issued shares amounting to 15,000,000 ordinary shares at par value of Baht 100 each. Advanced Biochemical (Thailand) Limited's plant and head office is located at: No. 2/1, I-3 Road, Map Ta Phut Industrial Estate, Tambon Map Ta Phut, Amphoe Mueang, Rayong Province, Telephone No. 0-3892-5000, Fax No. 0-3868-3048. The Company's business office is located at: 14th Floor, Green Tower 3656/41 Rama IV Road, Khet Klongtoey, Bangkok 10110, Telephone No. 0-2229-9100 (30 lines), Fax No. 0-2240-1383, 0-2240-1386, 0-2240-1375.

Vinythai Holding Pte. Ltd.

Vinythai Holding Pte. Limited, a company registered in Singapore, the subsidiary company of Vinythai, holds 100% of the ordinary shares of Solvay Biochemicals (Taixing) Limited with its registered share capital of RMB 287 million. Vinythai Holding Pte. Limited office is located at: 10 Collyer Quay, #10-01 Ocean Financial Centre, Singapore.

Solvay Biochemicals (Taixing) Ltd.

Solvay Biochemicals (Taixing) Limited, a company registered in the People's Republic of China, the subsidiary company of Vinythai, principally engaged in manufacturing and trading of chemical product. Vinythai holds 100% of the ordinary shares of Solvay Biochemicals (Taixing) Limited via Vinythai Holding Pte. Ltd. amounting to RMB 287 million. Solvay Biochemicals (Taixing) Limited's head office is located at: No. 1, Futai Road, Taixing Economic Development Zone, Jiangsu province, the People's Republic of China.

Pimai Salt Co., Ltd.

Pimai Salt, an associated company of Vinythai, is a producer of pure refined salt. The company was established under a joint venture agreement between Thasco Chemical Co., Ltd., Thai Refined Salt Co., Ltd. and Vinythai, to produce and supply pure refined salt. Vinythai holds 552,331 ordinary shares in Pimai Salt, equivalent to 28.49% of the company's total issued shares, amounting to 1,938,915 ordinary shares at par value of Baht 100 each. Pimai Salt's plant is located in Amphoe Pimai, Nakhon Ratchasima Province, Thailand. Pimai Salt's Head Office is located at: 2nd Floor, Srfuengfung Building, 1016 Rama IV Road, Silom, Khet Bangrak, Bangkok 10500, Telephone No. 0-2633-9380-6, Fax No. 0-2633-9390.

1.4 Relation between the company and its major shareholders

Vinythai's major shareholders are Solvay Vinyls Holding AG holding 58.77% of shares and PTT Global Chemical Public Company Limited (PTTGC) holding 24.98% of shares (information as of 10 May 2013). Vinythai Public Company Limited is a manufacturer and distributor of Polyvinyl Chloride (PVC) and Caustic Soda which are important chemical products. In the production process of PVC, technology and technical assistance is supported by Solvay S.A, an indirect ultimate shareholders of Solvay Vinyls Holding AG, a major shareholder, under the License Agreements and the Technical Assistance and Support Agreement. Main raw material, Ethylene, is purchased from PTT Global Chemical Public Company Limited, the largest producer of ethylene in Thailand and the company's second major shareholder. The company entered into a long term purchase agreement in order to secure the supply of such raw material. The said mentioned agreements have been approved by the Board of Directors. The company has also comply with all related rules/regulations for the transactions.

2. Business Operation

Income Structure

Vinythai obtains the major part of its income from the manufacture and distribution of PVC resins, under the “SIAMVIC” trademark, VCM and from Caustic Soda.

The income structures of Vinythai and its associated company is as follows:

Income Structure of Vinythai

Sales Revenues	2013		2012		2011	
	MTHB	%	MTHB	%	MTHB	%
Sales in Thailand						
1. PVC Resins	5,184	34.9	5,439	35.6	5,005	35.5
2. Caustic Soda	2,688	18.1	3,575	23.4	2,657	18.8
3. VCM	2,824	19	2,491	16.3	2,852	20.2
4. Others	533	3.6	176	1.2	151	1.1
Total Sales in Thailand	11,229	75.6	11,680	76.5	10,665	75.6
Sales Abroad						
1. PVC Resins	3,184	21.4	3,342	21.9	3,333	23.6
2. Caustic Soda	362	2.4	246	1.6	18	0.1
3. VCM	73	0.5	-	-	84	0.6
Total Sales Abroad	3,619	24.4	3,588	23.5	3,435	24.4
Sales in Thailand and Abroad						
1. PVC Resins	8,368	56.4	8,781	57.5	8,338	59.1
2. Caustic Soda	3,050	20.5	3,821	25	2,675	19
3. VCM	2,897	19.5	2,491	16.3	2,935	20.8
4. Others	533	3.6	176	1.2	151	1.1
Total Sales in Thailand and Abroad	14,848	100	15,269	100	14,100	100

Income Structure of Subsidiary Company

Product / Service	2013		2012		2011	
	Income (MTHB)	%	Income (MTHB)	%	Income (MTHB)	%
Advance Biochemical (Thailand) Co., Ltd.						
Produce & Supply Epichlorohydrin	3,143	97.2	1,995	97.4	-	-
Others	90	2.8	54	2.6	-	-
% Shareholding by Vinythai		100		100		100

Income Structure of Associated Company

Product / Service	2013		2012		2011	
	Income (MTHB)	%	Income (MTHB)	%	Income (MTHB)	%
Pimai Salt Co., Ltd.						
Produce & Supply Pure Refined Salt	1,548		1,439		1,479	
% Shareholding by Vinythai		28.49		28.49		28.49

2.1 Nature of Products

Vinythai produces polyvinyl chloride (PVC). PVC is categorized as a hydrocarbon substance made up of vinyl chloride monomer which is processed from the primary raw materials of salt and oil.

With the development of PVC processing technology and with its outstanding properties of high resistance, durability and flexibility, PVC can be used for various purposes. It has extensive applications in various rigid, soft or transparent products as follows:

- 1) With its flexibility and transparency, PVC is used to produce various kinds of consumer goods, such as, plastic bottle for drinking fluids and for cooking oil, food wrapping film, packaging, office stationery, etc.
- 2) With its qualification of weather-resistance, light weight and rust-proof, PVC is outstanding to be used for pipe and fittings, home applications both indoor and outdoor as an alternative to wood, such as, window and door frames, partitions, floor coverings. PVC is also high-voltage resistant and non-flammable, and is therefore also ideal for use in such electrical applications as cable insulators, conduits for electrical wire, etc.
- 3) PVC is used to produce various kinds of things in human's daily life such as leatherwear, clothing, shoes, gloves, etc.
- 4) With its light weight, transparent, high chemical tolerance, liquid and gas-proof which meet the very strict standard of medical sector, PVC is used to produce medical gloves, amniotic fluid suction tubes, medicine packaging, etc.
- 5) PVC is developed to use in the automobile industry, such as, brake wires, protectors, console board, etc. With its qualifications, PVC is involved in the development of our standard of living in the new technologies era, such as, plastic credit card, etc.

Therefore, PVC products are well established and still replacing more and more traditional materials.

PVC resins can be divided into 2 categories as follows:

PVC Suspension

When PVC suspension is processed, it is strong, durable and has a long life. PVC suspension is used primarily in manufacturing products.

Pipe manufacturers account for the largest individual market for PVC suspension. Approximately 58 percent of PVC suspension produced by Vinythai is used in the construction industry.

In Thailand, PVC suspension breakdown by end-users in 2013 were as follows:

◆ Pipes and Fittings	35.5 %
◆ Films & Sheets	33.0 %
◆ Compound	21.5 %
◆ Profiles	9.9%
◆ Others	0.1 %

PVC Emulsion

When it is processed, PVC emulsion is sturdy and elastic. In asia, the largest application for PVC emulsion is artificial leather.

In Thailand, PVC emulsion breakdown by end-users in 2013 were as follows:

◆ Canvas	48.8 %
◆ Artificial Leathers	22.9 %
◆ Floor Covering	13.0 %
◆ Car Sealant	9.8 %
◆ Others	5.5 %

Caustic Soda

Caustic Soda is a co-product of chlorine which is one of the raw materials to produce VCM. Such product is in the form of solution which is a strong base, soluble in water. It is available on a wide industrial scale and used in the manufacturing of products which form part of our daily lives such as in the manufacturing and whitening of paper pulp, the treatment of metallurgy, packaging, agriculture, vegetable oil, chemical solution, textile, mono sodium glutamate, soap, detergent, paper, etc. In addition, it is also used in environmental protection; water treatment, cleaning of combustion or incineration flue gases. Our Caustic Soda is available in liquid form.

In Thailand, caustic soda breakdown by end-users in 2013 were as follows:

◆ Chemicals	34.3 %
◆ Polycarbonate	23.1 %
◆ Textiles	15.4 %
◆ Monosodium Glutamate	6.7 %
◆ Paper	6.7 %
◆ Detergents	3.9 %

♦ Metal	3.1 %
♦ Food	2.6 %
♦ Petroleum	2.2 %
♦ Cleaning in Process	1.2 %
♦ PCB	0.8 %

VCM

As our existing VCM capacity, the balance of the current excess the PVC capacity, VCM capacity has been sold to other domestic PVC manufacturers, for around 30 % of our availability.

Beyond the above 4 products, the Company also has other by-products which are also marketable: Hydrogen. Hydrogen (H₂) is supplied to the neighbor industrial plants i.e. hydrogen peroxide producer, hydrogen gas purifiers etc.

Epichlorohydrin (ECH)

Advanced Biochemical (Thailand) Company Limited or ABT is producing Epicerol® bio-based ECH since February 2012. After the start-up period of the plant in 2012, ABT has reached 2013 around 70% of its 100,000 tons per year capacity.

ABT is now well recognized as reliable and competitive major supplier in the Asian market and will continue to develop strong partnership with its customers in order to increase ECH sales by capturing market growth and offering bio-based ECH under its brand name Epicerol®.

Privilege from Investment Promotion

Vinythai has been granted investment promotion by the BOI under the Investment Promotions Certificates No. 1051/2532 dated 28 March 1989 for the production of PVC, VCM, Chlorine and other by-products, namely hydrogen, sodium hypochlorite and sulphuric acid. The commercial operation of PVC commenced on 1 July 1992. Besides the Company has been granted the additional investment promotion under the Investment Promotions Certificates No. 1579/2541 dated 21 December 1998 for the debottlenecking capacity of PVC, VCM, Hydrogen, and Caustic Soda, and the Investment Promotion Certificate No. 1166 (2)/2548 dated February 25, 2005 for the expansion of VCM production. The privilege also covers the revenues from by-product sales. The investment promotion certificate No.1164(2)/2550 dated February 21,2007 for the expansion of PVC production. In addition, the Investment Promotion Certificate No.2012(2)/2553 dated September 24, 2010 for the expansion of Chlorine, Caustic Soda (100% concentration), and Hydrogen production, and the Investment Promotion Certificate No.9010(2)/2553 dated September 24, 2010 which approved by office of the Board of Investment (BOI) for the modification on improvement of production efficiency s' measure on environmental impact reduction from the Investment Promotion Certificate No. 1051/2532 dated 28

March 1989 for PVC, VCM, Caustic Soda(100% concentration) and Hydrogen, and this Promotion Certificate has been repealed without burden on import tax of machinery and raw material with effect on 26 April 2011.

The BOI grants rights and privileges, with respect to taxes, under the Investment Promotion Act B.E. 2520 to Vinythai as follows:

The Investment Promotions Certificate No. 1579/2541

1. Customs duties

- 1.1 Exemption of customs duties on imported machinery as the BOI may consider and approve.
- 1.2 Exemption of customs duties on raw material or essential supplies imported for use in production for a period of 5 years from date of first import.

2. Corporate income tax

- 2.1 Exemption of corporate income tax on net profits derived from the promoted business for a period of 8 years from the date on which Vinythai first derives its income from such business and including income from the sale of by-product i.e. Hydrogen, Caustic Soda and scrap from its process. In case where loss has been incurred during the period receiving exemption of corporate income tax, the Company shall be granted permission to deduct such annual loss from the net profits accrued after the expiration of the period of exemption of corporate income tax for a period not more than 5 years from the expiry date of such period, and it may choose to deduct from the net profits of any one year or several years.
- 2.2 Dividends derived from the promoted business receiving an exemption of corporate income tax shall be exempted from the computation of taxable income throughout the period the promoted person receives the exemption of corporate income tax.
- 2.3 Permission to reduce corporate income tax on the net profit derived from the promoted business at 50% of the normal rate for a period of 5 years commencing from the expiry date referred to in 2.1.
- 2.4 Permission to deduct an amount double the costs of transportation, electricity and water supply incurred by the promoted person in the operation of the promoted business for a period of 10 years commencing from the date on which Vinythai first derives its income from such business.
- 2.5 Permission to deduct an amount of 25 percent of the cost of installation or construction of facilities, in addition to normal depreciation.
- 2.6 Permission to deduct from the assessable income for payment of corporate income tax an amount equal to 5 percent of the increased income over the previous year, derived from the export of products from the date on which the promoted person first derives income from such promoted business, for a period of 10 years. In this respect, the

income from export of such year shall not be lower than the average of income derived from export of the previous three years, except the first two years.

Remarks: The Company's income according to the above Investment Promotion Certificate was started on 1 June 2002. Therefore, the 8-year promotion was valid on 31 May 2010. The 5-year promotion enabling the Company to reduce corporate income tax on net profit derived from the promoted business at 50% of the normal rate is valid until 31 May 2015.

The Investment Promotions Certificate No. 1166(2)/2548

1. Customs duties

- 1.1 Exemption of customs duties on imported machinery as the BOI may consider and approve.
- 1.2 Exemption of customs duties on raw material or essential supplies imported for use in production for a period of 5 years from date of first import.

2. Corporate income tax

- 2.1 Exemption of corporate income tax on net profits derived from the promoted business total not exceeding 100% of investment cost excluding cost of land, and working capital for a period of 8 years from the date on which Vinythai first derives its income from such business and including income from the sale of by-product i.e. scrap from its process. In case where loss has been accrued during the period receiving exemption of corporate income tax, the Company shall be granted permission to deduct such annual loss from the net profits incurred after the expiration of the period of exemption of corporate income tax for a period not more than 5 years from the expiry date of such period, and it may choose to deduct from the net profits of any one year or several years.
- 2.2 Dividends derived from the promoted business receiving an exemption of corporate income tax shall be exempted from the computation of taxable income throughout the period the promoted person receives the exemption of corporate income tax.
- 2.3 Permission to reduce corporate income tax on the net profit derived from the promoted business at 50% of the normal rate for a period of 5 years commencing from the expiry date referred to in 2.1.
- 2.4 Permission to deduct an amount double the costs of transportation, electricity and water supply incurred by the promoted person in the operation of the promoted business for a period of 10 years commencing from the date on which Vinythai first derives its income from such business.
- 2.5 Permission to deduct an amount of 25 percent of the cost of installation or construction of facilities, in addition to normal depreciation.

Remarks: The Company's income according to the above Investment Promotion Certificate was started on 1 January 2007. Therefore, the 8-year promotion was valid until 31 December 2014. The 5-year promotion enabling the Company to reduce corporate income tax on net profit derived from the promoted business at 50% of the normal rate is valid until 31 December 2019.

The Investment Promotions Certificate No. 1164(2)/2550

1. Customs duties

- 1.1 Exemption of customs duties on imported machinery as the BOI may consider and approve.
- 1.2 Exemption of customs duties on raw material or essential supplies imported for use in production for a period of 5 years from date of first import.

2. Corporate income tax

- 2.1 Exemption of corporate income tax on net profits derived from the promoted business total not exceeding 100% of investment cost excluding cost of land, and working capital for a period of 8 years from the date on which Vinythai first derives its income from such business and including income from the sale of by-product i.e. scrap from its process. In case where loss has been accrued during the period receiving exemption of corporate income tax, the Company shall be granted permission to deduct such annual loss from the net profits incurred after the expiration of the period of exemption of corporate income tax for a period not more than 5 years from the expiry date of such period, and it may choose to deduct from the net profits of any one year or several years.
- 2.2 Dividends derived from the promoted business receiving an exemption of corporate income tax shall be exempted from the computation of taxable income throughout the period the promoted person receives the exemption of corporate income tax.
- 2.3 Permission to reduce corporate income tax on the net profit derived from the promoted business at 50% of the normal rate for a period of 5 years commencing from the expiry date referred to in 2.1.
- 2.4 Permission to deduct an amount double the costs of transportation, electricity and water supply incurred by the promoted person in the operation of the promoted business for a period of 10 years commencing from the date on which Vinythai first derives its income from such business.
- 2.5 Permission to deduct an amount of 25 percent of the cost of installation or construction of facilities, in addition to normal depreciation.

Remarks: The Company's income according to the above Investment Promotion Certificate was started on 1 August 2008. Therefore, the 8-year promotion was valid until 31 July 2016. The 5-year promotion enabling the

Company to reduce corporate income tax on net profit derived from the promoted business at 50% of the normal rate is valid until 31 July 2021.

The Investment Promotions Certificate No. 2012(2)/2553

1. Customs duties

- 1.1 Exemption of customs duties on imported machinery as the BOI may consider and approve.

2. Corporate income tax

- 2.1 Exemption of corporate income tax on net profits derived from the promoted business total not exceeding 100% of investment cost excluding cost of land, and working capital for a period of 8 years from the date on which Vinythai first derives its income from such business and including income from the sale of by-product i.e. scrap or waste from its process. In case where loss has been accrued during the period receiving exemption of corporate income tax, the Company shall be granted permission to deduct such annual loss from the net profits incurred after the expiration of the period of exemption of corporate income tax for a period not more than 5 years from the expiry date of such period, and it may choose to deduct from the net profits of any one year or several years.
- 2.2 Dividends derived from the promoted business receiving an exemption of corporate income tax shall be exempted from the computation of taxable income throughout the period the promoted person receives the exemption of corporate income tax.
- 2.3 Permission to reduce corporate income tax on the net profit derived from the promoted business at 50% of the normal rate for a period of 5 years commencing from the expiry date referred to in 2.1.
- 2.4 Permission to deduct an amount double the costs of transportation, electricity and water supply incurred by the promoted person in the operation of the promoted business for a period of 10 years commencing from the date on which Vinythai first derives its income from such business.
- 2.5 Permission to deduct an amount of 25 percent of the cost of installation or construction of facilities, in addition to normal depreciation.

Remarks: The Company's income according to the above Investment Promotion Certificate was started on 1 July 2012. Therefore, the 8-year promotion was valid until 30 June 2020. The 5-year promotion enabling the Company to reduce corporate income tax on net profit derived from the promoted business at 50% of the normal rate is valid until 30 June 2025.

The Investment Promotions Certificate No. 9010(2)/2553**1. Customs duties**

- 1.1 Exemption of customs duties on imported machinery as the BOI may consider and approve.

2. Corporate income tax

- 2.1 Exemption of corporate income tax on net profits derived from the promoted business on improvement of environmental impact reduction total not exceeding 100 % of investment cost excluding cost of land, and working capital for a period of 8 years, starting from October 7, 2011, the date the company filed the requisition form to modify the privileges of energy saving to environmental impact reduction. Income from such business includes income from the sale of by-product i.e. scrap or waste from its process. In case where loss has been accrued during the period receiving exemption of corporate income tax, the Company shall be granted permission to deduct such annual loss from the net profits incurred after the expiration of the period of exemption of corporate income tax for a period not more than 5 years from the expiry date of such period, and it may choose to deduct from the net profits of any one year or several years.
- 2.2 Dividends derived from the promoted business receiving an exemption of corporate income tax shall be exempted from the computation of taxable income throughout the period the promoted person receives the exemption of corporate income tax.

Remarks: The Company's income according to the above Investment Promotion Certificate was started on 1 January 2011. Therefore, the 8-year promotion was valid until 31 December 2019.

2.2 Marketing and Competition**(a) *Policy and Marketing of Main Products***

- ☆ Vinythai is Thailand's second largest manufacturer of PVC resins. Right after starting the operation it has been highly successful in term of gaining significant market share. An important element of such success results from the following policy and strategies:

Competition Strategy**1. Quality of Products**

The Company's policy is to produce PVC that meets the international standard. To test the quality of its products, The Company has established a working unit and built a product testing laboratory which is operated under the supervision of experts.

The Total Quality Department has been established to enhance the efficiency of the quality management from production process to product delivery, in addition to providing recommendations to help boosting the business activities. The Company greatly succeeded in upgrading its Quality Management System (ISO 9001 : 2000) to ISO 9001 : 2008. The Company also extended scope of the ISO certification by including the design and development of Polyvinyl Chloride and manufacturing and supply of Hydrogen.

In addition, the Company received the Certificate of Laboratory Accreditation (ISO/IEC 17025:2005) from Thai Industrial Standards Institute for PVC resins testing of Viscosity Index and Residual Vinylchloride Monomer content. The testing ensures that customers will receive products which are in line with their requirements and harmless for health. The Company has successfully improved to new system of Laboratory Accreditation (ISO/IEC 17025:2005) in 2006.

The Company received the Halal Certificate from the Central Islamic Committee of Thailand for its Caustic Soda 32% and 50%. This certification ensures that the Company's products are produced in conformity with the Islamic rules.

In 2004, the Company received the certification of Caustic Soda 32% and 50% from Food and Drug Administration of Thailand (FDA). This certification ensures that its Caustic soda is in line with the requirements defined by Thailand's FDA. Vinythai is the first company receiving this certification in Thailand. The Company also received standard mark on both of them, quality level 1, issued by the Thai Industrial Standards Institute.

In the past the Company has totally consumed all VCM product produced in PVC production line as raw material; however starting from 2007 the Company has been able to commercialize this product according to plant capacity expansion. Quality of the product is closely monitored and controlled by the Quality Control and Customer Development Department.

The Company sells its products based on the quality agreement or contract settled with each customer.

2. Diversity of Products and Services

Apart from Pipes and Fittings which are the main group of customer using PVC resin, the Company has formulated a diversification policy that focuses on the expansion and penetration into other applications, such as rigid profiles, film and sheet and artificial leather. The Company consequently aims at developing its PVC resin as well as new grades in each application in order to satisfy the market needs. In line with such policy, presently Vinythai has been successfully developing and marketing five grades of PVC suspension and five grades of PVC Emulsion. With the Company's diversity of products, Vinythai believes that its products can serve thoroughly the target markets.

3. Customer Technical Services

Vinythai organized Customer Technical Services Department to provide technical advice to customers in relation to the different applications of PVC. Vinythai's engineers visit customers' plants to assist in developing new production techniques and in optimizing their production cost. Vinythai believes that the technical services support to customers will provide added value and will help to establish good relationships with customers in the long run.

4. Pricing Policy

PVC and VCM selling price is directly influenced by the international price. Therefore, export price is quoted at the international price while domestic price is quoted on the PVC and VCM import price.

☆ **Type of Customers**

Vinythai's customers can be classified into 2 types:

1. Local Buyers
2. Foreign Buyer

During 2013, no single customer accounted more than 20% of the total sales.

☆ **Target Customer**

PVC resins Customers

Of the many applications for PVC resins, those in the Pipe and Fittings represented the most significant volume. However, Vinythai plans to penetrate into other applications as details described in the topic Diversity of Products and Services.

Caustic Soda Customers

Caustic soda produced by Vinythai is used in the manufacturing of chemicals or products which form part of our daily life such as detergents, soaps, textile and mono sodium glutamate, etc.

☆ **Distribution and Distribution Channels**

Normally, Vinythai emphasized in supplying PVC to domestic buyers. In 2013 the PVC domestic buyers accounted for 63 percent of the total PVC sales and 94 per cent of total caustic soda sales.

For the domestic market, which is the main market, Vinythai adopts a direct sale method partly in order to better follow and satisfy the requirements of customers. Vinythai considers that it can respond to the production problems of its customers faster than distribution of its products through distributors. This enables Vinythai to establish plans for assisting customers and for the development of its products to meet requirements of the customers.

For the foreign market, Vinythai mainly supplies its products through the agents worldwide. The export markets for PVC are Southeast Asia, Australia , New Zealand, Indian Subcontinent and China.

Vinythai believes that the Total Quality Management System and Innovation, the direct delivery of goods to customers and its customer technical services, enhance the customers' confidence in the products and services, including its availability.

(b) The Competition

☆ Competition in PVC Industry

1. Demand and Supply Situation

PVC Market 2013

PVC consumption in Asia continued to grow, though at a slower rate than in 2012, particularly in China. The Chinese's rebalancing policies are expected to keep growth lower than previous years while moving towards an economy that is driven more by domestic consumption.

In 2013, the average ethylene price is 1352 USD/ton, 9.8% higher than 2012, due to supply constraint in the region, despite the slightly lower crude oil and naphtha prices.

The PVC Price rose by 4.5% to 1006 USD/t in average, driven by rising ethylene prices, despite the sluggish demand in the region resulting from economic environment.

Average VCM price rose by 3.5% in 2013 to 872 USD/ton, on the back of high cost and tight supply condition due to plant closure of major regional player.

On Caustic Soda, the price was slightly increased from the beginning of the year. However, the average price declined by 23% to 372 USD/ton, amidst ample supply from new capacity and low demand.

In addition to the high EDC production costs which limited the producers to reduce the output and rely more on buying EDC, the low demand of caustic soda also led to reduced chlor-alkali plant's operating rate, resulting in limited EDC supply. Those market conditions supported the EDC price to increase by 37% to 362 USD/ton in average.

Looking ahead, ethylene, a major raw material of fully-integrated PVC production, will remain in tight situation until the recovery of some local players, resulting in price pressure. Regional PVC and Caustic soda market should be improved in line with global economic recovery, while tough competition will still prevail in the region especially from the Northeast Asia's players.

Regional VCM supply will still be in tight situation, a fully integrated production structure like Vinythai should benefit from this tight condition.

2. Marketing Situation in 2013

PVC Resin

In 2013, global GDP growth rate was estimated at 2.4 per cent. The world economy gradually indicated signs of recovery in the second half of the year, especially in the U.S., Europe and Japan but China's growth is decelerating at the level of 7.5%. So, the GDP growth in Asia Pacific, excluding Japan, was a bit slow at 5.8 percent affecting 5.1% less sales compared to 2012.

The domestic GDP growth was at 3.0 per cent resulting in a local PVC demand estimated at 500 kt per annum.

In 2013, there was increasing import of PVC resin at about 75 kt.

In 2013, despite 1.4% higher average price compared to 2012, Company's sales of S-PVC was recorded at 7,295 MTHB, a decrease by 2.3% which was due to 4% less volume as there was more competition from NEA producers.

E-PVC sales revenue was 1,072 MTHB, 18.2% lower than in 2012 by 10 % less volume and 8. 7% lower average selling price compared to 2012. The price has been continuously declining during 2013 due to heavy competition and surplus supply from increased capacity especially in China and Malaysia.

For PVC resin, the percentages of domestic and export sales revenue were 63% and 37% respectively.

To maintain competitiveness and sustainability, the Company will continue to develop products and services, both technically and logistically, and cultivate strong partnerships with its customers through technical seminar and co-operation to provide facts and information to the related industries and authorities as well as consumers.

In 2014, the global GDP growth is projected at 2.5 percent. With existing surplus capacity and global limited demand growth, PVC price will remain under competitive pressure throughout the year.

However, the signal of economic recovery in USA and Europe and more or less stabilized Chinese economy should a bit enhance the PVC demand.

VCM

Sales of available VCM in 2013 earned 2,898 MTHB in revenue which was 16.3% higher than in 2012 reflecting 2% higher average selling price and 14% more volume.

Caustic Soda

Generally in 2013, there is still surplus capacity of caustic soda in Asia especially in China. Despite the increasing energy costs, the average regional price was reduced to average 372 US\$/DMT CFR due to the additional capacity that came on stream during the period.

Revenues from Caustic Soda in 2013 was 3,050 MTHB, 20.2% less than in 2012 which was mainly due to 26.5% lower average selling price despite 9% more volume.

In 2014, huge surplus capacity in addition to increasing energy costs and declining chlorine value will probably induce high pressure onto the caustic soda producers.

Epichlorhydrin (ECH)

ECH structural overcapacity persists in Asia and weights on the price level. In China, ECH production operating rates remains low. Despite important overcapacity, China was still a net importer of ECH and epoxy resins in 2013.

In South Korea, major player started 60,000 tons per year ECH extension capacity in September 2013.

Current ECH prices in Asia barely cover the production cash costs of the majority of players. In this highly competitive environment, ABT has been able to develop sales and positions on the market on a sustainable basis.

3. The Competitors and Competitiveness

PVC resin

The local PVC resin industry is under fierce competition. Customers can purchase PVC resins from Vinythai, Thai Plastic and Chemical Public Company Limited (TPC) and by importation.

Vinythai is Thailand's second largest manufacturer of PVC resins. Vinythai understands that the key elements for PVC purchasing decisions are pricing, quality of products, timeliness of delivery, and customer technical services offered. Consequently, the Company successively sets the business policies to perform on those factors in order to be competitive in the market.

Caustic Soda

There are about 10 producers of caustic soda in the domestic market. Vinythai is the first rank producer and supplier in Thailand.

The competition in this industry exists at a certain level. The Company therefore focuses on the quality of products, pricing, and timeliness and safety of delivery so as to meet the requirements of its customers.

Epichlorohydrin (ECH)

More than 90% of ECH ends in the epoxy resins market mainly driven by coatings, electronics and composites industries. ECH market is expected to grow by 6% in China and 3% in the rest of Asian market until 2017.

In 2013, structural overcapacities and the slowing down of the demand of epoxy resins especially in the Chinese domestic market have squeezed margins in both ECH and epoxy resins industries.

However, through the year, ECH prices have increased stepwise to 1550 USD/ton CFR on the back of firmer feedstock prices and slight recovery of ECH market demand.

Lack of visibility prevails both in ECH and epoxy resins markets. But we are confident that intensive industry restructuring might occur in 2014 in all regions due to current poor margins or even heavy losses of major players since mid of 2012.

For its second Year of production, the Company reached a sales volume of 70,862 tons. ECH sales revenue was 3,143 MTHB, 859 MTHB domestic and 2,284 MTHB at the export.

In 2014, we will continue our efforts on Epicerol® branding to further develop our sales and increase our position as bio-based ECH producer.

2.3 Production and Procurement

(a) Procurement

☆ *Production, Number of Plants and Production Policy*

In Map Ta Phut, the production complex consists of :-

- Chlor-Alkali or Electrolysis plant :

produces chlorine, for using as a raw material in VCM production, and also produces significant quantities of Caustic Soda as well as certain quantities of by-products; Hydrogen and Sodium Hypochlorite. All these by-products are also sold on the markets.

- EDC and VCM Plant :

produces VCM as a raw material for PVC production. VCM product is also sold on the market.

- PVC Plant :

produces PVC Suspension and PVC Emulsion for distribution.

The plant still maintained high operating rates in all the Chlor-Alkali, VCM and PVC plants. The continuous improvement, efficient maintenance/production collaboration through the deployment of failure analysis, including preventive maintenance program which allows the plant to further increase its technical stream factor, are factors to increase its annual production capacity.

Total Production Capacity

	2009	2010	2011	2012	2013
Effective Capacity (tons)					
1. PVC	280,000	280,000	280,000	280,000	280,000

2. VCM	400,000	400,000	400,000	400,000	400,000
3. Caustic Soda	266,000	266,000	266,000	366,000	366,000

After the project to increase 70,000 tons per annum (tpa) of the Polyvinyl Chloride (PVC) production capacity was successfully finished and could commence commercial production since August 2008, Vinythai's current PVC capacity is 280,000 tpa.

In 2012, Vinythai had executed the Chlor-Alkali Expansion to serve additional Chlorine demand for Epichlorohydrin. This expansion brought the Chlor-Alkali unit to a Caustic Soda Capacity of 366,000 tpa.

All those efforts shall support Vinythai's position as a key player in the regional Vinyl and Caustic Soda industry. The Company expects to continue recording improved performance going forwards, in sustained profitability and business growth.

The Company continued to effectively control the fixed and variable costs of the plant through streamlining and consolidation of the organization and by maintaining its overall productivity performance. Meanwhile, variable production costs increased in 2013, in line with slight hike in ethylene prices (1,363 USD/ton, + 8.61% compare to 2012 Avg.Price).

☆ The Supply of Raw Materials and Number of Suppliers

Vinythai's production process is a fully integrated PVC production and the main raw materials and utilities can be sourced locally. In addition to its own sources, the site also has the capability of importing either EDC or VCM to boost its PVC production when needed, or to take advantage of low priced EDC or VCM in the international markets, when such situation arises.

The supply of main raw materials, which are salt, electricity, and ethylene are as follows:

Salt Procurement

Salt is an essential raw material for chlorine production. For purified salt procurement, Vinythai has jointly invested with others in Pimai Salt Co., Ltd. (PSC). Vinythai entered into Salt Supplies Agreement to ensure salt supplies for its production and the company has the right to offtake salt in proportion to its shareholding in PSC.

According to PSC Offtake Agreement, salt price will be equal to variable costs plus fixed costs shared proportionally to the percentage of its right to offtake PSC products.

Electricity Procurement

In chlorine production, besides salt, electricity is another main raw material. The Company entered into Power Supply Agreement with Glow Energy Public Company Limited (formerly Glow SPP Public Company Limited) for an initial period of fifteen years from 1996 in order to procure electricity supply for

Electrolysis Plant. In 2009, The Company has amended this contract by extending the contract period for fifteen years.

The agreement covers the sales and purchase for electric energy and the payments for Capacity, Energy, Reactive Energy, and Fuel Transfer are linked to the Provincial Electricity Authority (PEA) TOU Tariffs as determined by the formula in the Power Supply Agreement.

Ethylene Procurement

As well as Chlorine, Ethylene is another essential raw material for VCM production. Vinythai buys ethylene from PTT Global Chemical Public Company Limited which is the major ethylene producer in the Country and currently is a major shareholder of the Company. Vinythai has entered into the long-term off-take contract, ended in 2021, with PTT Global Chemical PLC, in order to procure ethylene supply for the company's production. For the expansion projects, the Company has also entered into another long-term off-take contract, ended 2022.

☆ Problem on Raw Materials

Ethylene is the main raw material of the Company's production. Therefore, the ethylene price movement will highly affect the company's production cost.

Currently, Vinythai purchases ethylene from PTT Global Chemical Public Company Limited to use as an essential raw material in the VCM production. In the case where PTT Global Chemical Public Company Limited is unable to supply ethylene to Vinythai, Vinythai may purchase ethylene from other suppliers or import ethylene from abroad.

☆ The Proportion of Raw Material Purchased

In 2013, local purchasing accounted for 99.55 % of the total purchase of raw materials by the Company.

(b) Environmental Impact

Continuous Improvement of Quality, Safety, Health and Environment Performance

Vinythai's vision for achieving continuous improvement of its quality, safety, occupational health and environment performance and its overall drive for excellence is implemented through a range of strategies. The Company sets itself ambitious and demanding quality, safety, health and environment goals and seeks to ensure complete compliance with internationally-recognized management systems through its Responsible Care Initiative. Management focus and employee engagement at every level is seen as key to achieving these objectives

- **Auditing: To ensure highest standards and continuous improvement of integrated quality, safety, health and environment management systems**

Integrated audits to monitor and help to ensure high standards, effective implementation, full compliance and continuous improvement of three integrated management systems - ISO 9001, ISO 14001, OHSAS 18001 - are undertaken by independent assessors twice annually. To-date, these meticulous audits have not uncovered any nonconformities, leading to the conclusion that the integrated management systems are working according to design.

➤ **Health Risk Management system implementation: voluntary internal compliance with more stringent exposure standards for protecting the health.**

The company has maintained implementation of health risk assessment using tools developed by its major shareholder and has undertaken an annual review of the program and the performance of concerned staff. In 2013, this involved reviewing over 1,200 tasks, including those performed at the new Epichlorohydrin plant. In addition, in 2013, the team achieved voluntary compliance with Solvay Acceptable Exposure Limit (SAEL), an internal standard set up by the company's major shareholder which is even more stringent than the local regulations.

➤ **Occupational Safety: From 'Zero Injuries' to 'Zero Incidents' organization**

The Company promotes systematic risk assessments in relation to activities performed, and monitors for potential hazards at the earliest stage, thereby minimizing risks. "Behavior Based Safety" (BBS) is implemented so as to continuously promote a safety culture throughout the Company. Some 50% of the Company's permanent staff are trained observers and over 6,000 safety dialogues have so far been held with both the Company's and its contractors' staff at all levels.

To maintain a level of "Zero Incidents" in 2013, the Company continued with its "HSE Culture Program", including arranging workshops that were attended by all staff at supervisory level and up.

In 2013, Vinythai maintained its unbroken record of no accidents with lost working days among either the company's or its contractors' personnel. In achieving 5 million consecutive work hours without lost working day accident, the Company earned a "Zero Accident Award - Silver Level" from the Ministry of Labor for the 4th consecutive year.

➤ **Process Safety Management program enhancement**

To operate and maintain its plant and asset integrity in such a way that all risks are appropriately managed and contained, the Company conducts systematic process hazard and safety analysis. In 2013, Vinythai conducted a complete process hazard analysis and review of process and operations controls in the form of a full Hazard and Operability Analysis (HAZOP), as is required every five years.

➤ **Transport Safety Management System: Key element of "Product Stewardships"**

Regulations and measures for transportation safety under our product stewardship program cover receiving delivery of raw materials and storage and distribution of our products. The company implements the internationally recognized Safety and Quality

Assessment System (SQAS) to monitor and evaluate the performance of all transport and logistics service providers it works with. To encourage and promote this program to its transport service providers, the Company launched “Best Transporter Award” to extend recognition of their commitment and effort to maintain transport safety.

The Company maintains its contributions and is an active member of the “Chlor-alkali Agreement for Transportation Emergency Mutual Aid Group, CATEMAG”, the highly recognized organization initiated by the Chlor-alkali Manufacturers in Thailand and the transport service providers. The training for the truck drivers, inspections and audits including emergency response plan drill is regularly conducted under supports from its Board of Director and the relevant committees.

As a result of the aforementioned, the Company has maintained its good transport safety incident (TSPI1) rating at ZERO for the last three consecutive years.

➤ **Environment Prevention and Protection Strategy: Golden Star Award for Excellence Environmental Governance**

The Company’s ongoing rigorous implementation of its systematic approach to improvement of its environment prevention measures and programs, including with regard to solid waste, achieved “Zero Landfill” in 2013.

These efforts were formally recognised in 2013 by fifth consecutive “Excellence Environmental Governance” and “Golden Star Awards” from the Industrial Estate Authority of Thailand.

☆ **Expenditure on the Environmental, Health and Safety Aspects during the past 5 years**

(Unit : MTHB)	2009	2010	2011	2012	2013
Environmental, Health and Safety Aspects	10	19	73.85	187.15	67.7

In 2013, the Company has been continuously investing on the health, safety and environmental aspects in order to effectively improve and reduce the impact on to the environment.

2.4 Pending Job

-None-

3. Risk Issues

Risk Management

Vinythai Risk Management Committee (RMC) comprises the Managing Director, Plant Manager, Vice President Marketing and Sales for PVC and Caustic Soda, Vice President Marketing and Sales for Epichlorohydrin, Vice President Finance and Accounting, Vice President Corporate Affairs and Communications, Senior Chloro Vinyls Department Manager, Senior Epichlorohydrin Department Manager, Senior Supply Chain Department Manager, Personnel and Administration Department Manager, and Business Performance Improvement Department Manager.

Risk management policy and framework are defined and aligned with the Company's strategy and vision. The Committee actively develops risk management processes covering all identified and potential risks that pertain to its businesses, with each process closely linked to corporate strategy and opportunities for growth. All RMC members are responsible for management and mitigation of the risks that could potentially affect achievement of the Company's strategic goals.

Like all petrochemical industrial concerns, the Company faces a variety of risks which may be broadly classified into four types: industrial risks, financial risks, operational risks, and megatrend and green movement risks.

Risk Issues and Mitigation

1. Industrial risks

1.1 Fluctuation of product and raw material prices in international markets

- Finished goods

Prices of PVC resin, Caustic soda and Epichlorohydrin on international markets can fluctuate considerably. As such, Vinythai's revenues from both exports and domestic sales may rise or fall sharply, often due to circumstances beyond its control.

- Raw materials

Vinythai is vulnerable to international fluctuations in the price of Ethylene and glycerine, which are its pivotal inputs, alongside with salt and electricity. Ethylene and glycerine respectively accounted for around 50 % of the Company's total production costs in 2013.

Mitigation:

Concerning fluctuations in its end product prices, Vinythai's marketing and sales teams closely monitor price evolution in order to proactively make adjustments to prevailing conditions. The Company's fully-integrated production processes help, to some extent, to shield it from Ethylene and glycerine price volatility. To further reduce the impact of those cost factors, the Company negotiates with suppliers to ensure effective pricing management that best reflects Asian market conditions.

1.2 Reliance on a limited number of suppliers

Vinythai's integrated Vinyls production process is dependent upon ethylene, electricity and salt as its principal raw materials. The Company has entered into agreements with individual suppliers accordingly. In the cases of ethylene and salt, in particular, the number of suppliers is limited. As such, Vinythai faces the risk of a key raw material shortage should any of its suppliers suddenly be unable to fulfill its commitment.

Mitigation:

The Company has entered into long-term contracts with each of its suppliers to ensure that it is able to secure supplies continuously. It is also able to negotiate extensions to these agreements as they expire. In the event of short-term supply problems, the Company will source ethylene from other suppliers, whether local or overseas. In the case of salt, the Company could import Ethylene Dichloride (EDC) as a substitute raw material for production.

1.3 Reliance on a Single Business Sector

In 2013, over 36 % of all PVC resin demand in Thailand came from the pipe and fitting sector, with consumption being closely aligned with the construction industry and government-initiated public infrastructure projects.

Mitigation:

Vinythai has adopted a policy of diversification that focuses on expanding into different sectors, such as rigid profiles, films and sheets, wires and cables, and artificial leather. The Company also endeavors to penetrate new export markets and diversify within existing export markets.

Additionally, the diversification into Epichlorohydrin production using “green technology”, reduced its sole reliance on, and sensitivity to, the PVC market. Epichlorohydrin is an essential feedstock for production of epoxy resins and is increasingly used in such applications as corrosion protection coatings as well as the electronics, automotive, aerospace, and windmill power-generating industries.

2. Financial risks

2.1 Repayment risk

At the end of 2013, the Company has entered into 3 Long-Term Loan Agreements with financial institutions to support its expansion.

- In 2010, the Company entered into a THB 4,500 million Long-Term Loan Agreement with local banks, to finance the Epichlorohydrin production project in Thailand of its subsidiary, Advanced Biochemical (Thailand) Company Limited, which started commercial operation in Q1 2012. This loan drawdown was fully completed

by mid of 2013. The loan's recorded outstanding as at 2013 is THB 2,857.10 Million, after repayments and prepayment.

This THB Long-Term Loan has a term of 10 years with a grace period of 3 years. The repayment schedule identifies fourteen equal, semi-annual installments, commencing 30 June 2013, with the final installment due December 2019. The Company has to pay interest on its borrowings under the loan on a quarterly basis. The Company is also required to maintain certain financial ratios with respect to the loan.

- In 2013, the Company entered into 2 RMB Long-Term Loan agreements totaling RMB 420 million with commercial banks in Thailand to finance the new Epichlorohydrin production project in China of its subsidiary, Solvay Biochemicals (Taixing) Company Limited. The loans are during drawdown with recorded outstanding as at 2013 is RMB 110 Million.

The RMB Long-Term Loans have their term of 7 years with their grace period of 3 years. The principal repayments are set for semi-annual installments, commencing 1 August 2016, with the final installment due 1 August 2020. The Company is required to pay interest on its borrowings under the loans on a quarterly basis. The Company has also to maintain certain financial ratios with respect to those loans.

Mitigation:

The Company closely monitors its performances, including all its projects. Moreover, the Company adopts a conservative treasury policy and liquidity management while targeting a reasonable, low-level debt-to-equity ratio. The Company is not reluctant to utilize its cash generation for loan prepayment without penalty fee. THB 1,000 million was prepaid in December 2013. As such, the Company is confident that it is unlikely to encounter any debt repayment or liquidity inadequacy problems.

2.2 Interest rate risk

In view of current uncertainties surrounding economic conditions and financial market liquidity, the Company is exposed to interest rate volatility as the Company is engaged with a floating THB loan and floating and fixed RMB loans.

Mitigation:

The Company closely monitors movements on its deposit accounts with financial institutions and on its Long Term Loans in response to financial market conditions and responds appropriately. According to conditions at any given time, the Company may, as it deems necessary, enter into financial hedging arrangements in order to manage associated risks.

2.3 Foreign exchange rate risk

The Company and Advanced Biochemical (Thailand) Company limited, its affiliate, are exposed to exchange rate volatility on their revenues from both domestic and export sales, all of which are mainly priced in US dollars. The Company is also exposed to risk on payments to its main feed stocks, due to their being mainly priced

in US dollars. The Company's other raw materials, machinery and equipment maintenance are also all denominated in foreign currencies, notably US dollars, Euro, Japanese yen.

Regarding the Company's new investment in the Epichlorohydrin plant in China via Vinythai Holding in Singapore, Vinythai Holding PTE, most of the concerned investment and expected income is denominated in RMB for which market expectations are for short-to-medium term appreciation. This exposes the new project to RMB foreign exchange movements against other currencies, especially THB.

Mitigation:

Vinythai closely monitors foreign exchange rate movements as part of its day-to-day operations. The Company both manages its foreign exchange rate risk exposure with natural hedges and carefully applies available financial hedging tools, including forward contracts and others as necessary, so as to minimize its foreign exchange rate risk exposure at any given time.

To manage foreign exchange risk exposure associated with its new Epichlorohydrin project in China, Both capital injections and long term loans to finance the project are denominated in RMB, local currency to be matched with future cash generation from the project, and RMB is registered as the holding company's reporting currency, so as to limit conversion risk pertaining to THB and RMB.

2.4 Liquidity Risk

Due to uncertain market conditions ensuing from precarious US and EU conditions, liquidity risk has become another major concern for all businesses. Moreover, the risk is intensified for businesses with multiple operations. Many mother companies have suffered from the conditions in the US and EU. The Company considers this to be another important risk exposure that can potentially push its costs higher.

Mitigation:

The Company closely monitors financial market liquidity via its day-to-day banking operations. Its policy is to work with a variety of banks (US, European, Japanese, Chinese and Thai). By spreading its funding sources to include a wide selection of short- and long-term alternatives, the Company mitigates its risk exposure to potential liquidity constraints. The Company also stresses efficient working capital management to ensure consistently smooth liquidity.

3. Operation risks

3.1 Plant operation risk

Certain unexpected occurrences, both internal and external, could potentially disrupt the Company's plant operations. Accidents, insufficient or undeliverable utilities, machinery failures, and operational failures such as to feedstock supply, as

well as customer-related issues, can lead to interruptions to production, with significant potential impact on the Company's financial performance.

Mitigation:

The Company has developed exercises designed to avert business emergencies and accidents, or at least minimize their impacts and losses, while also safeguarding personnel and the environment. The Company has also established preventive and predictive maintenance procedures to minimize machinery risks, including drawing up specific machinery maintenance procedures and composing manuals showing how to minimize errors, accidents and disruptions. Moreover, the Company has an insurance policy to compensate for and minimize financial losses from such occurrences.

3.2 Supply chain risk

Nowadays customers carefully do concern on cost especially on inventory and its management for raw materials/finished goods. Some applies on “zero inventory” policy.

Therefore as suppliers Vinythai has to ensure that all potential risks related to supply chain such as threats from terrorism, piracy, and fraud, or disturbances caused by natural disasters; are treated and managed properly.

Mitigation:

The Company implemented according to a framework of ISO 28000 - security management systems for the supply chain. The relevant team has been nominated to assess all potential risks and implement necessary measures to prevent those risks and threats from adversely affecting the customer businesses.

As a result this increases the Company's ability in supply chain to effectively implement mechanisms that address security vulnerabilities at operational levels, as well as to establish preventive actions.

4. Megatrend - Green movement risks

4.1 Greenhouse gas emission

Greenhouse gases could trap heat and make the planet warmer. The largest sources of greenhouse gas emissions are from burning fossils fuels for electricity, heat, and transportation. Nevertheless other sources would be from industry, commercial and residential, agriculture, and land use and forestry.

Holding a world-scale manufacturing plant, the Company realizes that it is one of the emission sources, and it should be a part of solution. Necessary actions taken would help the Company not only in term of emission reduction, but also in term of natural preservation.

mitigation

Vinythai participates and implements several measures to reduce emissions and to target the development of products that contribute to emission reductions. Those measures are taken with clear objectives in short term and long term, being aligned with our strategic targets relating to energy saving.

For examples:

=> Finished goods - they are certified by the nationally carbon reduction labels for all finished goods;

=> production and support processes - the managers roll out continuous improvement programs:

- energy saving: by support from energy saving experts (Solwatt), energy saving committee,

- production: carbon footprint reduction,

- support function: carbon reduction label for buildings (Laboratory building at plant), Green meeting (1).

Those programs led the Company to receive many recognition Awards over the past few years.

4.2 Sustainable product portfolio management

Vinythai sees sustainability as crucial aspect of its strategy; a product application portfolio is one of areas where the Company puts an effort to enhance its sustainability. Without a properly management of product application portfolio, this could generate a significant impact on business performance in a long run.

Mitigation

The Company has adopted a tool, named “Sustainable Portfolio Management” since 2011. This tool has been developed by the main shareholder; it is a kind of analysis, that the Company assesses on product application VS sustainability into two dimensions: 1- environmental impact of manufacturing, and 2- degree to which the product in that application being in line with the consumers’ long term expectations. From this, it allows the Company to better understand the market trends and to help in the development and investment in the right strategic track.

Nowadays around 70% of the product portfolio has been assessed and the Company also extended this assessment to all important RandD projects.

4. Assets used in Business Operation

(4.1) Main Assets

Value of the Main Assets

Book value of office equipment, land, buildings and main machinery as at 31 December 2013 are as follows:

Consolidated financial statements

Items	Useful Life (years)	Book value as of 31 December 2013 (thousand Baht)
1. Land	-	2,909
2. Buildings and building improvement	10-50	1,973,271
3. Machinery and Equipment	5-30	11,864,147
4. Furniture, fixtures and office equipment	3-30	47,277
5. Assets under installation and under construction	-	953,466
Total		14,841,070

Separate financial statements

Items	Useful Life (years)	Book value as of 31 December 2013 (thousand Baht)
1. Land	-	2,909
2. Buildings and building improvement	10-50	1,466,429
3. Machinery and Equipment	5-30	8,545,845
4. Furniture, fixtures and office equipment	3-30	45,813
5. Assets under installation and under construction	-	171,493
Total		10,232,489

Rights, Lease Agreement and Commitment

The Business Office is located at 14th Floor, Green Tower 3656/41 Rama IV Road, Khet Klongtoey, Bangkok 10110 having area of 1,179 sqm. which is owned by Vinythai.

The Head Office, Plant and Warehouse of Vinythai which consists of PVC, VCM, chlorine and caustic soda plant and warehouse is located at 2, I-3 Road, Map Ta Phut Industrial Estate, Tambol Map Ta Phut, Amphoe Muang, Rayong

Province 21150. The Company leased from the Industrial Estate Authority of Thailand in the area of 250 rai. The substances of this agreement are:

- lease term from 15 June 1989 to 14 June 2019 for 30 years with a renewal option of 20 years
- lease commitments in respect of land for its plant payable at present to the expiry date of the lease is Baht 32,193.74 per rai per year.

As of 31 December 2013, the outstanding of the commitments is approximately 44 MTHB.

(4.2) Investment Policy in Subsidiary and Associated Companies

The Company has invested in three below subsidiaries: -

a) Advanced Biochemical (Thailand) Company Limited in which it manufactures and sells a chemical product named as EPICHLOROHYDRIN, in order to support the Company's business.

b) Vinythai Holding Pte. Limited, incorporated in Singapore, as a holding company.

c) Solvay Biochemicals (Taixing) Limited, incorporated in Republic of China. The subsidiary manufactures and sells a chemical product named as EPICHLOROHYDRIN, in order to support the Company's business.

Moreover, currently the only one associated company that Vinythai has invested is Pimai Salt Co., Ltd. (PSC), one of the main purified salt producers in Thailand. The investment in this company is to ensure the supply of one the Company's main raw materials. With respect to the long-term contract, the Company has the right to purchase salt from PSC, at the volume sufficient to the need for PVC production. The salt price will be equal to variable cost plus fixed costs shared proportionally to the percentage of its right to offtake PSC products.

In addition, some of Vinythai's directors have participated in the board of the Subsidiary and Associated Company to jointly define the fair policies among the related companies. The name list of those directors is mentioned in the Appendix 1.

Vinythai's Investment

(31 December 2013)

	Product or nature of business	Paid-up capital	Percentage of voting shares held by Vinythai	Acquisition cost (MTHB)	Investment Value (MTHB)
<u>Subsidiary Company</u>					
Advanced Biochemical (Thailand) Co., Ltd.	Manufacturing and trading of chemical products	1,500 MTHB	Vinythai holds 100.00 percent of its shares and has common directors.	1,454.10	N/A
Vinythai Holding Pte. Limited (incorporated in Singapore)	Holding company	287 RMB	Vinythai holds 100.00 percent of its shares and has common directors.	1,416.40	N/A
Solvay Biochemicals (Taixing) Limited (incorporated in Republic of China)	Manufacturing and trading of chemical products	287 RMB	100% Held by Vinythai Holding Pte. Limited (a subsidiary of the Company)	N/A	N/A
<u>Associated Company</u>					
Pimai Salt Co., Ltd.	Manufacturing of salt	193.89 MTHB	Vinythai holds 28.49 percent of its shares and has common directors.	397.68	383.55

(4.3) Assets Evaluation

-none -

5 Legal Disputes

The Civil Court awarded the final verdict to order the payment at an amount of 523 Million Baht with an interest rate at 7.5% per annum from one of the Debtors to be made to the Company. Since then the Legal Execution Department has seized the assets of such Debtor for the auction sale so that the proceed derived from such auction sale shall be distributed to the Company as a debt payment.

However, the Debtor has filed a request for business rehabilitation plan to the Bankruptcy Court for consideration of its plan and also for the appointment of the Planner. As a result, the seizure of assets and the auction sale by the provisions of laws have to be suspended for the time being until the Bankruptcy Court shall determine otherwise.

6. General Information and other information

6.1 General Information

(1) Information of listed company

Name of the listed company : **Vinythai Public Company Limited**

Address of Head Office
and Plant : No.2, I-3 Road, Map Ta Phut Industrial Estate,
Tambol Map Ta Phut, Amphoe Muang, Rayong
Province 21150
Telephone No. : 0-3868-3112, 0-3892-5000
Fax No. : 0-3868-3048

Address of Business Office : 14th Floor, Green Tower 3656/41 Rama IV Road,
Khwang Klongton, Khet Klongtoey, Bangkok
10110
Telephone No. : 0-2240-2425-38, 0-2229-
9100(30 lines)
Fax No. : 0-2240-1383, 0-2240-1386,
0-2240-1375

Type of Business : Production and supply of petrochemical
products: PVC resins, VCM, Caustic Soda and
other products from PVC production.

Company's registration no. : 0107536000846

Home Page : www.vinythai.co.th

Registered Capital : 7,111,160,664 Baht

Number of Ordinary Shares : 1,185,193,444 Shares

Number of fully paid-up shares : 1,185,193,444 shares

(2) Information concerning Juristic Person in which Vinythai holds at least 10 % of issued shares

(a) *Advanced Biochemical (Thailand) Company Limited*

Address of Head Office

and Plant : No. 2/1, I-3 Road, Map Ta Phut Industrial Estate,
Tambol Map Ta Phut, Amphoe Muang, Rayong
Province 21150
Telephone No. : 0-3868-3112, 0-3892-5000
Fax No. : 0-3868-3048

Address of Business Office : 14th Floor, Green Tower 3656/41 Rama IV Road,
Khwang Klongton, Khet Klongtoey, Bangkok
10110
Telephone No. : 0-2240-2425-38, 0-2229-
9100(30 lines)
Fax No. : 0-2240-1383, 0-2240-1386,
0-2240-1375

Type of Business : manufacturing and trading of chemical product.

Company's registration no. : 0105551033847

Home Page : -

Registered Capital : 1,500,000,000 Baht

Number of Ordinary Shares : 15,000,000 Shares

Number of fully paid-up shares : 15,000,000 shares

(b) Vinythai Holding Pte. Ltd.

Address of Business Office : No. 10 Collyer Quay #10-01 Ocean Financial
Centre, Singapore (049315) Telephone No. : 656
531 4187

Type of Business : Holding company

Company's registration no. : 201221341H

Home Page : -

Registered Capital : 286,690,007 RMB

Number of Ordinary Shares : 286,690,007 Shares

Number of fully paid-up shares : 286,690,007 Shares

(c) Solvay Biochemicals (Taixing) Ltd.

Address of Business Office : No.1, Futai Road, Taixing Economic
Development Zone, Jiangsu province, the
People's Republic of China

Type of Business : manufacturing and trading of chemical
product.

Company's registration no. : 321200400016994

Home Page : -

Registered Capital : 286,599,387 RMB

(d) Pimai Salt Co.,Ltd.

Address of Business Office : 1st Floor Room A, Srifuengfung Building, 1016 Rama 4 Road, Silom Sub-district, Bangrak district, Bangkok 10500 Telephone no. 02-633-9380-3
Fax No. 02-633-9390

Type of Business : Manufacturing of salt

Company's registration no. : 0105537097221

Home Page : www.psc.co.th

Registered Capital : 193,891,500 Baht

Number of Ordinary Shares : 1,938,915 Shares

Number of fully paid-up shares : 1,938,915 Shares

(3) Other referenced information

Ordinary Share Registrar : Thailand Securities Depository Co., Ltd.
62 The Stock Exchange of Thailand Building,
Rachadapisek Road, Klongtoey,
Bangkok 10110, Thailand
Tel: (66 2) 229 2800
Fax: (66 2) 359 1259
TSD CALL CENTER : (66 2) 229 2888
Website: <http://www.tsd.co.th>
E-mail: TSDCallCenter@set.or.th

Auditor : Mr. Supachai Phanyawattano and/or
Ms. Thipawan Nananuwat and/or
Ms. Siraporn Ouahanunkun and/or
Mr. Khitsada Lerdwana
Ernst & Young Office Limited
33rd Floor, Lake Rajada Building
193/136-137 New Rajadapisek Road
Bangkok 10110
Tel. 0-2264-0777
Fax. 0-2264-0790

Legal Counsel Limited : Chandler and Thong-Ek Law Offices
7th Floor, Bubhakit Building
20 North Sathorn Road
Bangkok 10500
Tel. 0-2266-6485
Fax. 0-2266-6483-4

6.2 Other important information

-none-