

ANNUAL REPORT 2017

A Leading
**Innovative
Plastic**
Packaging Solution
Provider
Worldwide



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Vision, Mission, Key strategy and Directions of the Company

The Company has announced its Vision, Mission, Corporate's Key Strategy and Corporate's Directions for executives and all staffs that could share a common understanding and coordinate among them to push forward the company to achieve the desired goals, and move forward to designated direction steadily. Additionally, its Vision, Mission, Corporate's Key Strategy and Corporate's Directions have been communicated to the general public and all stakeholders of the Company in order that they gain acknowledgement of the direction and future of the Company as well as are able to do business with the Company in confident manner.

Vision “ To be the leading global manufacturer in high value added plastic packaging with innovation and technology”

Mission “We shall apply an innovation, technology and our experiences in plastic container to design, research, produce and sell as well as being the service provider who enhance the business partner for a sustainable return toward all stakeholders”

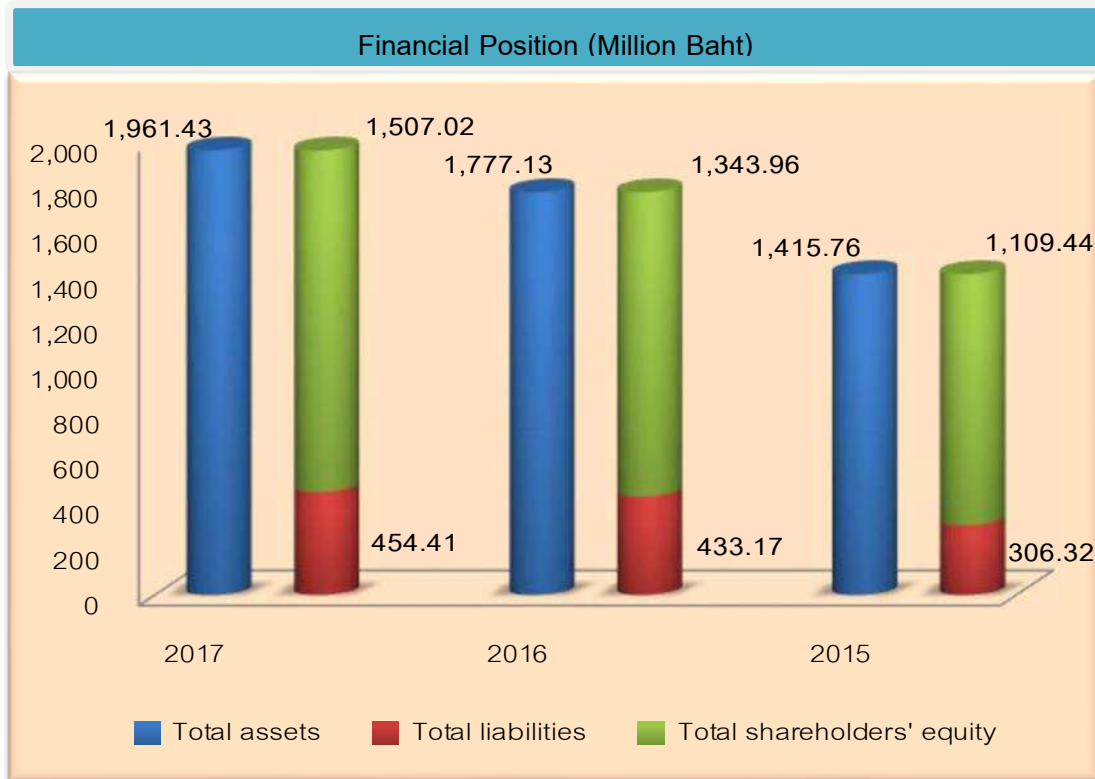
Corporate's Directions

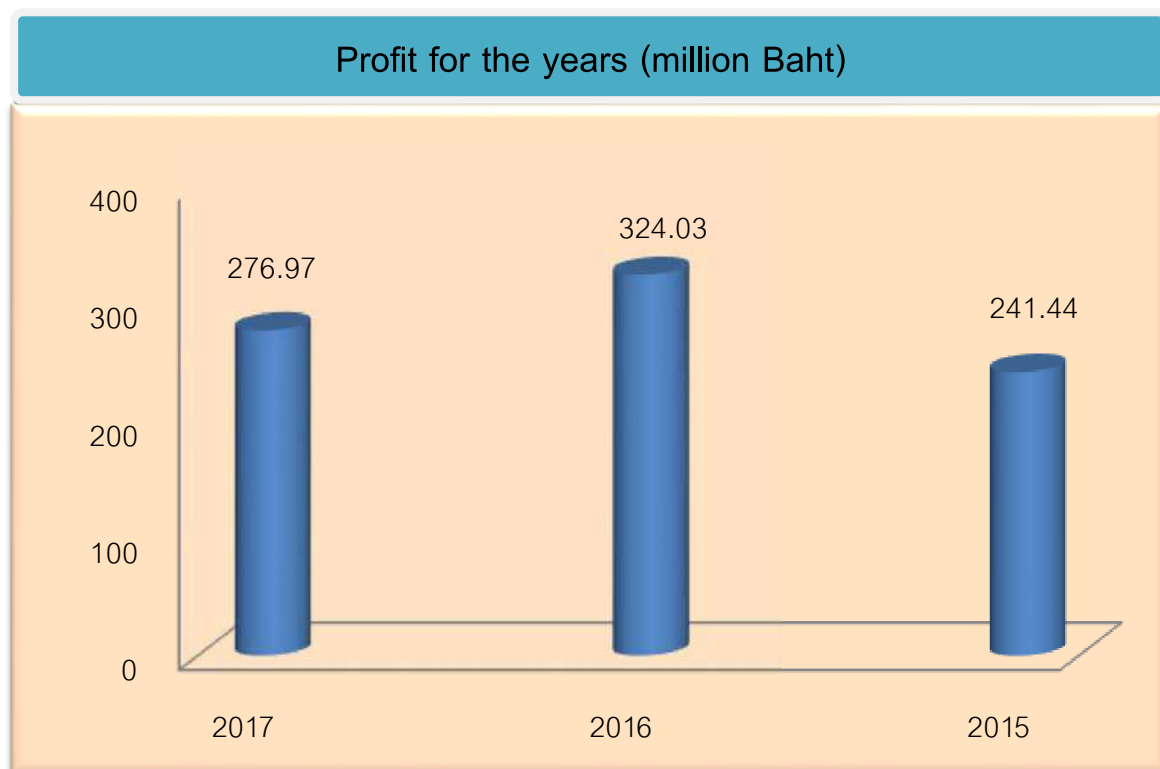
“ THIP should build on current competency in high-quality blow & extrusion production process for future sales revenue and capture more high-value multinational customer ”

Corporate's Key Strategy

1. Maintain organic growth with current business and develop new business with value added through innovation and technology for significant growth
2. Reorganize structure supporting to the business model
3. Recruit and develop human resources, talents and successors to support business expansion
4. Develop innovative products in line with the market's needs
5. Enhance and expand the current manufacturing capacity with systematic and productive management
6. Improve manufacturing productivity in the term of capital intensive
7. Develop modern information technology to support business model and direction
8. Building confidence in corporate social responsibility

Financial Summary





As at December 31, 2017

Description (Unit : Million Baht)	2017	2016	2015
Sales	2,892.35	2,678.41	2,347.75
Total Revenues	2,945.34	2,703.90	2,376.10
Gross Profit	570.52	644.12	512.36
Net Profit	276.97	324.03	241.44
Total Assets	1,961.43	1,777.13	1,415.76
Current Assets	1,322.55	1,262.63	934.58
Total Liabilities	454.41	433.17	306.32
Current Liabilities	411.45	396.69	276.80
Shareholders' Equity	1,507.02	1,343.96	1,109.44

Financial Ratios

Description	Unit	2017	2016	2015
<u>Liquidity Ratio</u>				
Current Ratio	Times	3.21	3.18	3.38
Quick Ratio	Times	2.09	2.00	2.19
Cash Ratio	Times	0.77	1.00	1.20
Account Receivable Turnover	Times	12.44	12.97	11.31
Average Collection Period	Days	29.00	28.00	32.00
Inventory Turnover	Times	5.37	5.51	6.11
Holding period	Days	67.00	66.00	60.00
Account Payable Turnover	Times	8.11	8.89	10.28
Payment Period	Days	44.00	41.00	35.00
Cash cycle	Days	52.00	53.00	57.00
<u>Profitability Ratio</u>				
Gross Profit Margin	%	19.73	24.05	21.26
Operating Profit Margin	%	11.40	15.08	13.02
Others Profit Margin	%	1.80	0.95	1.91
Liquidity of Cash Flow form Operation	%	93.94	83.22	103.04
Net Profit Margin	%	9.40	11.98	10.16
Return On Equity	%	19.43	26.41	23.88
<u>Efficiency Ratio</u>				
Return on assets	%	14.82	20.30	18.62
Return on Fixed Asset	%	60.63	77.48	65.03
Total Assets Turnover	Times	1.58	1.70	1.83
<u>Financial Ratio</u>				
Debt to equity ratio	Times	0.30	0.32	0.28
Interest coverage ratio	Times	275.37	351.75	317.24
Leverage Ratio	Times	0.33	0.66	1.48
Dividend Payout	%	N/A	35.00	34.79

Remark: Dividend payout for the 2017 will be subject to the resolution of Shareholders' General Meeting of the year 2018 to be held in April, 2018.

Report of the Board of Directors

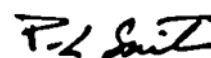
Dear Shareholders of Thantawan Industry Public Company Limited

In the year 2017, Thantawan Public Company Limited (“the Company”) has been committing to develop itself to become the leading international innovative plastic container. The Company specified its views and main strategy to run its business in consisten with proper trends and the Company’s expertise by focusing on producing the innovative products to meet market demand consistently as well as building trust for a customer with Manufacturing and Production Standards Systems ISO 9001:2015, Environment Management System ISO 14001:2015 and Good Manufacturing Practice: GMP. The Company sales, therefore, has been growing continuously in the past year.

In order to support a sustainable growth in the future, the Company conducted the Master plan to improve a factory space by readjusting factory plans to be more liquidity for production management and to be able to use the factory space efficiently as well as learning an expansion by renting a land for rent which located near the Company factory to build a new warehouse with automated storage and retrieval system (AS/RS) expected to finish within the year 2018. After finishing the warehouse construction, the Company will be more able to manage the production line and warehouse system efficiently and help decrease the labor cost and the rental warehouse cost as well as the logistic cost. In addition, the company continue to improve existing equipment and manufacturing process efficiency to enhance competitiveness.

After all this time, the Company still has been recognizing the importance of conducting business according to good governance principles and management system based on sustainable development with responsibility to all stakeholders in economy, society and environment. In 2017, the Company expressed its intention by participating “Thailand’s Private Sector Collective Action Against Corruption” to the establishment of measures against corruption.

On behalf of Thantawan Public Company Limited, we would like to express our gratitude towards shareholders, government agencies, financial institutions for their continued support and also extend our appreciation to the management and every employees who contribute their full potential to support the company untill achieving the effectiveness. Moreover, we warrant that we shall run the Company business further with intention, dedication, prudence, transparency, in compliance with the principle of corporate governance to become the leading company of the plastic container in accordance with the the Company’s views as we pronounced and lead the company to be the accomplished organization to grow in a stable and sustainable way.



Mr. Praisun Wongsmith

Chairman of the Board of Directors

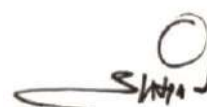
Report of the Audit Committee

The Audit Committee of Thantawan Industry Public Company Limited (“the Committee”) consists of 3 independent directors. In 2017, 7 meetings were held with full attendance. Occasionally, as necessary, the Committee consulted with the Managing Directors, executive directors, the external auditor, the internal auditor. The Committee, then, reported its views and recommendations to the Board of Directors. The Audit Committee reported the operation results to the Committees regularly on a quarterly basis. Summary of significant the result of operations, giving comments and observations were as the following:

- 1. Review of financial statements:** The Audit Committee reviewed both the quarterly and annual financial statements of the Company, together with the auditors and management for reliability and propriety prior to proposing them to the Board for approval. The review focused on material accounts, significant changes, adjustments, provisions, estimates as well as significant information disclosures to ensure that they were properly stated, clear, adequate, timely and meaningful for the investors and other users of the published financial statements. From the reviews conducted, the Audit Committee has the opinion that the financial statements of the Company in 2017 were complete, accurate. Reliable according to Financial Reporting Standards.
- 2. Review of the internal control:** The Audit Committee reviewed the efficiency and effectiveness of the internal control system, Risk Management as well as recommendations to the Board of Directors and Executives. To develop the internal control system of the company and the Risk Management to an acceptable level. Additionally, reviewed the updating charter of the Audit Committee, approval the charter of the internal audit team and performance appraisal of internal auditors from outsources.
- 3. Transactions with potential conflicts of interest:** The Audit Committee reviewed connected transactions or transactions with potential conflicts of interest for compliance with laws and SET regulations to ensure that they were reasonable and yielded maximum benefits to The Company. The Audit Committee considered these connected transactions normal, sensible, as well as yielding maximum benefits to The Company. They gave comments to the management as a guideline for The Company’s operational standard.
- 4. Compliance with the SEC and SET laws and regulation and other laws relevant to the Company’s business:** The Audit Committee in its reviews, also monitored to ensure the Company was in compliance with relevant laws, Securities and Exchange ACT, announcement, requirement of Capital Market Supervisory Board, Securities and Exchange Commission and the Stock Exchange of Thailand as well as other concerned relevant to the business of the Company. The Audit Committee had an opinion that the Company was in compliance with the relevant laws, rules, and regulations applicable to the Company.

5. **The Report to the Board of Directors:** The Audit Committee quarterly reviewed internal audit and reported to the Board of Directors which provided useful recommendations to management. To improve overseeing business, according to the suggestion as appropriately.
6. **Considered and Appointment of External Auditor:** In 2017, the Audit Committee had a meeting with external auditor and found nothing in significant issues of financial statement as well as in the year 2017, the audit committee agreed that the external auditor run its operation properly. Therefore, in the meeting of audit committee in consideration and appointment the external auditor and their annual remuneration, the Committee agree to propose the Board of Directors and Shareholders' meeting for approval Ms. Siriwan Suratepin, Mr. Wichart Lokatekrawee or Ms. Kamontip Lertwitworatep of EY Office Limited to be the Company's Auditor in 2018 due to the performance of EY Office Limited has a professional standard.
7. **Considered and Appointment of Internal Auditor:** In 2017, the Audit Committee had a meeting together with management which had been agreed to provide an outsourced internal audit with generally accepted auditing standards and could be audit efficiency including the independently to report facts which appearance on the audit committee. Internal audit would help to corporate governance and internal control system effectively. The Audit Committee had selected of internal auditors, based on experiences in the internal audit and the qualifications. The Audit Committee recommended the appointment of Quantum Point Consulting Co., Ltd, as company's internal auditor for the year 2018. The Audit plan and scope of the year had been considered by the Audit Committee and approved by the Board of Director.

On behalf of the Audit Committee



Mr. Singhchai Aroonvuthiphong
Chairman of Audit Committee

Report of the Nomination, Remuneration and Corporate Governance Committee

In the year 2017, the Company appoints the Nomination, Remuneration and Corporate Governance Committee (“the Committee”) this Committee has performed its duties in nomination, remuneration and corporate governance of the company. The Committee comprise 4 independence directors.

The Committee has performed its duties as assigned by the Board of Directors. In the year 2017, there are altogether six meetings. Joint meetings were also held with the Company’s Managing Director and the management of the Company to access information that will support the Committee in the consideration of the issues under its responsibility. The results of the Committee’s meetings are reported regularly to the Board of Directors. The Committee’s significant undertakings in 2017 are detailed below:

Nomination:

- 1) Considered the appointment of directors who retired by rotation for another term and proposed to the Board of Directors. the Committee considered the qualification of those retired director by rotation, it was of the opinion that those three directors have the full qualification as the specification and performed its duties with prudence and dedication, including giving the beneficial suggestion that were useful to the Company’s operation.
- 2) Considered the appointment of Ms. Sasithorn Wongwilai replacing a resigning director: Mr. Singchai Aroonvuthiphong and propose to the Board of Directors’ meeting and shareholders for approval by considering and having an opinion that the aforementioned person has the full qualification, no prohibited manner in accordance with related laws as well as having knowledge, expertise, and financial experience in consistent with the Company’s operation.

Remuneration:

- 1) Considered the remuneration of Directors and Sub-committee for proposing to the Board of the directors.
- 2) Appraised the Managing Director’ s performance and proposed to the Board of directors’ meeting.
- 3) Considered the remuneration of Managing Director and top executive and proposed to the Board of directors’ meeting.

The consideration of the remuneration concerned about the appropriated duties, assigned duties and overall operation of the company compared with the group of same industry as the Company.

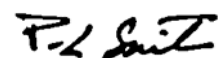
Corporate Governance:

- 1) Considered and reviewed the corporate governance policy and business ethics to transmit and communicate those principle to executives and all level of employees as a concrete way for encouraging the relate persons to realize the importance of the corporate governance and their responsibilities and complying with the Company’s code of conduct so as to cultivate the corporate governance culture within the company consistently.

- 2) The result of strong commitment to comply with the principles of corporate governance in the year 2017, the Company was assessed the corporate governance by Thai Institute of Directors (IOD) at score of 86 percent which was above the average score of 80 percent of listed companies. Additionally, the Company was assessed the efficiency of the 2017 annual general meeting of shareholders by Thai Investors Association (TIA) at score of 97 percent which was above the average score of 91.97 percent of listed companies.
- 3) The Company participated to be officially certified as a member of the Thailand's Private Sector Collective Action Coalition against Corruption (CAC) on September 25, 2017.

In the past year 2017, the Committee performed its duties which was assigned by the Board of the Company with precaution, prudence, maximum capability and be free for the Company and shareholders' benefit.

On behalf of Nomination, Remuneration
and Corporate Governance Committee



Mr. Praisun Wongsmith
Chairman of Nomination, Remuneration
and Corporate Governance Committee

Report of Risk Management Committee

The Board of Director realized the importance of risk management that affected business operations and sustainable growth. We, therefore, nominated Risk Management Committee consisting of Independent Director, Managing Director and Executives from the related primary line of organization. The Committee was responsible for determining the risk management framework, policies and processes, including the assessment and monitoring the enterprise-wide risk management system.

Committee Operations in 2017

The Committee performed its duties and responsibilities as assigned by the Board of directors and also in accordance with Charter of Risk Management Committee and in 2017, the committee conducted four meetings and executed the following actions:

1. Risk Management Training and communication

To keep employees realize and understand the frameworks, policies and processes of the enterprise risk management, including the workshop to identify their department risks, assess the level of risks and determine how to manage those risks.

2. Identification of the enterprise risks

To organize a brainstorming meeting with management and workers in various departments to identify risks or uncertainties that impact on the organization's goals and objectives in both quantitative and qualitative by clustering of risk factors underlying the COSO standard.

3. Assessment of the enterprise risks

To conduct meetings with the executives from various departments to assess the risks by using a Risk profile, a 5x5 matrix, in evaluating risk severity in term of relationship between likelihood and impact. There are a clear process and criteria for the Company risk assessment.

4. Risk management

To consider the appropriate mitigation plans and also control activities which head of departments (Risk owners) have taken to deal with a risk in order to ensure that the risk is handled in a manner that is proper and acceptable to the Company.

5. Monitoring the effects of risk management activities

To conduct a meeting with department executives (Risk owners) by monthly for:

- Tracking the progress, efficiency and effectiveness of implementation plans.
- Monitoring risk factors that may change after the implementation of a risk management plan.
- Making recommendations with a view to enhance the efficiency of risk management strategies.

According to the activities and tasks mentioned above, the Risk Management Committee was confident that the enterprise risk management has been carried out efficiently and effectively in line with the good corporate governance principle and sufficiency internal control in order to maximize benefits for the Company and stakeholders.

On behalf of the Risk Management Committee



Mr. Asdakorn Limpiti

Chairman of the Risk Management Committee

General Information

Name	Thantawan Industry Public Co., Ltd. (THIP) formerly known as Blowtech (Thailand). The company was transformed into a public limited company and then granted approval to be a listed company in the Stock Exchange of Thailand on May 19, 1994.
Head Office Address	143 - 144 Soi Kangwal 2, Phetkasem Road, Omyai, Sampran, Nakornpathom 73160 Tel. (662) 811-4700-7, 0-2431-3051, Fax(662)420-3180, 0-2431-3056
Branch Office Address	123 Suntowers Building 32 A Fl., Vibhawadee Road, Chomphol, Chatujuk Bangkok, 10900 Tel.02-273-8333, Fax. 02-273-8282, 273-8484 Website www.thantawan.com
Investor Relation	Tel. 02-273-8333 ext.3209, E-mail address : irthip@thantawan.com
Business Type	Produce and Export Plastic packaging and plastic products
Registered Number	0107537001749 (Original PLC. No. 421)
Registered Capital	Common Stock: 80,000,000 Shares par value at Baht 1 per share, Totaling to Baht 80 Million
Issued and Paid-up Capital	Common Stock: 80,000,000 Shares, par value at Baht 1 per share, Totaling to Baht 80 Million
Corporate Entities in which THIP Hold Shares for More Than 10%	- None-
Share Registrar Name	Thailand Securities Depository Co.,Ltd. 93 Ratchadaphisek Road, Dindaeng, Bangkok, 10400, Thailand Tel. 02-009 9000, Fax. 02-009 9991
Auditor	EY Office Limited 33 rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road Klongtoey, Bangkok 10110 G.P.O.Box 1047, Bangkok 10501 Thailand

Policies And Features of Business

The Company registered to be the company limited on September 21, 1978, formerly known as Boltech (Thailand) company limited. Then the company was approved to be the registered company with The Securities Exchange of Thailand (SET) on May 19, 1994 and has the company's registered capital by 100,000,000 Baht, paid up capital was 80,000,000 Baht. On July 13, 2017 the Company committed to decrease the registered capital from 100,000,000 Baht to be 80,000,000 baht and Thantawan company limited is the majority shareholder by holding 56.39 percent of offered shares. The company has produced and traded plastic products by having 3 major products such as straws, bags and other plastic products and mostly would be orders from the customer need. The company export largely at 85 percent of the total sales in many countries and continents such as Asia, Europe, America, Australia and New Zealand.

Category of Products

The company' products consist of 3 main categories as:

1. General Bag consists of plastic products that is made from Low Density Polyethylene (LDPE) with unique quality, softly and clearly which you can see through the bag inside. It is suitable to see all goods inside. There are a lot of LDPE goods such as Zip bags (auto opened-closed) general bags which are used to pack vegetable and fruit to maintain its freshness. Products are made from High density Polyethylene (HDPE) that have a unique quality, stingingness and stickiness, also suit for the customer who wants a strong bags such as garbage bags and food bags.

2. Products made from Poly propylene (PP) is Drinking Straws. There are variety styles such as Straight straws, spoon straws, and flexible straws and so on.

3. Other products will be household products that source from the other manufactures and distribution to customer's order.

Revenue Structure Classified by product lines during the year 2015-2017 as follow:

Table 1: Revenue Structure Classified by product lines

(Unit: Million Baht)

Product Line	2017		2016		2015	
	Revenue	As %	Revenue	As %	Revenue	As %
General Bag and Thin Bag	2,397.78	82.90	2,145.82	80.12	1,917.90	81.69
Drinking Straw	349.55	12.09	408.50	15.25	256.36	10.92
Other Products	145.02	5.01	124.09	4.63	173.49	7.39
Total	2,892.35	100.00	2,678.41	100.00	2,347.75	100.00
Increase (Decrease) Rate from previous year		7.99		14.08		13.07

Marketing and Competition Condition

Products Marketing Policy over the past years

Mostly, the products of THIP was made to the customers' order and distributed to domestic sales and export sales. To distribute with overseas by focus on major customers and high quality products. To make a presentation with diversity products for supporting the order increasing consistently. Customer would have confident in the company operation to this field with skillful to plastic packaging and mutual relationship consistently. The company also emphasized to develop products with new and market trendy, including the product features and specific quality. To support the customers demand with diversity and trendy regularly. Mostly, Drinking straw and plastic bag products were classified to the premium and high quality products, for instance; Zipper bags with special features, Fresh & Fresh bags with exclusive features and garbage bags to respond the expectations of customers and the Drinking straw with wide variety of customer needs. Overseas customers were our mainly business for more than 5 years.

For Domestic customers would focus on Industry groups in type of the customers' demand for example; zipper bags as well as to offer variety products to the large retailers under Sun brand as:

- Plastic products were used for packaging material for the consumers, under a brand's name of SUNBAG. SUNBIN.
- Plastic Zipper bags were used for food preservation, under a brand's name of SUNZIP.
- Plastic Zipper bags were used for Breast Milk storage, under a brand's name of SUNMUM.
- Plastic Modified Atmosphere Packaging for vegetables and fruits, under a brand's name of Fresh & Fresh.
- Drinking straws product, under a brand's name of SUN STRAW.
- In addition, the company has made to order the products under the company's brand or based on the purchase's order.

The company has provided the complaints handling process from customers and consumers with systematic and explicit procedures from the customer satisfaction survey of products and the company's service, as well as price, quality and delivery. In 2017, the survey concluded that domestic' customers are satisfied at 92.82% and the survey concluded that export' customers are satisfied 83.89 %.

With the capacity of a wide range of products and commitment to develop style and quality products. This leads to the company's ability to compete with domestic and international.

Table 2: Domestic and Export sale table as of December 31, 2017

(Unit: Million Baht)

List of items	Plastic bags product	Straws product	General product	Total
Abroad	2,154.04	225.96	92.24	2,472.24
Domestic	243.74	123.59	52.78	420.11
Total	2,397.78	349.55	145.02	2,892.35
Export Sales (%)	89.83	64.64	63.61	85.48
Domestic Sales (%)	10.17	35.36	36.39	14.52

Table 3: Export Sale by Region table as of December 31, 2017

(Unit: Million Baht)

List of items	Plastic bags product	Straws product	General product	Total
Western Europe	1,403.86	192.32	95.09	1,691.27
Australia and New Zealand	454.96	0.25	1.93	457.14
Japan	166.13	5.18	-	171.31
Others	105.68	28.20	18.64	152.52
Total	2,130.63	225.95	115.66	2,472.24

The Target Customers of Export Sale :

1) Importers under Their Own Brands:

The customers who are importers and distributors under their own brands and they also manage their marketing strategies by own as well.

2) Importers for Stores:

The customers who are importers and distributors for the stores only.

3) Wholesalers/distributors:

The customers who are importers and distributors for the retail stores. During the year of 2017, the Company had an oversea customer with total orders 30 % of the total sales. The products that the customer ordered with the company were Plastic bags, Drink straws and other products. However, this company is not a subsidiary or affiliate of the company.

The Target Market of Domestic Sale : the company will be a distributor directly to the customers for instance; Industrial customers who order plastic bags to wholesalers and launched to large retailers

Competitive Market conditions within Industry over the past periods

Base on an information from Office of Industrial Economics at Ministry of Industry. A Manufacturing Production Index (MPI) of Industrial production grow at an average of 0.5 percent for whole year of 2017. From the last year, the important factor is the expansion of air conditioner industry and jewelry industry, when compared to the last year, the manufacturing Production Index of plastic industry decreased 5 percent in the year 2016 because a customer bought and ordered plastic films for a cheaper price from China and Indonesia.

Thai plastic bag Industries were both manufactures of small, medium and large amount. There were large plastic bag manufactures in Thailand whose the production of plastic bags were the same group of product with the company. For the export mainly was approximately more than 10 cases, each of them might has a type and format of the product in a difference way. Mostly were price competitions, form of product and service delivery. The company is a manufacturer in the market for such a long period with the advantage over existing customers. In addition, the company is the manufacturer for the big exporter in Thailand with standard and recognize by the overseas customers.

So even though there is competition within the country, the threat of Plastics Industry and Drinking straws are still compete with the foreign manufacturers for instance; China and Vietnam. They have developed their products and taken advantage on labor low cost. As a result, the price was lower than the production in Thailand; besides they were going to expand into the Global Markets. The Plastics Industry and Drinking straws in Thailand during the past years had to encounter with a major threat competitions both local and overseas. Therefore, Thailand plastic bag manufacturers needed to adapt for increasing competition. The most threat that affect extremely to the Plastic bag manufactures was the cheapest product's price from China's competition as well as a pressure on Thai plastic products in the Global market. China' products are advantage on the labor cost. However a value added of China in the same categories; Fresh & Fresh and Zipper bags, presently did not meet the requirement of customers according to their quality products.

It was likely to increase demands of the market by using both the plastic bags and drinking straws in the country and overseas. Industry trendy still was continue to expand, however to consider the general economic conditions both domestic and worldwide was still volatility and high uncertainly. Though the economic situation in United States, Europe and Asia had recovered from the political problem, the economic situation in the country was still high uncertain. Therefore, the economic condition of Thailand might cause slow down including relatively high circumstance competitive. Also, the price was still concern with the products' competition both domestics and international countries. The expansion of the company' plastic and drinking straw products were expected to grow slightly.

Raw Materials Procurement

Appearance of the acquisition of products

The major raw materials which were used used in our production process were Polyethylene and Polypropylene. The company had recognized the quality of raw materials to meet the standard. Price was also an important factor in making decision to purchase. As the price was fluctuated, due to the market mechanisms. We had continued to update the local and overseas resin prices, then we were able to acquire a reasonable price of raw materials in that market situation. In addition, we planned to make a purchase's report to comply with the flow of raw material in the warehouse and keep pace with the job to avoid the raw materials shortage.

In 2017, the company purchased the raw materials from local approx. 23% and overseas 77% which was distributors in local about 25 unit and overseas about 12 unit. The company had prevented the risk on shortage of supply, then made contracts to purchase raw materials from two manufactures in foreign countries. Total of the purchase raw materials over the past years were 40%. We had never faced with the raw materials shortage in our production. Furthermore, we also sought more new sources to recognize a good relationship with our suppliers for the good growth. Presently, the company has a maximum annual production capacity of approximately 24,000 tons per year for all products.

Environmental impact from production process or waste disposal

The company has attained standard for environmental management systems (ISO: 14001:2015) which focused on the environmental protection of impact and the Environmental Management with regulatory, in accordance with the nature of business and related laws. There was also the disposal of waste or debris. The company had recruited a service provider to comply with relevant laws. Results of the actual conduct were align with laws over the past year, besides the company had no any prosecutions or complaints for misconduct related to the environmental.

BOI promotion certificates

The company has been encouraging investment in environmental friendly products for production and distribution from the Board of Investment of Thailand (BOI) according to investment promotion offer No. 2103 (1) / 2011, effective from March 2, 2010, which make the Company has to be under specified conditions. Additionally such investment promotion is to granted exemption of juristic person income tax on the net profit derived from the promoted activity for a period of not more than eight years from the date income is first derived from such activity (April 23, 2017) and the fifty per cent reduction of the normal rate of juristic person income tax on the net profit derived from the promoted activity for a period of not more than five years commencing from the expiry date of the exemption of juristic person income tax.

Risk Factors

The Company realizes the importance of risk management. We, therefore, determined the policies of Risk Management System to achieve sustainable growth under our vision "A leading innovative plastic packaging solution provider worldwide". Risk management under the supervision of the Risk Management Committee (the "Committee"); which meets on quarterly basis, manage and analyze more deeply into the operational level through appointed risk owners and the corporate strategy planning team will monitor and report any findings to the Committee to ensure that both internal and external significant risks will be mitigated efficiently. Furthermore, the protective guidelines and additional control measures will be considered appropriately.

Risk of depending on a major customer

The Company has sold the products to a major customer. This major customer has been a trading partner for over 20 years, satisfied with the Company's product quality and services, and rewarded us the "Best Supplier Award". Nevertheless, the Company foresees the risk of over-reliance on the major customer and sets out policies in the following aspects: 1) To increase sales to other available major customers, 2) To expand the Company's customer base to new customer and expand the Company's customer base, whether the United States, Japan, Australia and Europe, etc, 3) To propose new products to the major customer in order to increase a wide variety of products. Results of operations in recent years, the Company has sold new products to the major customer without

compromising the original product sales, sales from key customers has increased, including the growth of new customers has also increased.

Risk of new product development to the market

Regarding customers require variety of product and concern about environment issue, the Company prepared to cope with any changes and to increase competitiveness. In recent years, the Company has continuously developed new products by improving the products model and increase variety of products, to meet customer and market requirement. The organization continuously updates laws, regulations and trend of plastic packaging including research and develops bio plastic packaging, as well as patenting more new products such as bag cover, shoes cover, breast milk storage bag and Sunmum characters etc.

Risk of raw material price fluctuations

Since plastic resin is one of the major production cost, its trading prices is influenced by directly market prices as a result of demand and supply in plastic resin market and crude oil price. The Company realizes this significant risk, therefore company set up a resin purchasing committee to assess plastic price trend and optimal order quantity. Moreover, company negotiates to get the best price and maintains long-term relationship with various domestic and overseas plastic resin producers. The selling price of the products have been monitored and adjusted in accordance with variation of production cost and plastic resin price in the world market. The product development department has been assigned to develop more new formulations, leads to more options of plastic resin usage. Therefore, the Company can reduce the risks of price, plastic quantity needed and over-reliance on any suppliers.

Risk of high production cost

Apart from raw material prices, other production costs like labor costs, overhead expenses and wastes from production process, also have substantial influenced on business operations. The Company increases productivity through training programs that develops employees' skills and expertises, overhauling of machines and the purchase of new machines. It aims at increasing production while reducing the number of labor needed. In this way, the Company can reduce its production costs and improve its competitiveness.

Risk of disaster/Accident

The Company has policies and preventive guidelines for unexpected situation, whether floods or fire cause damage to the factory and production process. To counteract this risk, the Company has fire alarm and fire protection system that complies with safety standards, a good flood protection program, drainage system, and annual emergency evacuation plan as well. However, in order to minimize the damage and the consequences that may arise in the future. The Company has insured the risks of all kinds and the policies will be reviewed for the effectiveness in preventing continually.

Exchange rate risk

Most of the Company's revenue comes from export sales and the Company purchases raw materials from overseas nearly the same proportion as a result of balancing revenue and expenses in foreign currency (Natural Hedging)

Risk of labor shortage

The Company's business relies on human labor in production process including blowing, printing, cutting and packing. Therefore, number of staff, labor skill and labor cost will affect our business. Moreover, the announcement of Thai Royal Ordinance on foreign immigrant workers caused not only our immigrant worker going back to their countries and not coming back, but also Thai labor shortage due to high labor demand in market. Labor shortage and lost of high skill labor made company waste resources and time to fulfill and training. Furthermore, government announced policy to increase minimum labor cost, also caused higher labor cost.

However, Thantawan deals with this situation by using outsource company to manage recruitment and signing MOU with outsource company to fulfill immigrant labor. Company also offers competitive wages, benefits and rewards that motivate workers to fulfill and reduce high skill labor turnover. Moreover, automatic machines and new technology in production is applied to reduce this risk, such as; automation line and conveyor belt.

Risk of quality control

Company sets "Quality" as our priority to support customer need, so we concern about quality control system in production process, especially in these labor shortage situation, launching new product design or changing production process.

To manage this risk, company continues and focuses more on our quality management system such as ISO 9001, training, communicating, checking, following up, analysis, solving and setting preventive action to avoid recurring problem in time. In addition, company also added international standard from customer requirement, regularly reconsidered and developed production process to align with quality of product or service's changes.

Shareholder and Management Structure

Name of the First Top Ten Shareholders from total 1,555 shareholders as of December 29, 2017

Table 4 : The First Top Ten Major Shareholders as of December 29, 2017

No.	Name of Shareholders	Number of Shares	%
1	Sunflower company limited	45,115,000	56.39
2	Thai NVDR Co., Ltd.	11,427,510	14.28
3	Mr. PAUL LIU WAI YIN (Official Receiver of Thai Finance and Securities Public Co., Ltd.)	3,849,000	4.81
4	Mr. Phoasing Nuangjamnong	1,223,000	1.53
5	Mr. Prasert Khongrakiantiyot	1,125,300	1.41
6	Mr. Somkiat Limsong	1,125,000	1.41
7	Mr. HUANG, TSAI-LAI (Official Receiver of Thai Finance and Securities Public Co., Ltd.)	842,000	1.05
8	Mrs. Uraiwan Bawongiratikajon	720,000	0.90
9	Mr. Theerawut Nualsang	600,600	0.75
10	Mr. Pongphun Chaoanajin	500,000	0.63
	Total	66,527,410	83.16

Source: Thailand Securities Depository Co., Ltd.

Note: Updating information of the Company' shareholders at www.set.or.th ahead to the Annual General Shareholder Meeting for the year 2018

As a major shareholder of Sunflower Co., Ltd., participates to formulate the Company' management and operational policies by nominating directors and managing to the Board of meetings.

Shareholding Structure & Percentage of Shareholder as of December 31, 2017 as the following:

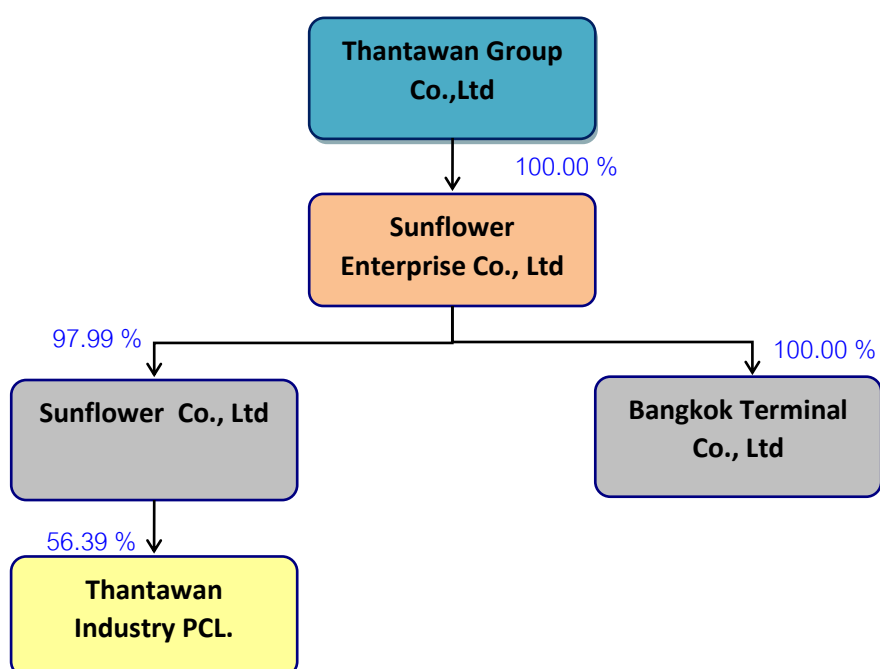


Table 5: Shareholder Structure of Related company & list of Board of Directors as follow:

Name of Company/Type of Business	Major Shareholders	List of Board of Directors
1. Thantawan Group Co., Ltd. Company's Registered Capital & Fully Paid-up at Baht 310,000,000.- Share Capital authorized 3,100,000 ordinary share Type of Business : Holding Company	1. Mr. Nam Mahathitirat - 51.69% , No. of share 1,602,400 2. Adpower International Ltd. (Foreign Juristic persons) - 48.31% No. of share at 1,497,599 3. Mrs. Pojanard Prinyapatpakorn No. of share at 1	1. Mr. Nam Mahathitirat 2. Mrs. Pojanard Prinyapatpakorn 3. Mr. Wuttipong lam-Ophat
2. Sunflower Enterprise Co., Ltd. Company's Registered Capital & Fully Paid-up at Baht 300,000,000.- Share Capital authorized 3,000,000 ordinary share Type of Business : Holding Company	1. Thantawan Group Co., Ltd. - 100 % , No. of share 2,999,994 2. Mr. Nam Mahathitirat - No of share 5 3. Mrs. Pojanard Prinyapatpakorn No. of share at 1	1. Mr. Nam Mahathitirat 2. Mrs. Pojanard Prinyapatpakorn 3. Mr. Wuttipong lam-Ophat
3. Sunflower Co., Ltd. Company's Registered Capital & Fully Paid-up at Baht 70,000,000.- Share Capital authorized 70,000 ordinary share Type of Business : Holding Company	1. Sunflower Enterprise Company Limited – 97.99 % No. of share 68,595 2. Mr. Nam Mahathitirat – 2.01 % , No. of share 1,404 3. Mrs. Pojanard Prinyapatpakorn - No of share 1	1. Mr. Nam Mahathitirat 2. Mrs. Pojanard Prinyapatpakorn 3. Mr. Wuttipong lam-Ophat
4. Bangkok Terminal Co., Ltd Company's Registered Capital at Baht 2,500,000,000.- Fully Paid-up at Baht 1,000,000,000.- Share Capital authorized 250,000,000 ordinary share Type of Business : Investment in Real Estate	1. Sunflower Enterprise Co., Ltd. - 100 % No. of Share 249,999,940 2 Mrs. Pojanard Prinyapatpakorn - No. of share 50 3. Mr. Nam Mahathitirat - No of share 10	1. Mrs. Pojanard Prinyapatpakorn 2. Mr. Viroon Powlinjong 3. Mr. Wuttipong lam-Ophat

Additional Information

Thantawan Industry PCL. does not hold any shares in the other companies and has no agreement between major shareholders.

Issuance of the other securities

- No any issuance of the other securities -

Dividend Payment Policy

The Company has a policy to dividend payment from the annual net profit after deduction from corporate income tax. The Board of Directors will take into account of the dividend payment as appropriate as reasonable, to financial conditions and capital requirement of the company both present and future.

Table 6: Dividend Payment record of Thantawan Industry PLC.

Dividend	2017	2016	2015	2014	2013
Earnings (Baht/Share)	3.46	40.50	30.18	15.00	13.86
Dividend Ratio (Baht/Share)	*	14.18	10.50	5.25	4.50
Dividend payout Ratio (%)	*	35.00	34.79	35.00	32.47

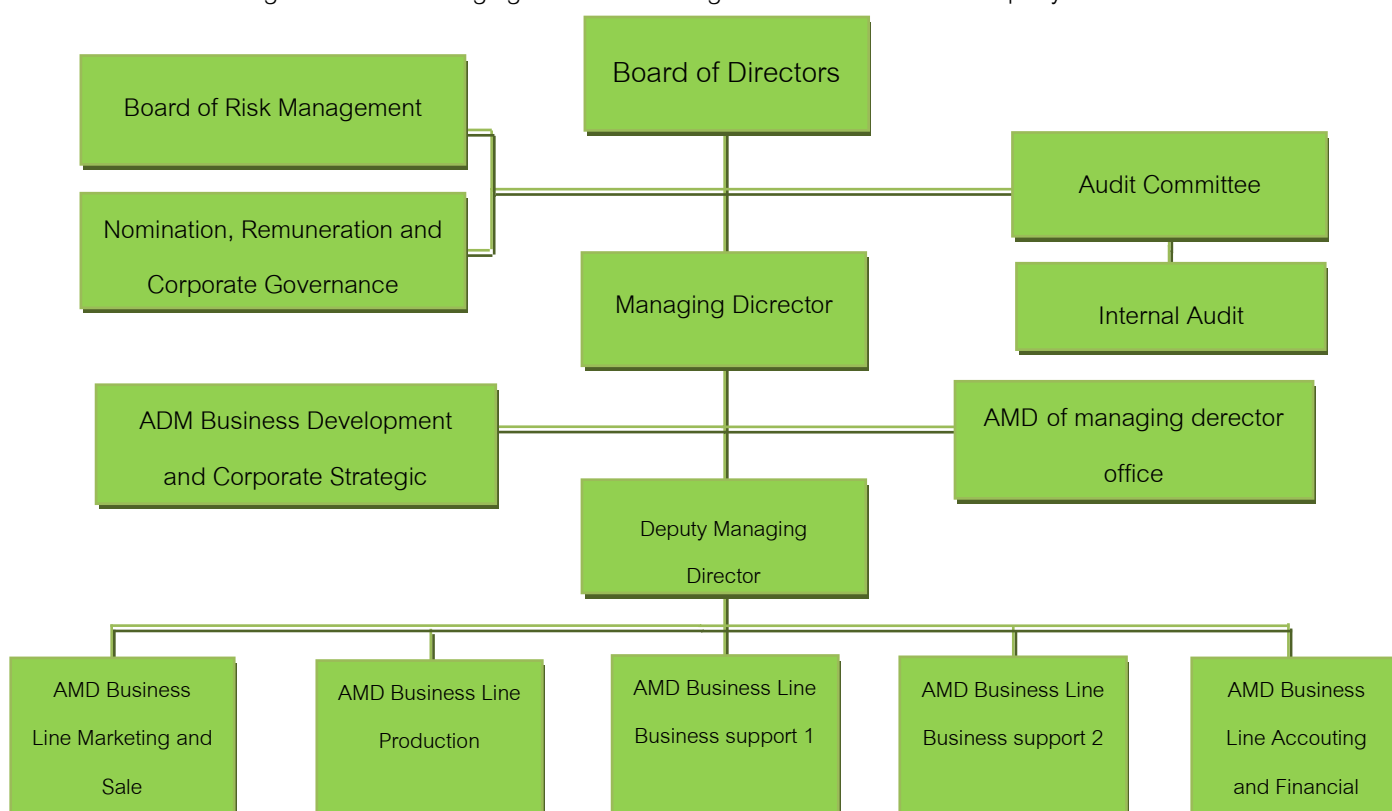
During the year 2017, there is an amendment to paid-up capital from 8,000,000 shares to be 80,000,000 shares.

Remark: *The Dividend payment for the year 2017 will wait for a resolution approval of the Annual General Shareholders' Meeting 2018 which will be on April 2018.

Management Structure

The Management structure of Thantawan Industry Public Company Limited as of December 31, 2017 is comprised of :

- The Board of Directors
- Sub-committees has its duties in reviewing the important issues and compliance with its charter, appointed by the Board of Directors, totaling to 3 committees, namely Audit Committee, Risk Management Committee and Nomination, Remuneration and Corporate Governance Committee.
- The Management with Managing Director is the highest executive of the Company.



The Board of Directors is comprised of 4 Board Committees as:

1. Board of Directors
2. Board of Audit Committee
3. Board of Risk Management
4. Nomination, Remuneration and Corporate Governance Committee

The Board of Directors and Sub-Committee

The Board of Directors

Presently, the Board of Directors is comprised of 9 directors as follows:

- 4 Non-Executive Directors consists of 4 Independence Directors
- 5 Executive Directors

Table 7: The Board of Directors

Name & Surname		Position	No. of meeting	Attendance of Meeting
1. Mr. Prisun	Wongsmith	Chairman	11	11
2. Mr. Singhchai	Aroonvuthiphong	Indendent Director	11	11
3. Mr. Sayan	Satangmongkol	Indendent Director	11	11
4. Mr. Asdakorn	Limpiti	Indendent Director	11	11
5. Mrs. Pojanard	Prinyapatpakorn	Director	11	11
6. Mr. Surasak	Luangaramsri	Director	11	11
7. Ms. Narissai	Mahathitirat	Director	11	9
8. Mr. Dejbordin	Riensubdee	Director	11	10
9. Mr. Teerachai	Siritunyanont	Director and Company's Secretay	11	11

Audit Committee

Table 8: Audit Committee

Name & Surname		Position	No. of meeting	Attendance of Meeting
1. Mr. Singhchai	Aroonvuthiphong	Chairman	7	7
2. Mr. Sayan	Satangmongkol	Director	7	7
3. Mr. Asdakorn	Limpiti	Director	7	7
4. Mr. Teerachai	Siritunyanont	Audit Committee's Secretay	7	7

Risk Management Committee

Table 9: Risk Management Committee

Name & Surname	Position	No. of meeting	Attendance of Meeting
1. Mr. Asdakorn Limpiti (Assigned to be the Chairman since February 1, 2017)	Chairman	4	4
2. Mrs. Pojanard Prinyapatpakorn (Retired from the Chairman position since February 1, 2017)	Director	4	4
3. Mr. Wichit Pansrimangkorn	Director	4	4
4. Mr. Dejbordin Riensubdee	Director & Secretary of Risk Management Committee	4	4

Nomination, Remuneration and Corporate Governance Committee

Table 10: Nomination, Remuneration and Corporate Governance Committee

Name & Surname	Position	No. of meeting	Attendance of Meeting
1. Mr. Prisun Wongsmith	Chairman	6	6
2. Mr. Singhchai Aroonvuthiphong	Director	6	6
3. Mr. Sayan Satangmongkol	Director	6	6
4. Mr. Asdakorn Limpiti (Assigned since May 11, 2017)	Director	5	5
5. Mr. Teerachai Siritunyanont	Act in place of secretay of Nomination, Remuneration and Corporate Governance Committee	6	6

Executive

Table 11 Name of Executive Directors as of December 31,2017

Name & Surname	Position
1. Mrs. Pojanard Prinyapatpakorn	Managing Director
2. Mr. Kawin Pansiri	Deputy Managing Director (Retired from his position since December 27, 2017)
3. Mr. Surasak Luangaramsri	ADM Business Line Marketing and Sales
4. Mr. Wichit Pansrimangkorn	ADM Business Line Business support 1
5. Ms. Narissai Mahathitirat	ADM Business Line Business support 2
6. Mr. Teerachai Siritunyanont	ADM of Managing Director Office
7. Mr. Dejbordin Riensubdee	AMD Business Line Production
8. Ms. Napasiri Mahathitirat	ADM Business Line Accounting and Financial

Report of changes in securities holding of Director and Executive

The company has reported the changes in securities holding (THIP) of Director and Executive to the Board of Director's meeting on a quarterly basis. In summary, the report of changes in securities holding of the company' Director and Executive (definition by Securities and Exchange Commission-SEC). This includes the number of securities holding of those involved under section 59 and 258 of the securities and Exchange Act., by holding the securities of Director and Executive (direct and indirect) as of December 31, 2017 in comparison with the year 2016 as follow :

Table 12: Report of changes in securities holding of Director and Executive

List	Director & Executive	Position	Total shareholding Dec 31, 2017	Shareholder's equity (%)*	No. of share Dec 31, 2016	Shareholder's equity (%)**	No. of share changing up (down)
1	Mr. Prisun Wongsmith	Chairman and Independent	-	-	-	-	-
	Spouse & immature child	Director / Chairman of	-	-	-	-	-
	Legal entity relevant	Nomination Remuneration and Corporate Governance Committee	-	-	-	-	-
2	Mr. Singchai Aroonvuthiphong	Independent Director/	-	-	-	-	-
	Spouse & immature child	Chairman of Audit	-	-	-	-	-
	Legal entity relevant	Committee / Nomination Remuneration and Corporate Governance Committee	-	-	-	-	-
3	Mr. Sayan Satangmongkol	Independent Director / Audit	-	-	-	-	-
	Spouse & immature child	Committee/ Nomination	-	-	-	-	-
	Legal entity relevant	Remuneration and Corporate Governance Committee	-	-	-	-	-
4	Mr. Asdakorn Limpiti	Independent Director /	-	-	-	-	-
	Spouse & immature child	Chairman of Risk	-	-	-	-	-
	Legal entity relevant	Management Committee / Nomination Remuneration and Corporate Governance Committee	-	-	-	-	-
5	Mrs. Pojanard Prinyapatpakorn		-	-	-	-	-
	Spouse & immature child	Director/ Managing Director	-	-	-	-	-
	Legal entity relevant		-	-	-	-	-

Table 12: Report of changes in securities holding of Director and Executive

List	Director & Executive	Position	Total shareholding Dec 31, 2017	Shareholder's equity (%)*	No. of share Dec 31, 2016	Shareholder's equity (%)**	No. of share changing up (down)
6	Mr. Kawin Pansiri	Deputy Managing	-	-	-	-	-
	Spouse & immature child	Director	-	-	-	-	-
	Legal entity relevant	Retired from his position since December 27, 2017	-	-	-	-	-
7	Mr. Surasak Luangaramsri	Director / AMD Business	-	-	-	-	-
	Spouse & immature child	line: Marketing and Sales	-	-	-	-	-
	Legal entity relevant		-	-	-	-	-
8	Ms. Narissai Mahathitirat	Director/ AMD Business	-	-	-	-	-
	Spouse & immature child	line: Business Support 2	-	-	-	-	-
	Legal entity relevant		-	-	-	-	-
9	Mr. Dejbordin Riensubdee	Director/ AMD Business	-	-	-	-	-
	Spouse & immature child	line: Production	-	-	-	-	-
	Legal entity relevant		-	-	-	-	-
10	Mr. Teerachai Siritunyanont	Director and the Company's	-	-	-	-	-
	Spouse & immature child	Secretary/	-	-	-	-	-
	Legal entity relevant	AMD of Managing Director's office	-	-	-	-	-
11	Mr. Wichit Pansrimangkorn	Risk Management Committee	4,000	0.005%	400	0.005%	-
	Spouse & immature child	/ AMD Business Line :	-	-	-	-	-
	Legal entity relevant	Business Support 1	-	-	-	-	-

* Fully Paid-up shares as of December 31, 2016 = 8,000,000 Shares

** Fully Paid-up shares as of December 31, 2017 = 80,000,000 Shares

Company Secretary

Board of Directors have appointed Mr. Teerachai Siritunyanont as a Company Secretary since Feb 22, 2007 to comply with rule and regulations of BOD's and shareholders' meeting resolution. Duties prescribed by law are as follow:

1. Arranging meetings for the Board of Directors and the Shareholders in accordance with the principles of Good corporate governance and adhere to the company's regulation with the relevant laws for instance; The Securities and Exchange Act.

2. Oversee the company's disclosure of information compliance with the regulations of the SET and SEC including other relevant agencies.

3. Preliminary consultation to the Board of Directors and Executives of the company for the part that comply with the rules and regulations of the SET and SEC. In addition, to follow the new announcement rules.

4. Prepare and filing of various related documents such as register of directors, notice of board meeting, minutes of board's meeting, notice of General meeting of shareholders, minutes of shareholders meeting, report of securities holding and report of interest and so on.

5. Oversee activities of the Board of Directors so that they can perform efficiently and effectively.

6. To conduct with compliance the resolutions of the Board of Directors and shareholder's meeting.

7. Perform any other duties as assigned by the Board of Directors.

The qualifications of Company secretary should be a person holding a bachelor degree of accounting, details are shown in attachment no.1

Remuneration of Directors and Executives

Cash remuneration

1) Remuneration of Directors

1.1) Meeting Allowance

The company has a remuneration policy for Directors in monthly and Sub-committees per time per meeting as actual meeting by using database remuneration of committee from a listed company in 2015. Arranged by Thai Institute of Director as a reference base for consideration director's remuneration in similar industries group. To consider the appropriate in type of business with experience, role and responsibility.

Detail of remuneration of directors for 4 teams in the term of meeting allowance :

1. The Board of Directors : 9 persons ; monthly fixed rate comprise of:
 - Chairman 40,000 Baht/month
 - Director 30,000 Baht/month
2. Audit Committee : 3 persons : paid on the number of times of actual meeting
 - Chairman 20,000 Baht/month
 - Audit Committee 10,000 Baht/month
3. Risk Management Committee : 4 persons; paid on the number of times of actual meeting
 - Chairman 20,000 Baht/month
 - Risk Management Committee 10,000 Baht/month
4. Nomination Remuneration and Corporate Governance Committee : 4 persons; paid on the number of times of actual meeting
 - Chairman 20,000 Baht/month
 - Nomination Remuneration and Corporate Governance Committee 10,000 Baht/month

Over the fiscal year ended 2017, the monthly remuneration of Directors was total Baht 5,420,000 net all year as adhere to the resolution of Annual General Meeting of Shareholders No. 1/2017 as follows :

Table 13 : Remuneration of Directors in 2017

(Unit : Baht)

No.	Name & Surname	Position	Remuneration				
			The Board of Directors	Audit Committee	Risk Management Committee	Nomination Remuneration and Corporate Governance Committee	Total
1	Mr. Prisun Wongsmith	Chairman and Nomination Committee	480,000	-	-	120,000	600,000
2	Mr. Singhchai Aroonvuthiphong	Independence Director / Chairman of Audit Committee / Nomination Committee	360,000	140,000	-	60,000	560,000
3	Mr. Sayan Satangmongkol	Independence Director / Audit Committee / Nomination Committee	360,000	70,000	-	60,000	490,000
4	Mr. Asdakorn Limpiti	Independence Director / Audit Committee / Nomination Committee	360,000	70,000	70,000	50,000	550,000
5	Mrs. Pojanard Prinyapatpakorn	Director and Risk Management Committee	360,000	-	50,000	-	410,000
6	Mr. Surasak Luangaramsri	Director	360,000	-	-	-	360,000
7	Ms. Narissai Mahathitirat	Director	360,000	-	-	-	360,000
8	Mr. Dejbordin Riensubdee	Director and Secretary of Risk Management Committee	360,000	-	40,000	-	400,000
9	Mr. Teerachai Siritunyanont	Director and Company Secretary	360,000	-	-	-	360,000
10	Mr. Wichit Pansrimangkorn	Risk Management Committee	-	-	40,000	-	40,000
Total			3,360,000	280,000	200,000	290,000	4,130,000

1.2) Bonus

The bonus is not more than 3% of the total dividends payout to the shareholders But not more than Baht 300,000 for each independent director and Chairman of the Board to receive a bonus more than other independent director 30 percent, by authorizing the Chairman of the Board to determine the criteria and allocate the bonus. The Independent directors' annual bonus, should be linked to the payment of dividends to shareholders. If no dividend payment were paid to shareholders, the independent directors would also not be paid their annual bonus in that year. The annual bonus of independent director should be reviewed annually.

In the year 2017, there are 4 independent directors and the bonus was paid as below:

Table 14 Bonus for Independent Directors in the year 2017 (Unit : Baht)

List	Name & Surname	Amount of Bonus
1	Mr. Prisun Wongsmith	390,000
2	Mr. Singhchai Aroonvuthiphong	300,000
3	Mr. Sayan Satangmongkol	300,000
4	Mr. Asdakorn Limpiti	300,000
Total		1,290,000

2) Directors and Executives Remuneration

The Remuneration of Directors and Executives, will link to the operations result of the company and their performance results. The remuneration is for the Directors and Executives who operate the company by salary and bonus for the year 2017 at total of Baht 40,851,958.

Other Remuneration

- No other than monetary remuneration.

Personal

As December 31, 2017 the company have manpower classified by productions line and operations as follow:

Table 15 : Manpower Classified by productions line and operations as of December 31, 2017

productions line and operations	Monthly-paid employee (person)	Daily-paid employee (person)	Total (person)
General bag	20	77	97
Zipper bag	73	726	799
Drinking straw	24	214	238
Management Centre (Factory)	218	146	364
Management Centre (Branch office; ST)	112	-	112
Total	447	1,163	1,610

Table 16 : Employee's Remuneration 2017

Description	Amount (Baht)
Salary	164,974,126
Labor Cost	183,981,073
Bonus	41,300,000
Social Security Fund and Compensation Fund	10,023,083
Contribution to Provident Fund	3,991,949
Other benefits	12,049,466
Total	416,319,697
15.91 % of total Expenses	

Remuneration and Development of Employee Policy

The remuneration set aside by the Company for its employees of all levels and all nationalities are fair and under the same criteria. It comprises salary, wage, overtime payment, bonus and incentives, contribution to social security funds, contribution to provident funds, Thantawan Industry Saving Cooperative Limited, remunerations for a total of Baht 416,319,697.

The company also determined a staff remuneration plan aimed at being transparent and equitable. This remuneration plan reflects the same components as those of the executives in regards to short term benefits to be given that are based on the annual staff performance evaluation together with the agreed KPIs and the overall operating performance result of the Company for that year. However, for the long term benefits, there are being under consideration by the Company.

Development of the Company's employees is the one of significant policies to train its employees and promote a knowledge continuously by focusing on necessary to enhance capabilities and potential of all level of employees to cause an awareness, knowledge, comprehension, skills which help to operate effectively both in the present and future for leading the advancement of employees and the company further. In order to promote and develop the operation continuously, the Company prepared an orientation document to a new employee for a useful working information, and also organize the business orientation which present the company's business type and the path of the company's operation. In the corporate governance system, the Company's employee will be sent to observe activities and seminar both in domestic and abroad

The Company has policies of the employee development by focusing in all level of training and provide the training for employee by conducting a policy and annual training plan expected the employee to understand and be able to work properly and efficiently. For the related employee in production line, the Company focus on the reduction of waste and workplace safety as well as environmental awareness and organize the training in getting the most out of material, the waste sorting system such as toxic waste, garbage, trash, including the occupational safety with campaigns in regard to the reduction of accidents and working sustainably security.

The Company has policies of the development of employees by concerning in training at all level and organize the training for employees

Detail of average's training hours and security statistics are shown on SD report of 2017.

CORPORATE GOVERNANCE POLICY

The company is committed to build reliability for investors and stakeholders in the business and increase value to the organization and promote sustainable growth of the company. Manage its business as adhere to the Good Corporate Governance to achieve business' goals which is the basic value of Leading Corporations. Consequently, the company has set the Corporate Governance Policy and designed to frame its various aspect of business as the following:

1. The Board of Directors ("The Board"), the Management and all employees shall implement the Corporate Governance manual with confidence and understanding to the principles.
2. The Board, the Management and all employees shall apply the Company's corporate governance principles to all level of business management.
3. The Board, the Management and all employees shall commit to fair treatment of all stakeholders and serve the company with dedication, integrity and transparency.
4. The Board, the Management and all employees may recommend improving the policy of CG so that it may align with and suitable current business management standards as well as evolving social needs and international practices.

Monitoring Compliance

The Company recognizes the significance of good corporate governance, and the Board is strongly determined to set the process of good corporate governance as a standard, leading to the practice across the organization. As a result, to ensure the company business compliance with good corporate governance practices under its policy which every director, executive and each staff member must acknowledge, master and strictly observe. The Board constantly updates the principles and operational guidelines as they believe that an effective system of good corporate governance will support the company competitive potential. The Company's business, leading to value appreciation for shareholders and balanced mutual benefits among all relevant parties.

The Company will not run its business in an act that could violate the law or conflict the principle of good corporate governance, what if the board of directors, executives, or employees violates against the principle of good corporate governance, the wrongdoers will be disciplined strongly. and if there are reasons to believe an act that violate the law, rules, regulations and rules of government, the Company will submit and report the wrongdoers to government officer for prosecution.

In case, the all level of the Company staff has problems to decide or compliance with the code of conduct which does not specify in the code of conduct of the company, set a question in your mind about your act by yourselves as the following steps:

- 1) Does the act violate the law?
- 2) Does the act conflict with the policy or morality or effect to the Company image?
- 3) Does the act effect to any stakeholders or not?

Anyhow, if the Company staff found the act that violate the law and/or the principle of Corporate Good Governance, please report any complains or indictment to the Chairman of the Company. The Company shall not disclose the reporter (as the detail in Whistle-Blowing Measures and Whistle-Blower Protection Mechanisms)

Whistle-Blowing Measures and Whistle-Blower Protection Mechanisms

To ensure fair treatment of all stakeholders under the CG principals, the company has set up channels for complaints, suggestions, or recommendations indicating impacts or risks of impacts on stakeholders arising from its business or from wrongful action or violation of the Code of the conduct, as well as from behavior implying corruption, unfair treatment, or careless action by providing such leads directly or in a letter to:

Chairman of the Board

Thantawan Industry Public Company Limited
123 Suntowers Building Tower A' 32nd Floor
Vibhavadi-Rangsit Rd., Chomphon, Chatuchak, Bangkok 10900
Email: board-thip@thantawan.com
Tel: (662) 273-8333 ext. 3238

The company will proceed with its investigations as specified in its procedures and record the outcomes in written without naming whistle-blowers and also keep their information confidential. To protect any impact that may occur to them.

Corporate Governance Principle

"Corporate Governance Principle" means a systematization in management structure and Management Mechanisms in organization for connecting with all staff: board of Directors, stuffs and shareholders by considering to all stakeholders. However, management structure and Management Mechanisms shall reflect on the principle of Corporate Good Governance as follows:

- Taking a responsibility in their own duty with maximum performance and efficiency.
- Treating with all stakeholders in equality, fair, and morality.
- Taking a responsibility in every decision or acts and also proof or explain those decision.
- Having a vision to building the organization value.

- Running a business with transparency and can be audited, disclose transparency information to whom it may concern.

In this year, the Board of Directors appointed the Nomination, Remuneration and Corporate Governance Committee which has considered and reviewed the Corporate Governance principle and compliance to meet the company business and also monitored and evaluated the performance of the Board of Directors, Sub-Committee and Management to be consistent with Corporate Governance Policy as well as presenting minutes of the Board of Directors of the Company. The Board of Directors considered the appropriate to bring the Corporate Governance principle of the year 2017 to adapt to Business Context of the Company.

Compliance with the Company's Corporate Governance

The Company complies and conducts its business continuously with the principle of Corporate Governance such as the Principle of Good Corporate Governance for Listed Companies 2012 and the Principle of Good Corporate Governance for Listed Companies 2017 of the Stock Exchange of Thailand, and the Corporate Governance Report of Thai Listed Companies (CGR) of Thai Institute of Directors (IOD).

The Nomination, Remuneration and Corporate Governance Committee take charge of considering and proposing to the Board of Directors the establishment and implementation of the policies and guidelines for their approval. For issues which have not been yet covered or implemented, the Management will report to the Nomination, Remuneration and Corporate Governance Committee for review on an annual basis.

The Company recognizes and values the principles of Good Corporate Governance, the company has devised a clear policy and guidelines as seen in its CG manual that has been approved by the Board of Directors for the year 2014 (download at www.thantawan.com) for strictly conduct.

In the year 2017, there were no cases of non- executive directors to resign as the issue of Corporate Governance as well as no cases of corruption offense or ethical misconduct. The company was rated on Corporate Governance practice by various agencies and achieved numerous awards as follows:

- Rated 86% or Excellence according to Corporate Governance Report of Thai Listed Companies 2017 carried out by the Thai Institute of Directors (IOD).
- Rated 97 points according to the evaluation of the quality of The year 2017 Annual General Meetings of Shareholders (AGM checklist) of listed companies carried out by the Thai Investors Association.
- Be the one from hundred companies which was selected in 100 listed companies or kwonw as the Thai Publicly ESG 100 by Thaipat institute. they selected 100 companies which having outstanding sustainability performance to construct the ESG 100 has evaluated from environmental, social and governance.
- Participate "Thailand's Private Sector Collective Action Against Corruption" to the establishment of measures against corruption on September 25, 2017.

Anti-Corruption Policy

The Company is committed to base business on fairness, integrity, transparency and responsibility to society and all stakeholders in compliance with the Principles of Good Corporate Governance and Code of Conduct. The Company has compiled this Anti-Corruption Policy as well as roles, responsibilities, guidelines and measures which are outlined as follows:

Directors, Management Team and THIP staff must strictly adhere to the Anti-Corruption Policy and are prohibited from operating or accepting any types of corruption both direct and indirect to oneself, family, friends and acquaintances; whether he/she is a recipient or a provider or in the position of offering a bribe, either money or non-money, to a state agency or private agency that the Company strictly contacts or conducts business according to the Anti-Corruption policy.

Roles and Responsibilities

1. The Board of Executive Directors has a duty to propose the Anti-Corruption Policy to the Nomination, Remuneration and Corporate Governance Committee for considering and proposing to the Board of Directors for consideration.
2. The Board of Directors has a duty to consider and approve the Anti-Corruption Policy in all forms, both directly and indirectly, In order to use them as guidelines for practices to all employees of the organization.
3. The Risk Management Committee has a duty to evaluate and the impact of corruption. To provide direction for internal audit planning and monitoring of internal audit activities and present to the Board of Directors for consideration.
4. The Audit Committee has the following duties and responsibilities:
 - 1) Review audit reports and internal control systems related to corruption according to proposals from internal auditors. To ensure that the internal control systems have no corruption risks and appropriate to the company's business model for the Board of Directors.
 - 2) Report the findings of the assessments of the internal control systems and corruption risks to the Board of Directors.
5. The internal auditors have the following duties and responsibilities as :
 - 1) To comply with the internal audit plan as defined and present reports of internal audit control systems and corruption risk assessments, which are monitored by internal auditing, to the Audit Committee.
 - 2) To execute any other work as assigned by the Audit Committee related to the corruption that concerns an organization not covered by the internal audit plan as defined.
6. The Management Team has the following duty and responsibility as : To communicate with and ensure all employees and all relevant persons are well informed about the Anti-Corruption Policy.

Guidelines

1. To implement the Anti-Corruption Policy and adhere to guidelines set by the Company in the Corporate Governance Manual and Code of Business Conduct as well as rules, regulations and relevant manuals to business operation.
2. In dealing with major corruption risks, the Company ensures that Directors, the Management Team and employees are cautiously perform the following duties:
 - 2.1) Neutrality and Political Contribution

The Company's policy is politically neutral with no support for or actions that support political parties whether directly or indirectly, including the use of the Company's resource in activities that may cause the Company lose its political neutrality and/or sustain damage by participating in such activities.

2.2) Charitable Contribution and Sponsorship

The Company's policy is to control charitable contributions and sponsorships in various forms to ensure that the activities will not lead to corruption. The Company sets up Procedures and controls that are clear, concise, efficient and able to check donations and follow evidence documents.

2.3) Gifts, Entertainments and Expenses

The Company defines that giving or accepting gifts and business entertainment must be appropriately done according to traditions and within reasonable value. Also, do not induce to act or refrain from acting that may lead to malfeasance and corruption.

Measures

1. The Board, the Management Team and all employees must comply with the Anti-Corruption Policy and measures as well as the Company's Corporate Governance Principles and Code of Business Conduct by not being involved in corruption whether directly or indirectly.
2. If employees encounter any act which may constitute corruption, or are in doubt as to whether an act constitutes corruption, they should not neglect or ignore it. They should notify their supervisors or responsible persons or the Company through specified channels. Employees should also co-operate with any fact-finding investigation that is stipulated by the Company's regulations.
3. The Company will provide fairness and protection to employees in accordance with employment protection measures, or co-operate in reporting corruption in accordance with the Company's regulations.
4. The Company communicates this Anti-Corruption Policy to all employees by distribution through various channels like the Company's intranet and website. This is to ensure they have knowledge and understanding of this policy. Moreover, the Company makes the Anti-Corruption Policy available to the public and stakeholders through channels like the Annual Report.
5. The Company sets up Human resources processes to reflect its commitment to the Anti-Corruption Policy from the recruitment and selection of personnel, compensation, promotion to an organizational structure with suitable division of duties for checks and balances.
6. The Company sets up a Signature Authorization Procedure that is clear, concise, efficient, transparent and allows to verify.
7. The Company sets up an internal control system to cover all work processes which are relevant to anti-corruption measures and ensures that the internal control system is understood by the employees responsible.
8. The Company has provided the following channel for complaints related to corruption:

Chairman of the Board of Directors

Thantawan Industry Public Company Limited No. 123 Sun Towers Building A, 32nd Floor,

Vibhavadi-Rangsit Rd., Chomphon, Chatuchak, Bangkok, 10900

Email Address: board-thip@thantawan.com

Tel.: (662) 0-2273-8333 ext. 3238

Monitoring

1. Internal Auditing has been set up to oversee the internal control system and provide recommendations continuously by conducting audits in accordance with the annual audit plan approved by the Audit Committee, and reporting significant results of the audits with recommendations to the Audit Committee.
2. Risk Management Committee is responsible for evaluation of corruption risks including monitoring, reviewing and improving anti-corruption measures regularly by reporting to the Board of Directors.
3. In the event of an investigation or a complaint in which facts concerning corruption are found, the Audit Committee will report the findings to the Board of Directors.

Whistle-Blowing Measures and Whistle-Blower Protection Mechanisms

To ensure fair treatment of all stakeholders under the CG principals, the company has set up channels for complaints, suggestions, or recommendations indicating impacts or risks of impacts on stakeholders arising from its business or from wrongful action or violation of the Code of the conduct, as well as from behavior implying corruption, unfair treatment, or careless action by providing such leads directly or in a letter to:

Chairman of the Board

Thantawan Industry Public Company Limited

123 Sun Towers Building Tower A' 32nd Floor

Vibhavadi-Rangsit Rd., Chomphon, Chatuchak, Bangkok , 10900

Email: board-thip@thantawan.com

Tel: (662) 273-8333 ext. 3238

The company will proceed with its investigations as specified in its procedures and record the outcomes in written without naming whistle-blowers and also keep their information confidential. To protect any impact that may occur to them.

The Company expressed its intention by participating "Thailand's Private Sector Collective Action Against Corruption" to the establishment of measures against corruption on September 25, 2017 and communicate toward employee through the circular notice as well as pronouncing policies on its website for publicizing toward citizen. In the past year, the Company did not received any complain or whistle blowing from wrongful action or violation of the Code of the conduct or corporate governance.

Operation And Internal Control System of the Company in compliance with Corporate Governance Policy

Article 1: Right of Shareholders

The company recognizes the importance of Good Corporate Governance in line with shareholders right by accepted and reliable standards which include the right to freely trade or transfer their own shares, the right to attend Shareholders' Meetings, the right to propose in advance the Meeting agenda , the right to nominate a person to be a director, the right to attend and vote in the General shareholders' meeting, the election of directors, the appointment of auditors and fixing of the audit fee, the remuneration of directors, the right to consider dividend payment, amendment of Memorandum of Association and Articles of Association of the Company, approval of significant transactions influencing the Company's direction as well as the right to receive adequate information.

The company arranges the Annual General Meeting of Shareholders (AGM) every year within four months after the end of each fiscal year. In case of urgent need to consider any special agenda that may affect or in connection with the interests of shareholders, need to get an approval from the Board of Directors. Then, they can call an extraordinary meeting of shareholders case by case.

The Treatment to Shareholders prior to the AGM

1) To provide an opportunity to shareholders to propose agenda (s) and nominate director candidates to be elected, by which the details and procedures are placed in the company's website at least 3 months, prior to the year ended. Then send to the Stock Exchange of Thailand. The company has defined to the shareholders who wish to propose agenda (s) must be one single shareholder or several shareholders together hold the company' shares at least 5 percent of total voting rights of the company

The Company announced and invited shareholders to use their right to propose in advance the Meeting agenda and nominate in advance person to be a director on the company website and The Stock Exchange of Thailand (SET) from October 1, 2016 to December 31, 2016

2) To publicize an invitation notice, meeting agenda with the opinion of the Board of Directors along with proxy forms comprising of form A, B and C (for foreign shareholders that have appointed custodians in Thailand only) according to Ministry of Commerce both Thai and English. Also the other supporting information of the agenda (s) on the company's website, prior to the meeting at least 30 days in advance of the AGM.

The Company publicized Notice of the 2017 AGM, including the documentation of the meeting on the company's website on March 24, 2017 which had an appointment of the 2017 AGM that is on April 26, 2017

3) To prepare AGM meeting with clearly specifies to meeting venue, date, time, details of agendas, important & essential information for consideration, the opinion of the Board of Directors, minutes of the previous meeting, annual report, proxy forms with clearly specify and other relevant documents. Distribute to shareholders not less than 21 days, prior to the meeting. To ensure that the information relates to voting decision receive by the shareholders are sufficient, accurate, complete, transparent. And study the agendas in advance. To announce in

the newspaper 3 days consecutive, prior to the AGM for the shareholders to arrange themselves for joining the meeting.

The Company sent in advance the Notice of the 2017 AMG before the shareholder meeting over 21 days from April 3, 2017 onward via Thailand Securities Depository Co., Ltd and published it in newspaper on April 3-5, 2017.

The Company provided opportunities for shareholders to submit question related to items on the agenda or other information prior to the meeting from April 3, 2017 to April 21 2017 via the email address irthip@thantawan.com or the Company's address for more information, please contact directly

Corporate Secretary

Thantawan Industry Public Company Limited No. 123 Suntowers Building A, 32nd Floor,
Vibhavadi-Rangsit Rd., Chomphon, Chatuchak, Bangkok, 10900

Email Address: board-thip@thantawan.com

Tel.: (662) 0-2273-8333 ext. 3209

The Treatment to Shareholders on the date of the AGM

- 1) To facilitate all shareholders at the meeting date with equally. Assign staff to welcome, provide some information to check documents and registration and the Company will make a registration process for two hours in advance. Though the registration pass that period, the shareholders who wish to attend the meeting can register to attend the meeting without losing their rights.
- 2) Arrange meeting venue for all shareholders and convenient to come for the meeting with adequate size to support them. Under good security and set up an emergency plan to increase confidence and security during the meeting.
- 3) Bar code system has used for shareholder's registration and counted the vote with accuracy and more convenience.
- 4) The company shall not deprive the rights of shareholders to attend the meeting. All shareholder can exercise their rights to attend the entire meeting.
- 5) Prior to the meeting, the Chairman of the Board will clarify criteria in relation to the meeting such as the opening of the meeting, voting procedures including counting of shareholders' vote for each session, according to the company's Article of Association.
- 6) The company will specify director's interest in the invitation letter and the AGM. If any director has a particular interest or involve to any agenda, the Chairman of the meeting will notify participants prior to the agenda's consideration. The directors, who involve to the interest, will not participate to the meeting of each agenda.
- 7) The company shall support the participants to take their rights in protecting their own interests by asking questions, expressing opinion and making recommendation at the AGM.

In the year 2017, The Company held the Annual general meeting on April 26, 2017 and the Extraordinary General Meeting No. 1/2017 on July 6, 2017 at Suntowers Building B, Meeting room; 39th floor, Vibhavadi-Rangsit Road, Khwaeng Chomphon, Khet Chatuchak, Bangkok. The venue was easily accessible by shareholders as it is located near Mochit BTS Skytrain Station and Chatuchak MRT.

On the date of the Meeting, the Company used a barcode system for registration based on the reference number already included in the registration form and proxy form to ensure convenience for shareholders and facilitate the registration. In addition, in the case of the appointment of another person as a proxy, the Company facilitated the affixing of the stamp duty on all proxy forms registering at the document check counter. The Company's officers were available at all times to provide assistance during the registration.

To ensure transparency and verification, the Company provided voting cards for each agenda item. In casting votes, the Chairman requested shareholders or proxies who voted to disapprove or abstain for such agenda item to mark the voting cards accordingly with his/her signature affixed and raise their hands to notify the Company's officers so as to have their barcodes scanned and their voting cards collected. All shareholders who voted to approve needed to mark the voting cards accordingly with his/her signature affixed but were not required to raise their hands. All the voting cards were collected when the meeting adjourned. As for a large number of shareholders who authorized their proxies to the Independent Directors, the Company needed to cast votes of approval, disapproval, or abstention for each agenda item according to their requisition

The Treatment to Shareholders after the AGM

- 1) The Company prepared the minutes of the Shareholder's meeting and notify to the Stock Exchange of Thailand (SET) within 14 days after the meeting in accordance to the SET regulations. To disseminate full details of the meeting with completely. This includes names of Directors and the Management who attending the meeting, voting procedure, resolutions of the meeting, voting result for each agenda item, voting and questioning process of the shareholders in each agenda and clarification and shareholders' comments thoroughly together with publicize of video recording of the AGM on the company's website (www.thantawan.com)
- 2) Consider the recommendations and opinions that received from the shareholders for the quality assessment of the AGM and development plan for the next AGM consistently.

The Company disclosed the voting results and resolutions for each agenda item at the 2016 Annual General Meeting of Shareholders and the Extraordinary General Meeting No. 1/2017 to the public via SET Portal and The Company website after the Meeting ended.

Article 2 Equitable Treatment of Shareholders

Shareholders are entitled to assign proxies to the meeting and cast ballots for them as well as receive documents and advice how to assign the proxy with legalization. Once proxy forms have been handed to directors at the meeting, proxies are entitled to participate in the meeting and cast their ballots like all other shareholders. Shareholders may also delegate the proxies to independent directors and have the right to receive profiles, work experiences and reports on conflicts of interest for the consideration of agenda items from the independent directors appropriately.

- 1) The AGM shall be conducted according to the agendas and notified to the notice. As a policy, will not add any items to the agenda without notice to the shareholders in advance.
- 2) Adequate time shall be allocated for the meeting and equal opportunities provided for shareholders to express their opinions, ask questions and exercise the rights to elect individual directors. The shareholders can vote every agenda through a polling card that distributed to the meeting.
- 3) Directors and related Executives shall attend the AGM to answer the questions that raise by the shareholder. The main questions, answer and opinions shall be recorded in the minutes of the meeting for future review by the shareholders.
- 4) Disclose current information through the company's website. Provide to shareholders with important information that have been changed including information sheets and disclose in accordance with various regulations.
- 5) After disclosure to The Stock Exchange of Thailand (SET), the information shall be published to the company's website both Thai and English.

The agenda of the 2016 Annual General Meeting of Shareholders and the Extraordinary General meeting No. 1/2017 was considered chronologically as it appeared in the invitation letter submitted to shareholders prior to the Meeting, without any changes in order or request the Meeting consider any agenda item other than those specified in the invitation letter. Moreover, after all agenda items were considered, the Chairman welcomed shareholders' additional queries of their interest before declaring the meeting adjourned

Preventing Conflicts of Interests

The Company realizes the importance of managing the conflicts of interests of related persons, namely, the Board of Directors, Subcommittee, and employees in a prudent, fair, and transparent manner. As a consequence, the Board of Directors has established policies and measures regarding conflicts of interests as follows:

- 1) Directors and top executives must file a report with the Company stating their interests in the management of the Company when they first take the office. They must also file a report should there be any changes in their interests and at every year end and at Annual Report.

- 2) At a Board of Directors' meeting, any director or executive who may have a vested interest in any agenda item under consideration must not attend the meeting or must abstain from voting on such agenda item. This is to ensure that the Board and executives make decisions in a fair manner.

Preventing Misuse of the Internal Information

The Company attaches significance to preventing the misuse of information that has not yet been disclosed to the public or confidential information that could have any impact on the Company's share price for one's own benefit or others. To that effect, the Company has established measures to prevent misuse of internal information and incorporated them the Corporate Governance Principle and Code of Conduct and Regulations for Employees in writing obviously to provide guidelines for the concerned persons, namely, the Board of Directors, Subcommittee, Executive and employees responsible for related functions as well as their spouses and children who are minors by having the established practices in compliance with the Securities and Exchange Act B.E. 2535 as follows:

- 1) The Board of Directors, executives, and employees responsible for related functions as well as their spouses and children who are minors are prohibited from trading Company shares for one month period prior to the release of the Company's quarterly and annual financial statements and for 24 hours after the release (Blackout Period). In order that, Corporate Secretary will inform via all concerned persons of the blackout period via the email 30 days prior to blackout period and to prevent employees involved with the preparation of the financial statements from disclosing the information to outsiders from the closing date of the financial statements to the public disclosure of the aforementioned information.
- 2) The concerned persons who have knowledge of confidential information that could impact the Company's share price are prohibited from trading the Company's shares until 24 hours after the public disclosure.
- 3) Directors and executives (Top Executives) as defined by SEC are required to make an initial reporting of their securities holding in the Company when they were appoint to be Directors or Top Executives of the Company for the first time and submit the initial reporting of their securities holding in the Company to the SEC. within 30 days of the date on which they are appointed (Form 59-1) and also required to report on any changes in securities holding as a result of the purchase, sale, transfer or acceptance of transfer of securities (Form 59-2) within 3 business days of the date of any changes.
- 4) The Board of Directors will monitor to ensure compliance with such measures. It is stipulated that any changes in their shareholding will be reported in the Board of Directors' meeting and disclose the number of shares both directly and indirectly as of the beginning and end of the year as well as those traded during the year shall be reported in the Annual Report.

In the past 2017, there is no wrongfull action from directors, top-executive and employees who related to internal information.

Article 3 Roles toward to Stakeholders

The company recognizes the importance to the interests among groups of stakeholders. The company operates business with responsibility and treats all stakeholders fairly. Commitment to develop business to the sustainable growth and can generate remuneration to shareholders appropriately, protect their interests and assets of the company as preserve their properties. The company has the rights of stakeholders among groups with good practice equally as follow:

Shareholder: The Company is committed to perform business with transparency, integrity and fairness to major and minor shareholders for utmost benefit. Disclose the fact information completely and regularly.

Customer: The Company is committed to produce the quality products with standards. Manage Marketing practices with fairness, responsible for the quality and standardize products to meet customer's satisfaction as well as to treat them as confidential. Additionally, our Customer service team is ready to handle with care for problem-solving promptly from any customer's complaint.

Business Competitor : The company operates business within the frame work on trade competition and fairness under the Allianz business competitors. Encouraging with each other in a frame work that does not cause any damage to the business and relationship with each other.

Trading Partner/Creditor: The Company shall not proceed any corruptions with trading partner and creditor. Set procedure to select the trading partner in a systematic way as well as strictly any conditionals practices towards the **Creditor**. Proposal to use money, repays debt, oversee collaterals quality, and any other agreements to the creditor for mutual benefit achievement.

Employee: The Company recognizes the social protection of workers, occupational health and safety workplace in accordance with law, together with employee engagement between employees and organization, manage by Human Resources. Fairness remuneration, welfare, and career advancement according to law and related regulations including support the employees to the community participation.

Environment & Society: The Company encourages public activities to the communities, social and employees. To emphasize them to participate in the communities' activities in order to contribute the benefit of social development.

Overall operating result about Stakeholders for the year 2017 had details in 2017 corporate social responsibility report.

Article 4: Disclosure and Transparency

Disclosure Information of Board of Directors and Executive Management Remuneration Fee

Information of the Board of Directors and executive management remuneration fee and shareholding must be reported in the annual registration statement (Form 56-1), annual report (Form 56 - 2) and also published at the Company's website.

Under Article 59 of the Securities and Securities Exchange Act, directors and executives must report their share portfolios with each purchase, sale or transfer of shares to SEC. In addition, the company's key guideline is to promote the oversight of the use of inside information. The company reminds directors and executives to refrain from buying, selling or transferring their shares at least a month ahead of performance report submission to SET for each quarter. The company also set policy for directors to report each purchase, sale or transfer of shares to the Board at each meeting. Furthermore, directors and executives must report changes in their vested interests to the company every quarter and update their reports every year. Such information to be kept within the company to conform the Capital Market Supervisory Board's announcement Tor Jor 2/2009, in regard to the report on vested interests of directors, executives and related parties.

The company shall disclose significant information of the company with accurate, clear, complete for decision-making process of stakeholders. The Information Disclosure is main issues of a transparency index in operation that is the main factor in building trust to investors in reliable operation and audit mechanism. The Company, therefore, conduct the disclosure and transparency regulation as follows:

- 1) The Board of Directors or other persons delegated by the Board of Directors shall disclose sufficiently an information: both financial and non-financial in reliable and timely for stakeholders and shareholders as equal following to laws and the Company's regulation. The Company usually prepared and updated the information on its website which are complete and up-to-dated to ensure that stakeholders are able to use aforementioned information in decision-making further and contract with an institute responsible for related functions with accuracy, convenience and efficacy.
- 2) The Company's information system was prepared carefully which was accuracy, clearness, transparency and easy to understand and there is the disclosure of the significant information both advantage and disadvantage for the Company.
- 3) provide the public relations agency, acting public relations news, information, and operations of the company's portfolio, which is beneficial to shareholders, investors, employees, stakeholders and the general public, consistently and efficiently. Eliminate the wrong understanding, including investor relations, acting as the coordinating agency, with the institutional creditors. Analysts and shareholders of the company to provide the data and operations of the company the contact channels with fast and easy access.
- 4) The Board of directors making the statements of financial position and the profit and loss account audit report of the external auditor, along with the annual report of the Board of Directors at the meeting of shareholders at the annual general meeting for approval.

- 5) The Board of Directors report to assess the status and trends of the company by an easy-to-understand summary. The report describes their responsibility in the preparation of financial reports show, coupled with the auditor's report. The necessary management reports to analyze, in various forms, in addition to financial reports and audit reports. Report on the attendance of Directors and / or of sub-committees, each year in the annual report.
- 6) The Board of Directors, report changes in securities holdings and executives of the company. According to the regulations of the Board, the Securities and Exchange Commission of Thailand.

In 2017, the Company publicized an information via the following channels:

- 1) Electronic system which has been developed by The Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC)
- 2) Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2)
- 3) The Company's website at www.thantawan.com in both Thai and English
- 4) Submit the Notice of Annual General Meeting of shareholders by the Post Office

Additionally, the company has arranged the report of the Board's responsibility to financial reporting together with Auditor's report in the annual report as well as a measure to prevent the use of insider information. Employees must not apply the company's confidential information to personal or others gains. They should maintain inside information and sensitive that could lead to undue exploitation for themselves, their families, or their associates including any information influencing stock prices and the company's proprietary commercial secrets, formula and inventions. Those who disclose the important information and news to outsiders without approval from the company shall be subjected to disciplinary action according to company procedures and legal action.

Article 5: The Board Responsibilities

1. Structure, Compositions & Qualifications of the Board of Directors

- 1) Meeting the qualifications and is not possessing the prohibited characteristics prescribed in the Public Limited Companies Act B.E. 2535.
- 2) To be composed of at least 5 members, not over 9 members. It is not less than one-half of the directors and reside in Thailand whether shareholders of the company or non-shareholder. Age is not over 75 years of age with 3 years of term whereas the retiring Directors may be re-elected.
- 3) Independent directors are at least 1/3, but no fewer than three persons with qualifying in compliance with guidelines of SEC.
- 4) To be composed of variety skills; Industrial, Accounting & Finance, Business, Management, International Marketing, Strategies, Crisis Management, Legal and Corporate Governance. This consists of expert with knowledge at least 3 persons; Legal and Accounting & Finance 1 person per each.

- 5) The appointment of the Board of Directors is adhere to the specific agenda with transparency. Also the directors' profile with detail sufficiency for making decision at the AGM. Additionally, to disclose all member of the Board of Directors' profiles in the annual report for acknowledgement.
- 6) The work of the Board; roles & duties is divided clearly between the Board of Directors, Executives Sub-committees and management of the Board.

2. Directorship in Other Companies

The policy of Directorship serving terms in the listed companies of the Directors is as follow:

- 1) The company has determined that each director is allowed to be in the directorship in other companies. Not over than 5 listed companies including subsidiaries that are not listed companies (if any). In order to achieve efficiency and can devote more time to conduct the duties of the Board of Directors.
- 2) The Board of Directors should not be the Directorship in the listed companies that may cause the conflicts of interest with the company and the performance of the Directors.
- 3) Policy of the Directorship serving terms in other companies of the Managing Directors and top Executive, the company has defined the Directorship serving term in other companies of the Managing Directors and top Executive of the company in accordance with the Public Limited. Company ACT 1992. This must be approved by the Board of Directors, prior the serving term.

3. Independent Director

Independent Director shall not be the member of the group of majority shareholders and be free from the majority shareholders as well as the Company's executive. Moreover, Independent Director must have a financial knowledge or any other business knowledge, reach and can understand the company's business appropriately for expressing their opinion freely to protect the minority shareholders' profit. Attend the meeting regularly and report to certify their free when being appointed and disclose the significant data Independence in the company's annual report. Additionally, independent director must have a full qualification in accordance with the specification of the Stock Exchange of Thailand (SET) and The Securities and Exchange Commission (SEC).

- 1) Holding shares is not exceeding 0.5 percent of the total number of shares with voting rights of the company, its parents companies, subsidiary, affiliate, major shareholder or controlling person including shares held by related persons of such Independent director.
- 2) Neither being nor used to manage the office, employee, advisor who receives salary, or controlling person of the company, its parent company, subsidiary, affiliate, same level of subsidiary company, major shareholder or controlling person. Unless the foregoing manner has ended not less than two years.
- 3) Not being a person related to blood relationship or legal families registration as father, mother, spouse, sibling and child including spouse of a child to the other directors, management, major shareholder, controlling person or person to be nominated as director, executive or controlling person of the company or its subsidiary company.

- 4) Neither having nor used to have a business relationship with the company, its parent company, subsidiary, affiliate, major shareholder or controlling person, in the manner that may interfere to his/her Independent discretion. Also neither being nor used to be a significant shareholder or controlling person of any person to business relationship with the company, its parent company, subsidiary, affiliate, same level of subsidiary company, major shareholder or controlling person. Unless the foregoing manner has ended not less than two years.
- 5) Neither being nor used to be an auditor of the company, its parent company, subsidiary, affiliate, major shareholder or controlling person and not being a significant shareholder, controlling person or partner of an audit firm which employs auditors of the company its parent company, subsidiary, affiliate, major shareholder or controlling person. Unless the foregoing manner has ended not less than two years.
- 6) Neither being nor used to be a provider of any professional services including legal advisor or financial advisor who receives service fees exceeding two million Baht per year from the company. its parent company subsidiary, affiliate, major shareholder or controlling person and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing manner has ended not less than two years.
- 7) Not being a director appointed as representative of directors of the company, major shareholder or shareholder who is related to major shareholder.
- 8) Not undertaking any business in the same nature and in competition with the business of the company or subsidiary company or not being a significant partner in a partnership or director with management authority, employee, advisor who receives salary or holding shares exceeding one percent of the total number of shares with voting rights of the other companies which undertakes business in the same nature and in competition with the business of the company or its subsidiary company.

4. Scope and Authorities of the Company Directors

- 1) Perform duties and manage the company's business under the company's relevant laws, objectives and regulations as well as the resolutions of the shareholders meetings.
- 2) Consider and approve of significant matters that related to the operational of the company such as vision, mission, directions, strategies, financial objectives, risk, plan and budget as well as manage and monitor the implementation by Executives as adhere to the policy and plan with effectively and efficiently by stipulating to have the report of operation constantly as well as giving policies of the development and improvement of business operations by realizing a safety and sanitation , social and environment responsibilities and Human Resource Development.
- 3) Provide Corporate Governance policy in written with approval. In addition, to review regularly at least once a year.

- 4) Encourage Business code of conduct to ensure that Directors, Executives and employees are well-understanding to the ethical standards. In addition, monitor them to conduct with strictly compliance to the code of conduct.
- 5) Monitor and solve potential conflicts of interest that may occur to stakeholders of the company Establish guidelines to transactions which may have the conflict of interest for the benefit of the company and shareholders. The Stakeholders should not be involved in making a decision. Set procedure to perform and disclose the transactions that may conflict of interests with correctly.
- 6) Set up a control system of operations, financial statement and in compliance with rules, regulations and policies. To set a person or employees of the company or employ an outside company to provide an independent for the performance of duties as well as to audit the control system and review the important system at least once a year. Also to disclose in the annual report.
- 7) Institute a Corporate Risk Management policy by seeking quarterly Risk Management reports from the Management via the audit committee. Encourage the company to conduct Risk Management system assessment at least once a year and pay attention to warning signs and irregularly.
- 8) Directors may appoint Managing Director or authorize to Executives and/or Audit Committee to operate according to the company's objective achievement including cancellation, retract, implementation the authorization and appoint a Company secretary.
- 9) Directors are authorized to approve purchase and sale assets, business expansion investment as well as joint venture with other entrepreneurs under the Articles of Association and Memorandum of Association including relevant Laws.

5. Separation of the Roles of the Board of Directors and the Management

The Company defines clear roles and responsibilities regarding the Board of Directors and the Management. The Board shall be responsible for establishing the policies and overseeing the Management's implementation of those policies. On the other hand, The Management shall be responsible for implementing the policies formulated by the Board, and ensuring that these are carried out as planned. Therefore, the Chairman the Board of Directors the Company shall not be the same person with the managing director, and each must be nominated and elected by the Board in order to ensure their appropriateness.

The Chairman shall not be a member of the Management and shall not participate in the Management of the Company; nor shall the Chairman be authorized to sign binding agreements on behalf of the Company. This is to clearly define separate roles between supervision of the Company's overall policy, and business management.

The management is authorized to manage the Company's operations in accordance with the policies; take responsibility for the Company's operating results; control expenses and capital expenditures within the limits approved by the Board in the annual operating plan; manage human resources in line with the prescribed policy; resolve problems or conflicts that affect the Company; and maintain effective communication with the stakeholders.

5.1 Scope of Roles and responsibilities of Chairman of the Board of Directors

- 1) Sets Board meeting agenda in consultation with the President & CEO and oversees to ensure Board members receive accurate, complete, timely, and clear information prior to the meeting to assist in their decision making process.
- 2) To convene the Board meetings or assign other persons to act on his behalf and specify to have the Board meetings without directors form the Management.
- 3) To chair the Board meetings. In the case of a tie, the chairman will cast a decisive vote.
- 4) To allocate sufficient time for directors to carefully and effectively discuss issues and topics related to the management and corporate governance or propose meeting agenda items, as well as to encourage directors to independently use their discretion at the Board meeting. Top executives of the Company may be invited to provide significant information to support the Board's decision on particular issues.
- 5) To chair the shareholders' meeting and conduct the meeting in accordance with the Articles of Association and the sequence of agenda items as stated in the meeting invitation letter unless the meeting resolves to change the sequence of agenda items with more than two-thirds of votes of the attended shareholders as well as giving shareholders an opportunity to express opinions equally and also have a response for shareholders' questions properly and transparently.
- 6) Supports and be a role model in compliance with the principles of good corporate governance and Code of Conduct of the Company.
- 7) Fosters a positive working relationship between the Board of Directors and the Management and supports the performance of the duties of Managing director and the Management in accordance with the Company's policy
- 8) Oversees the operation of the Board of directors as a whole, subcommittee and each individual director perform their duties effectively and efficiently.

5.2 Scope of Duties and Responsibilities of the Managing Director

Managing Director of the company has been assigned by the Board of Directors to conduct the company's business, under the approved work programs and budgets with stringency and integrity as well as protecting the best interests of the company and shareholders. Managing Director must not be engaged in any conflicts of interest with the company and subsidiaries of the company. Roles and responsibilities are as follow:

- 1) Prepare and propose to the board 5-year and 10-year business plans, including the company's strategic imperatives.
- 2) Prepare and provide to the Board of Director's information relevant to the company's business and activities, as well as other information needed by the board.
- 3) Manage the company's business and business strategy as approved by the Board of Directors.
- 4) Structure and manage the organization under the guidelines that are given by the Board of Directors.
- 5) Fine-tune the company's POSITIVE culture in support of its vision, mission, and strategic imperatives.

- 6) Execute all other tasks assigned by the Board of Directors.
- 7) Delegate authority or assign others to act on his or her behalf under the company's rules, terms, principles or orders that are given by the Board of Directors or the company as defined.
- 8) Prepare and present significant company's business performance to the Board of Directors as regular basis as well as the other reports are required by the Board of Directors.
- 9) Represent the company in dealings with third parties.

6. The Board of Directors' Authorization

The Board of Directors is empowered to authorize various matters in accordance with the scope of authority stipulated by laws, the Company's Articles of Association, the Board of Directors charter, and the shareholders' meeting resolutions. Such matters include defining and reviewing corporate vision, mission, operating strategies, operating plans, risk management policy, annual budget and business plans, and medium-range business plan. Added to this is the defining of the target operating results, following up and assessing the operating results to ensure they are consistent with the plan, and overseeing capital expenditure, material connected transactions, merger and acquisition, corporate spin-off, and joint venture deals.

7 Board meetings

The company has scheduled Board meetings in advance for each year so that directors can schedule themselves to attend the meeting. The Chairman of the Board approves to endorse the meeting and its agenda by consultation with Managing Director. Each Director is also allowed to propose urgent matters for the agenda's consideration in each meeting. The company will deliver the meeting agenda and relevant documents to all directors for consideration in advance. In order to have enough time and consider the agendas under the following guidelines:

- 1) The company regulations define the Board of Directors to have a meeting at least once a quarter with at least half of the total board in attendance to make a quorum.
- 2) The company should deliver the meeting invitation to directors at least seven days ahead of each meeting date. To give them enough time to study, deliberate and make decision on all agenda items as well as schedule themselves properly to attend each meeting.
- 3) Chairman of the Board approves to endorse the meeting and agenda of the meeting by consultation with the Managing Director and consider the proposed agendas of directors. To include other significant matters in the agenda for the next meeting.
- 4) The Chairman ensures that the Board of Directors has adequate time for the management's information presentation including questions and debate of significant issues.
- 5) The Board of Directors must duly devote their time and attention to the company's business and be prepared to attend meetings regularly. Board of Directors' have the duty to attend at least 75 percent of such meeting.

- 6) The Board of Directors can gain reasonable access to information, to request documents and data, consultation and related services concerning company operations from top executive as well as seeking independent views from external consultants if necessary.
- 7) Supports top executive should attend the board meetings, to provide additional information and details.
- 8) Resolution will be passed by no less than 2/3 of entire directors while casting vote.
- 9) Directors, who are potential involvement or vested interest in any agenda item, must refrain from voting or express views on that item.
- 10) Minutes of the Board meetings including its meeting agenda and the board' views must be clear for future reference.

In the year 2017, there was a meeting of the Board of Directors in total of 11 times and directors who are not manager of the company held the meeting themselves without managers in total of 1 times, The company disclosed the total of meeting attending for each director in table no. 7.

8.Board of Directors and Sub-Committee 's Performance Assessment

The performance appraisal of the board and subcommittee is done annually by evaluation in group and self-assessment. To co-consider the performances and problems for further development.

In the year 2017, the company used the appraisal format of Stock Exchange of Thailand to cover significant issues such as structure and qualification of the Board, roles and responsibilities, board meeting, duties of the board, relationship with the management and Self-development of directors and executive.

Appraisal of the Board's performance as a whole, will be defined clearly a criteria and procedure by Nomination, Remuneration and Corporate Governance Committees who also considered the appraisal format and questionnaire about an information of knowledge development, performance of directors and then reported to the Board of Directors for considering. The company might consider employing external consultants to set guidelines and propose issues of the Board's performance appraisal as well as to disclose the performance in the annual report.

The Secretary of the company submitted the performance's appraisal form to all directors to assess the performance of the Board of directors and subcommittee and then, compile and conclude after finishing the assessment to propose to the Nomination, Remuneration and Corporate Governance Committee first. Then, proposing to each chairman of directors.

Table 17 The results of the assessment of the board of directors and subcommittee for the year 2017

The Board of Directors and Sub-Committee	The results of the assessment of committee as a whole
1. Board of Directors	85.23
2. Audit Committee	94.71
3. Risk Management Committee	90.00
4. Nomination, Remuneration and Corporate Governance Committee	88.15

The criteria for the assessment represents to the percentage as:

- Over 85% = Excellent
- Over 75% = Very Good
- Over 65% = Good
- Over 50% = Average
- Under 50% = Need an improvement

Managing Director Assessment

The Board of Directors and the Nomination, Remuneration and Corporate Governance Committee were the assessor of Managing Director's performance by considering based on business performance, implementation of the Board's policies, and socio-economic circumstances and used the appraisal format of Stock Exchange of Thailand. Then the Nomination, Remuneration and Corporate Governance Committee will consider the appropriate remuneration for Managing Directors and Top executive and proposed to the Board of Directors according to the following criteria:

1. Leadership skills
2. Strategic Planning
3. Strategic Implementation
4. Financial Management
5. Relationship with the Board of Directors
6. Relationship with outsider
7. Human resource management and relationship with human resource
8. Succession Planning
9. Production and services knowledge
10. Characteristic

The Managing Director's an average score of assessment is 81.41 percent achieved "Excellent". And also was estimated by Key Performance Indicator, an average score of Key Performance Indicator assessment is 75.80 percent achieved "Excellent". Therefore, a summary of The Managing Director is 76.92 percent achieved over all "Excellent".

9. Development of Directors and Executives

- 1) The company has promoted and provided support on training and education on Corporate Governance of the company to Directors, Committee members, Executives, the corporate secretary and others, as part of continuous operational development.
- 2) The company has provided new Directors with orientation documents to comply with useful materials. An orientation program is provided to new directors with nature of business and the company's business practices. Directors have also undergone training organized by Thai Institute of Directors (IOD).
- 3) The company has continued to executive development program forges preparedness for its Internal rotation of executives and this also applies to Managing Director succession through the top Executives appraisal program.
- 4) The company has established a mentoring program, to develop operational readiness level of Senior Executives or Managing Director position. Upon the Managing Director position is available, the company will consider the qualification and capabilities person as well as external qualified executives or Executive Assistant to Managing Director or Senior Executive with the availability to the recruitment process.

Readiness Preparation for Directorship

For new directors, The Company established a Director Induction Program to facilitate their prompt performance of duties. To provide important information essential for the directors' performance of duty such as the Company's Articles of Association, the Company's director handbook, the handbook for directors of listed companies, and summary of operating results, for use as quick reference. Moreover, to arrange for a meeting with the Chairman and directors and Managing Directors or the executives or head of each function to stay informed and make queries about the Company's business in depth.

Table 18 : Training and Seminar program in 2017

Name of Course	Venue	Participant list	Position
Advanced Audit Committee Program (AACP) 25/2017	Thai Institute of Directors Association	Mr. Adsakorn Limpiti	Independent Director
Advanced Audit Committee Program (AACP) 25/2017	Thai Institute of Directors Association	Mrs. Pojanard Prinyapatpakorn	Director and Managing Director
Board Nomination and Compensation Program (BNCP) 1/2017			
Risk Management Program for Corporate Leaders (RCL) 6/2017	Thai Institute of Directors Association	Mr. Dejbordin Riensubdee	Director and Secretary of Risk Management Committee
Director Certification Program (DCP) 234/2017			
Family Business Governance (FBG) 9/2017			
Risk Management Program for Corporate Leaders (RCL) 6/2017	Thai Institute of Directors Association	Mr. Wichit Pansrimangkorn	Risk Management Committee
Board Report Program (BRP) 23/2017	Thai Institute of Directors Association	Mr. Teerachai Siritunyanont	Director
Director Accreditation Program (DAP) 142/2017			
Company Secretary Program (CSP) 84/2017			
Financial Statements for Directors (FSD) 33/2017	Thai Institute of Directors Association	Ms. Napasiri Mahathitirat	AMD Business Line : Accounting and Financial
Boardroom Success through Financing & Investment (BFI) 1/2017			

Sub-Committee

The Board of Directors appointed 3 Sub-committee such as Audit Committee, Risk Management Committee and the Nomination, Remuneration and Corporate Governance Committee for Sustainable Development to be responsible for their specific areas and report directly to the Board for its consideration or reference by putting in place its Charter of the Sub-committees specifying rights and duties, which is published on the Company's website

Audit Committee

As of December 31, 2017, the Audit Committee consisted of Audit Committee and Independent Directors of the company's board in total 3 persons with fully qualified, according to the announcement of the Stock Exchange of Thailand. In connection with qualifications and scope of the Audit Committee, to perform their duties and balance of the company's business operations with accuracy and the benefits to shareholders. Naming list of the Audit Committee and the Independent Directors adhere to the table no.8. Namely; Mr. Singchai Aroonvuthiphong was the Chairman of Audit Committee who graduated from Accounting with knowledge and experience in auditing and review the financial statements of the company.

Scope of Duties and Responsibility of the Audit Committee

1) Financial Reports and Audit

- Review financial statements of the Company in order to ensure that they are correctly and credibly as well as disclose information sufficiently. The company co-ordinates with the external auditors and the executive's responsible for financial reporting both quarterly and annual.
- Consider, select and nominate an independent person as Auditor for the company as well as suggest remuneration for the auditor with regard to reliability, resource adequacy and quantity of auditing including attending the meetings with the Auditors without any management at least 1 time per year.
- Promote the independence of the Auditors and opine to the suitability of the Auditors including the enhancement of financial reporting system development with equal to the International Financial Reporting standards.

2) Internal Control

- Review to ensure that the Internal control systems, Internal Audit systems of the company and Risk Management systems are efficiently. May suggest to review or examine any necessary and important items as well as to provide suggestions, improve the internal control systems, Risk Management systems and report the review of the Board of directors.
- Review an evidence, should there is any questions with the operations that may have a significant affect to the financial status and the Operating results of the company or the conflict of interest or any violation of laws and regulations relevant. This may affect to the operations of the company.
- Review an internal processes of Whistle-Blowing and complaints.
- Review to verify Information technology with accuracy and effectiveness, relate to financial reporting and Internal control.

3) Internal Audit

- Review to ensure that the internal Audit systems are suitable and efficient including the Internal Audit Department complies with the standards for internal audit.
- Consider the independence of Internal Audit Department including an instruction to budget, Manpower of the Internal Auditor as well as to consider an appointment and termination of the Internal Auditor. In addition, to evaluate annual performance of employees and the Head of Internal Auditors.
- Consider the Internal Audit Department Charter.
- Evaluate the annual Internal Audit plan in order to ensure the compliance of audit plan and the level of company's risk.
- Review and approve the findings together with the Internal Auditors.

4) Compliance with Relevant Laws and Regulations

- Review the company to compliance with securities laws and regulations of the Stock Exchange of Thailand and policies, rules, requirements and the other laws, relating to the business of the company.

- Consider Related Transactions or transactions which may Conflict of Interests to compliance with the laws and the requirements of the Stock of Exchange of Thailand. To ensure that such transactions are reasonable and the utmost benefit of the company.

5) Other Duties

- Seek the advice of an independence opinion from the counsel or professional advisors where necessary to the expense of the company, with the approval of the Board of Directors. The employment is in accordance with the regulations of the company.
- Arrange a report of the Audit Committee, signed by the Chairman of the Audit Committee and disclose in the annual report of the company, in accordance with the SET.
- The Chairman or Audit Committee attends the AGM with clarification work of Audit Committee or the appointment of the Auditor.
- Review and revise the Audit Company had 3 directors and propose to the Board of Directors for approval.
- Perform in any other task as assigned by the Board of Directors with approval of the Audit Committee.

Risk Management Committee

As of December 31, 2017, the company had 4 directors performed in Risk Management Committee. List of Directors as adhere to table no. 9.

Scope of Duties and Responsibilities of Risk Management Committee

- 1) To define the risk management policy and framework covers all areas including Financial risk, Safety and environmental risk, Production and distribution risk, Risk from Raw material cost as well as Labor risk and any risks affecting to the company's reputation.
- 2) To review and revise the policy as well as risk management processes and charter to ensure the effectiveness and adequacy were in line with changing circumstances.
- 3) To define strategy in compliance with the company's risk management policy. Monitor and control in order to reduce risk to an acceptable level.
- 4) To support and develop the implementation at all levels including promote a culture of risk management throughout the company.
- 5) To oversee and review reports on key risks. Giving an advice to ensure that the efficient implementation is in place and appropriate to the business. In addition to be able manage various risks to a level acceptable in accordance with the policy Risk Management organization.
- 6) To report the performance to the Board of directors regularly. To implement and comply with the policies and strategies as defined.
- 7) To perform any other tasks as assigned by the Board of Directors.

Nomination, Remuneration and Corporate Governance Committee

In the year 2017, the Board of Directors considered appointing the Nomination, Remuneration and Corporate Governance Committee which consisted of 4 directors. They are the independent directors and possess both talent and Knowledge as well as having experience related to duties and have sufficient time to efficiently handle their duties by implementation of the Objective. Nomination, Remuneration and Corporate Governance Committee have duties to consider seeking a qualified nominated candidate to become directors to replace directors which those are retired by rotation or else case and research, consider and monitor the change and tendency of remuneration of the Board of Directors as well as Top executive together with proposing, revising and supervising the Company's corporate governance matters. Moreover, the Committee reviews the performance evaluation system of the Board of Directors and the Sub-Committee. The Charter of this Committee was considered approving by the Board of Directors and publishes on the Company website

Scope of Duties and Responsibility of Nomination, Remuneration and Corporate Governance Committee.

1. Nomination term

- 1.1) Define the procedure and criteria for the nomination of directors
- 1.2) Consider structures, sizes and composition of the Board of Directors and Sub-committee properly in line with the Company's Structure and the changing circumstances.
- 1.3) Consider and set the qualification of candidate who becomes a director by taking into consideration of knowledge, skilled talent as well as having experience related to the Company's operation and dedication.
- 1.4) Nominate the qualified candidates to be directors, sub-committee and top executive and propose to the Board of Directors to consider appointing those as seen suitability and the position that become vacant.
- 1.5) Devise a development and training plan of performance of duty or business knowledge of the company for directors and directors in sub-committee.
- 1.6) Review the succession plan for top executive as well as the list of a qualified candidate for succession and propose to the Board for consideration as seen suitability and the position that become vacant.
- 1.7) Perform other duties as assigned by the directors

2. Remuneration Term

- 2.1) Consideration of the remuneration for the Board of Directors and sub-committee.
 - 1) Report its opinion about structures and composition of the remuneration for the Board and Sub-Committee to the Board of Directors for an annual review.
 - 2) Approve and review the criteria of the performance appraisal of the Board of Directors and propose to the Board of Directors for consideration and assessment. Then the Nomination, Remuneration and Corporate Governance Committee would consider the result of the assessment for appointing the regeneration of the Board of Directors and Sub-Committee.
 - 3) Propose the criteria of the remuneration of the Board of Directors and Sub-Committee by taking into consideration their duties and responsibilities. The remuneration will be appointed in line with

assessment, business plan and overall operating result as a whole for convincing and keeping the directors who had knowledge, skilled and latency. The Board of Directors would consider for approval before proposing to Annual General Meeting of Shareholders for approval onward.

2.2) Consideration of remuneration for Top executive

- 1) Approve and review the structures and composition of the remuneration of Top executive on the annual basis and propose the Board of Directors for approval.
- 2) Define the top executive remuneration properly by using assessment results as supporting information and propose the Board of Directors for approval.
- 3) Review the criteria of the performance assessment of Top executive on an annual basis and propose the Board of Directors for approval.
- 4) Organize the performance assessment of Top executive on an annual basis and propose the Board of Directors Board for approval

3. Corporate Governance term

- 3.1) Define the Good Corporate Governance Policy proper to the Company under laws, criteria, rules and regulations of Institute which had duties for governance such as the Stock Exchange of Thailand (SET), Securities and Exchange Commission (SEC) and relevant Institute as well as international standard methods of the Good Corporate Governance to propose the Board for approval.
- 3.2) Control, administer and give its opinions to directors and executive for performing their duty and responsibility as the Good Corporate Governance Policies due to the practically result and continuity.
- 3.3) Review and improve the Good Corporate Governance Policy constantly to be in line with international standard methods, Including laws, criteria, rules, regulations and the Company business.
- 3.4) Create the annual report of the Good Corporate Governance assessment and report to the Board of Committee as well as giving opinions and recommendations for improvement as seen appropriate.
- 3.5) Suggest rules and methods of morality and ethics in practice for business procedures and a list of principles of the board of Directors, executives and employees.
- 3.6) Appoint working groups to support the Good Corporate Governance Policy as necessity.
- 3.7) Perform other duties as assigned by the directors

Remuneration of Directors and Managing Director

The company's policy is to compensate Directors and Managing Director at reasonable levels to motivate and retain quality Directors or at levels comparable to Industrial nearby. Remuneration will link to the Directors and Managing Director's performance and responsibility as well as the company's performance and benefits to the shareholders. The Directors, who are assigned to the greater job responsibilities, will be received more compensation for such the extra tasks. The Chairman may likewise receive the higher compensation than the Directors. The Board of Directors will report the Remuneration to the AGM for approval.

Selection and Appointment of Directors and Top Executives

Selection Independent Director

Criteria for the selection of Independent Directors comprises of 1 Independent Directors/ knowledge, competence and famous expert in Plastic Industry and another 1 Independent Directors/knowledge of Accounting or CPA and experience in review the Financial statements. To nominate the qualified candidates in accordance with the consideration of Directors, then present to the shareholder's meeting for approval.

Directors and Independent Directors appointment

The Directors shall be elected at the shareholder's meeting in accordance with the following criteria and procedures:

- 1) Each shareholder shall have one (1) vote per one (1) share.
- 2) Each shareholder shall exercise all the votes as 1) to elect one or several candidates as a Director or Directors. However, the votes cannot be split.
- 3) Candidates who receive the highest number of votes in descending order, shall be elected as Directors, equal to a number of Directors or election such that period. In case the candidates who are elected by descending order of votes with the equal number of votes, but exceed the number of the directors. The Chairman of the meeting shall cast one extra vote to the final decision.

Termination and Retirement of Directors

- 1) At every Annual General Meeting (AGM), one-third of the Directors should retire. If this number cannot be divided into three parts, the number of the nearest to the one-third shall vacate the office. However, a retiring Director may be eligible for re-election.
- 2) Apart from retirement at the end of the office term, a director shall vacate the office with a reason of death, resignation, lack of qualifications or disqualification under the law pertaining to Public Company Limited and/or Securities and Exchange Law. Removal pursuant to a resolution at the Shareholders meeting or a court's order.
- 3) Any Directors, who would like to resign from the Directors, can submit a resignation letter to the company. The resignation will be effective from the receiving date by the company. The Director may also inform the register about the resignation.
- 4) At shareholders meeting, shareholders may vote the removal of any Directors from the office, prior to the term's expiration. At least, three-quarter votes of eligible shareholders present at the meeting are required. Providing that the number of shares is at least half of the total number of shares represented by the eligible shareholders and present at the meeting.
- 5) In case of Directors are vacancy as the other reasons and other than for term expiration, the Board must select a qualified person and no prohibited manner in accordance with law of the Public Limited Company and laws of the Securities and Exchange. To be a Director at the next Board's meeting. If the remaining term is less than two months, the substituting Directors can remain in the office for the remaining period.

Transaction between the company and subsidiary or affiliated companies

- The company has no subsidiary and affiliated companies to oversee

Auditors and Auditor fee

1) Auditor fee

The company pays audit's remuneration to auditors during the past year in total of 1,700,000 Baht and costs related to the audit by the actual cost at 35,216 Baht in the amount of 1,735,216 Baht.

2) Other charges

- No any other charges.

Corporate Social Responsibility

The company is committed to conducting business with recognizing the consequence that occurs at all time and to be a leading of packaging manufacturer. We have defined the Social responsibility as a framework of the company. To perform in conjunction with Good corporate governance principles throughout the customer, employee and stakeholder of the company. The report and detail of the social responsibility will disclose in a separate report on website of the company: <http://www.thantawan.com> under the social responsibility.

Internal Control and Risk management

The opinion of BODs concerning company's internal control system

According to the Board of Directors meeting No.2/2018 held on February 13, 2018 which the audit committee, comprising of 3 independent directors to attend the meeting. The Board of Directors had evaluated the company's internal control system from the report of Audit Committee as agreed with the Board of Directors. In conclusion, an assessment of the Internal control system of the 5 components: Internal control organization, Risk management assessment, Operational Control, Information system and communication and Monitoring system. For the year 2017, the Board of Directors and The Audit Committee had agreed that the internal control system of the company was sufficient and suitable to business operations. Maintained effectiveness and efficiency operations, Use of resources and protecting company's property, Prevent or reduce errors, Accounting system and financial reports with reliable accuracy as well as compliance with laws, orders, regulations to the company's business, No deficiency significant, Follow the Internal control framework as reference from the standard of COSO (The Committee of Sponsoring Organizations of the Tread way Commission). Details could be summarized as below:

1. Internal control organization

The Company encourages a good working environment including an appropriate organizational structure and explicit internal line of command. To set the qualification of specific work position and assign duties and responsibilities to each position appropriately. Maintain Practice Good corporate governance policy by providing Code of Conducts as well as policy and operational plans. Considering fairness to employees, customers, trade

partners including responsibilities to shareholders. Giving priority to protect the interest of investors and stakeholders equally.

In addition, the company has also stressed on the importance of personnel development. To create the participation of employees thoroughly as well as apply activities mutual into the way of performance values. Provide training development of product knowledge to employees, skill and ability are suitable to job's assignment. To encourage staff and training development of excellence and standards consistently.

2. Risk Management

The company has focus on the operations of the Risk Management policy and framework. The Board of Directors has appointed 3 directors as Risk Management committees, Duties are to review the Risk Management policy and framework and the Risk Management structure. Additionally, provide an instruction to Risk Management that is consistent to the strategic direction and operational business plan together with supervision, monitor and review the significant' reports of Risk Management. To comply with the standards and the changing environment. The company had announced the Risk Management policy for employees to use as guidelines in the same standards. In 2017, the company could operate the Risk Management plans contained risk's review, measures to support as defined and clearly identify those responsible. To monitor the results of Risk Management from all division.

3. Operational Control

The company has clearly prescribed in written duties and authority for management of each level. Roles and Responsibilities in key areas are clearly separated for instance, approval, transaction recording, data processing and protecting company's property. In order to check with each other. In case there are the transactions carry out with connection parties, the company duly follows The Notification of The Capital Market Supervisory Board, to avoid the conflict of interest and with regard to the utmost benefit of the company and shareholders.

4. Information System and communication

The company recognizes the importance of information and communication systems on accuracy, reliable and timely information, including the development of Information system consistently. Also, Financial information. Operational policies, Rules and regulations for making a decision correctly and promptly. Provide a process of data processing systems, control Information system both in terms of data access and misuse of data in a way that should not be. The company also provides the system information and communication channels both within and outside the organization efficiently and effectively. In addition, there is a channel and communication with stakeholders effectively in time. To publicize the information on the company's website; www.thantawan.com.

5. Monitoring

The company has set the monitoring process and evaluation of operation to achieve objectives and business goals. The Executive and Head of each department held a meeting to review the indicators, target and follow up the work on a regular basis. In addition, the company has also followed the inside and outside team as:

Our outsourcing Internal auditors carries out its work freely, mostly high risk transaction, and focus on the sufficiency and suitability of existing internal control system with efficiency and effectiveness of performance-based regulation and legitimate. Other important issues that are detected, will report to the management of the audited unit for amendment. To report the audit results and the progressive to the Audit Committee and Executive.

The Audit committee will review and follow up the internal control system. Inform about the deficiency of the essential part that is often find and report to BOD to make decision in suitable time. Most of the corrective action has been completed.

The external monitoring with CPA carries out its work freely has been appointed in the shareholders' annual meeting, to audit and comment the financial statements. Over the past years, there was no any observation of the company's internal control deficiencies in the essential part.

Information of Internal Audit

In The audit committee's meeting which held on No.1/2017 on January 26, 2017, had appointed Quantam Point Consulting Co., Ltd. as company's internal auditor which the company had assigned Mr. Rakpon Angsuwittaya, Internal Control Systems Manager who is responsible for the company's internal auditor.

Audit Committees had considered qualifications of Quantam Point Consulting Co., Ltd. and Mr. Rakpon Angsuwittaya that they were suitable adequately with such duties, due to the independence and experience in the operation of internal audit with listed companies in stock market. Also, he had been trained in courses related to the performance of the Internal Audit: Advance Audit Committee course of Thai Institute of Directors Association – IOD. The company also had arranged Management team as the team work, to co-ordinate with the outsourcing internal auditors.

As a result, the consideration of procuring an internal audit, cancelling and changing of the key person as the internal audit of the company. This should have been approved from the Audit Committee members. The qualification of the main responsible person or head of internal auditor is appointed as stated to attachment no.3.

Connected Transaction

- None -

Profile of Directors, Executive, Controller and Company Secretary

Attachment 1

Name/Surname Position date	Age	Highest Education University / Institution	Work Experiences (At Least 5 Years)		
			Time	Position	Name / Company / Kind of Business
Mr. Praisun Wongsmith Independent Director Shareholders' equity: None	59	- Master of Economics University of Oklahoma State, USA - Advanced Security Management Program (ASMP) Class 5, The Association National Defence College of Thailand under the Royal Patronage of his majesty the king - Capital Market Academy Leader Program Class 14, Capital Market Academy - The Leadership, Grid Teamwork Co., Ltd. <u>Thai Institute of Director</u> - Advanced Audit Committee Program Class 24/2016 - Director Briefing Class 4/2016 (Managing Technology & Disruption) - Board that Make a Difference (BMD) Class 1/2016 - Role of the Chairman Program (RCP) Class 37/2015 - Director Certification Program (DCP) Class 92/2007 - Director Accreditation Program (DAP) Class 12/2004	2016 – present	Independent Director	- TMB Bank Public Company Limited
			2016 – present	Independent Director	- CAT telecom Public Company Limited
			2015 – present	Chairman /Independent Director	- Thantawan Industry Public Company Limited
			2012 – present	Director Managing Director	- PW Consultants Company Limited
			2015 – 2016	Sub-Committee	- Council of Engineers
			SEP 2014 – JAN 2015	Managing Director	- SCMB Company Limited
			2014 – 2016	President	- SCMB Company Limited
			2012 – 2016	Independent Director/Chairman of Audit Committee	- Thantawan Industry Public Company Limited
			2012 – 2015	Selection director NPLs management service provider which non- collateral	- SME Development Bank
			Nov.-Dec.2014	- Chairman of supervise	- SME Development Bank
Mr.Singhchai Aroonvuthiphong Independent Director Shareholders' equity: None	58	- Doctor of Philosophy Program in Management, Suan Dusit Rajabhat University - CSR DAY for Directors Program, Thaipat Institute & CSRI <u>Thai Institute of Directors</u> - Director Accreditation Program - Director Certification Program - Audit Committee Program - How to Develop a Risk Management Plan	1999 - Present	- Independent Director and Chairman of Audit Committee	- Thantawan Industry Public Company Limited
			1996 – Present	- Managing Director	- Sirin CPA Company Limited
			1998 – Present	- Managing Director	- Grace firm Company Limited
			2011 – Present	- Managing Director	- Training Center Company Limited
			2005 - Present	- Independent Director And Chairman of - Audit Committee	- Power Line Engineering Company Limited

Profile of Directors, Executive, Controller and Company Secretary

Attachment 1

Name/Surname Position date	Age	Highest Education University / Institution	Work Experiences (At Least 5 Years)		
			Time	Position	Name / Company / Kind of Business
Mrs. Pojanard Prinyapatpakorn Authorized Director, Managing Director Shareholders' equity: None	63	<ul style="list-style-type: none"> - Master of Social Administration, Thammasat University - Master of Housing Development, Chulalongkorn University - Capital Market Academy Leader Program Class 17, Capital Market Academy - Top Executive Program in Industrial Development and Investment Class 3/2016, Institute of Business and Industrial Development <p><u>Thai Institute of Director</u></p> <ul style="list-style-type: none"> - Boards that Make a Difference (BMD) Class 1/2016 - Role the Chairman Program (RCP) Class 36/2015 - Successful Formulation&Execution of Strategy (SFE) Class 21/2014 - How to Develop a Risk Management Plan (HRP) class 2/2012 - Role of the Compensation Committee (RCC) Class 14/2012 - Finance for Non-Finance Director (FND) Class 25/2006 - Directors Certification Program (DCP) Class 35/2003 	2017- Present 2017-Present 2014 – 2017 2010 - Present 2010 - Present	<ul style="list-style-type: none"> - Independent Director / Audit Committee - Risk Management Committee - Chairman of Risk Management Committee - Director / Managing Director - Director / Managing Director 	<ul style="list-style-type: none"> - Daii Group Public Company Limited - Thantawan Industry Public Company Limited - Thantawan Industry Public Company Limited - Thantawan Industry Public Company Limited - Bangkok Terminal Company Limited
Mr. Kawin Pansiri Deputy Managing Director (Assigned September 1,2017 and retired December 1,2017)	46	<ul style="list-style-type: none"> - Master In Finance (MIF), Thammasat University - Bachelor Of Science, Kasetsart University <p><u>The Thai Institute of Directors Association</u></p> <ul style="list-style-type: none"> - Director Certification Program (DCP) 149/2011 	2017 2016 – 2017 2004 – 2005	<ul style="list-style-type: none"> -CEO & Deputy CEO -Chief Executive Officer -Co – Chief Executive officer 	<ul style="list-style-type: none"> - SUMMIT CORPORATION Co., LTD. - WMI EMPORIUM Co.,LTD. - ADVANCE AGRO GROUP
Ms. Narissai Mahathitirat Authorized Director & ADM Business Line Business support 2 Shareholders' equity: None	49	<ul style="list-style-type: none"> - Master Of Business Administration Thammasat University - Master of Computer Science University of Pennsylvania, U.S.A. - CSR DAY for Directors Program,Thaipat Institute & CSRI <p><u>The Thai Institute of Directors Association</u></p> <ul style="list-style-type: none"> - Director Accreditation Program 	2005 – Present 2006 - 2010 1999 - 2003	<ul style="list-style-type: none"> - Director / Executive Director - Deputy Managing Director - Assistant Director Business Line : Business Support 2 	<ul style="list-style-type: none"> - Thantawan Industry Public Company Limited - Thantawan Industry Public Company Limited - Bangkok Terminal Company Limited

Profile of Directors, Executive, Controller and Company Secretary

Attachment 1

Name/Surname Position date	Age	Highest Education University / Institution	Work Experiences (At Least 5 Years)		
			Time	Position	Name / Company / Kind of Business
Mr. Teerachai Siritunyanont Authorized Director, Company Secretary & ADM Business Line Managing Director office Shareholders' equity: None	53	<ul style="list-style-type: none"> - Master Of Business Administration, University of the Thai Chamber of Commerce - Bachelor of Accountancy, Dhurakij Pundit University - CSR DAY for Directors Program Thaipat Institute & CSRI - Corporate Social Responsibilities for Sustainable Development, Corporate Social Responsibility Institute <u>The Thai Institute of Directors Association</u> - Board Report Program (BRP) 23/2017 - Director Accreditation Program (DAP) 142/2017 - Company Secretary Program (CSP) 84/2017 	2010 - Present 2007-Present	<ul style="list-style-type: none"> - Director / Executive Board / Secretary to Audit Committee - Company Secretary 	<ul style="list-style-type: none"> - Thantawan Industry Public Company Limited - Thantawan Industry Public Company Limited
Mr. Surasak Luangaramsri Authorized Director, & ADM Business Line Marketing and Sale Shareholders' equity: None	51	<ul style="list-style-type: none"> - Master of Business Administration in International Business, Mercer University of Atlanta, Georgia, U.S.A. - CSR DAY for Directors Program, Thaipat Institute & CSRI 	2012 - Present 2011 - Present 2004 - 2009	<ul style="list-style-type: none"> - Director / Executive Board & Secretary - General Manager - Managing Director 	<ul style="list-style-type: none"> - Thantawan Industry Public Company Limited - Thantawan Industry Public Company Limited - MDS Group Thailand
Mr. Dejbordin Riensubdee Authorized Director, AMD Business Line Production and Acting ADM Business Development and Corporate Strategic Planning Shareholders' equity: None	43	<ul style="list-style-type: none"> - Master of Business Administration (M.B.A), Sasin Graduate Institute of business Administration of Chulalongkorn University - Mechanical Engineer Milwaukee School of Engineering (U.S.A) <u>The Thai Institute of Directors Association</u> - Risk Management Program for Corporate Leaders (RCL) 6/2017 - Director Certification Program (DCP) 234/2017 - Family Business Governance (FBG) 9/2017 	2016 – Present 2014 – 2015 2012 – 2012 2009 – 2013 1999 - 2008	<ul style="list-style-type: none"> - Board of Director/Director & Secretary to Risk Management - Finance and Business Development Manager - Business Development Manager - Marketing Manager - Export Sale SEA Sea region 	<ul style="list-style-type: none"> - Thantawan Public Company Limited - Nawanakorn Plastic Company Limited - SCG Chemical Company Limited - Mehr Petrochemical Company - SCG Chemical Company
Mr. Wichit Pansrimangkorn ADM Business Line Business Support 1 Shareholders' equity: 0.005% (4,000shares)	59	<ul style="list-style-type: none"> - Master of Business Administration Thammasat University <u>The Thai Institute of Directors Association</u> - How to Develop a Risk Management Plan - Risk Management program for Corporate Leaders (RCL) 6/2017 	2014 – Present 2014 - Present	<ul style="list-style-type: none"> - Risk Management Committee - Executive Director 	<ul style="list-style-type: none"> - Thantawan Industry Public Company Limited - Thantawan Industry Public Company Limited

Profile of Directors, Executive, Controller and Company Secretary

Attachment 1

Name/Surname Position date	Age	Highest Education University / Institution	Work Experiences (At Least 5 Years)		
			Time	Position	Name / Company / Kind of Business
Ms. Napasiri Mahathitirat AMD Business Line: Accounting and Financial Shareholders' equity: None	41	- Master of Financial and Marketing of Sasin Graduate Institute of Business Administration of chulalongkorn university <u>The Thai Institute of Directors Association</u> - Financial Statements for Directors (FSD) 33/2017 - Boardroom Success through Financing & Investment (BFI) 1/2017	2016-Present	- AMD Business Line: Account and Financial	- Thantawan Industry PLC
			2012- 2015	- Accounting and Financial	- TMB Bank Public Company Limited
			2009-2012	- Manager	- TMB Bank Public Company Limited
			2004-2009	- Assistant production manager Relationship Manager, Multi-corporate Department	- TMB Bank Public Company Limited
			1999-2002	- Senior Auditor	- Pricewaterhouse Coopers ABAS Co., Ltd

Remark

The abovementioned persons, there are 3 persons which are in family relations :

1. Mr. Dejbordin Riensubdee is Ms. Napasiri Mahathitirat's husband.
2. Ms. Napasiri Mahathitirat is Ms. Narissai Mahathitirat's sister.
3. Ms. Narissai Mahathitirat is Ms. Napasiri Mahathitirat's sister and Mr. Dejbordin Riensubdee's sister wife.

Details of Directors in related companies.

Attachment 2

Name	Thantawan Industry Plc.	Related Companies			
		Thantawan Group Co.,Ltd.	Sunflower Enterprise Co.,Ltd.	Bangkok Terminal Co.,Ltd.	Suntowers Co.,Ltd.
1. . Mr. Prisun Wongsmith	X, R				
2. Mrs. Pojanard Prinyapatpakorn	/, ///	/	/	/	/
3. Ms.Narissai Mahathitirat	/				
4. Mr.Surasak Luangaramsri	/				
5. Mr. Dejbordin Riensubdee	/, ///				
6. Mr.Singhchai Aroonvuthiphong	O, /, ///				
7. Mr. Sayan Satangmongkol	/, //, ///				
Mr. Asdakorn Limpiti	/, #, //, ///				
9. . Mr. Teerachai Siritunyanont	/				
10. Mr. Wichit Pansrimangkorn	///				

X = Chairman

O = Chairman of Audit Committee

= Chairman of Risk Managem Committee

R = Chairman of Nomination Remuneration and Corporate Governance Committee

/ = Director

// = Audit Comiitee

/// = Risk Management Committee

//// = Nomination Remuneration and Corporate Governance Committee

Profile of Company's Internal Audit

Attachment 3

Name of Company's Internal Audit:

Quantum Point Consulting Co.,Ltd.

Address:

256/194 Moo 4 Watcharaponl Soi 3 Yak 1 Klongtanon, Saimai, Bangkok 10220 Tel. 081 8419763

Name of the appointed person as Head of Internal Audit:

Mr. Rakpon Angsuwittaya - Manager of Internal Control system

Education

- Master of Business Administration; University of Louisiana
- Bachelor of Science (Accounting), Ramkhamhaeng University

Experience

2011 – Present	Manager of Internal Control Quantum Point Consulting Co., Ltd. Business Consulting and examiner of internal control sufficient
2004 – 2010	Manager of Internal Control R P J M Coaching Business Consulting and examiner of internal control sufficient
2000 – 2003	Finance & Operation Director Jafra International (Thailand) Ltd. – Cosmetics
1997 – 2000	Financial Controller Indochina Healthcare Limited - Pharmaceutical

Training Program:

- Internal Audit course by Thai Institute Directors
- In-house training; Tips and Tools for preliminary audit
- In-house training: Audit Management
- Seminar Anti-Corruption: Synergy to Success by The Institute Of Internal Auditors of Thailand

Duties and responsibilities of Head of Internal Audit:

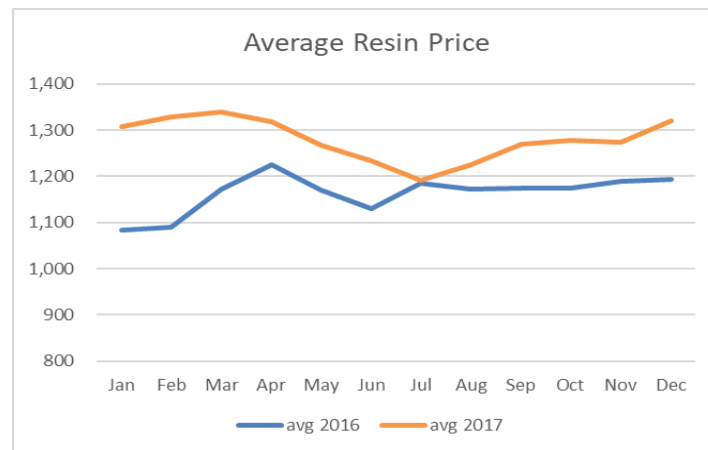
- 1) Planning for man power and monitoring quarterly.
- 2) Risk assessment of the examine transaction and prepare audit programs.
- 3) Review working papers and review issue from audit field.
- 4) Conduct the meeting with staff to follow up the progress of each transaction.
- 5) Meeting with Audit Committee for reports and support a plan to improve the risk reduction or spread the risk away.
- 6) Meeting with Audit Committee for monitoring the adequacy of Internal Control systems.
- 7) Providing training course related to basic knowledge about financial management for staff.

Management Discussion and Analysis for 2017

Results of Operations

The revenue of 2017 increased to THB 2,945.34 million which was THB 241.44 million or 9% growth from 2016. Net profit of THB 276.97 million decreased from 2016 amounting to THB 47.06 million. Earnings per share was THB 3.46 compared with THB 4.05 in 2016.

Factor impacting this performance was mainly due to movement of resin price and plant's efficiency improvement cost. In 2017 resin cost which used in production, especially LDPE, LLDPE and Bioplastic resin were higher than 2016. Furthermore, the company keeps enhancing productivity in production line and renovated some area in the factory for current and future expansion. The company also focuses on research and development for new product in order to cope with customer demand. All of these inevitably caused higher cost.

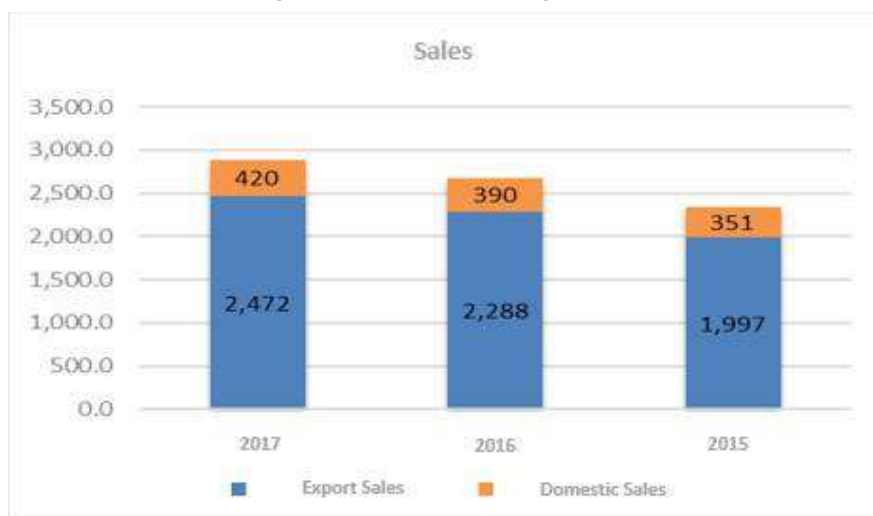


source: ICIS and supplier's price

Revenue from sales

Total sales revenue in 2017 was THB 2,892.35 million increased by THB 213.94 million or 8% from last year due to both domestic sales and export sales expansion and mainly from plastic bag product.

The diagram shows continuous growth of sales



Most of Finished products, both local and overseas, are made in accordance with customers' orders (Made to Order) which can be classified into 3 categories as follow

- 1.) Plastic bags e.g. Zipper bag, breast milk storage bag
- 2.) Drinking straws
- 3.) Other products e.g. Zipper profile, Body puff

Performance by each segment could be summarized as below:

Table: Sales Revenue by product

Type of products	2017		2016	
	Sales (Million baht)	%	Sales (Million baht)	%
Plastic bags	2,397.7	82.9%	2,145.8	80.1%
Drinking straws	349.6	12.1%	408.5	15.3%
Other products	145.0	5.0%	124.1	4.6%
Total	2,892.3	100.0%	2,678.4	100.0%

1. Plastic bags

Sales revenue from plastic bags for 2017 increased from previous year by THB 251.9 million. This was from the growth in international market by 13% and domestic market by 5% due to both design and quality.

2. Drinking straws

Total Drinking straws sales slightly declined from last year by THB 58.9 million mainly due to reduction in export sales.

3. Other products

Customers. Sales from other products rose from 2016 by THB 20.9 million mainly because increasing order from foreign.

Other incomes

Other incomes for 2017 of THB 53 million increased from last year by THB 27.51 million mainly because of gain on exchange rate.

Gross Profit margin

Gross profit margin for 2017 was presented at 20% of sales revenue declined from last year which accounted at 24%. This caused by

- Raw material price was still higher than last year by 3-15%, especially LDPE and Bioplastic.
- Continuous development in factory to improve production efficiency for both short-term and medium-term growth. The company replaced new machines and overhauled existing one causing higher maintenance cost and depreciation. Moreover, renovate factory and rent additional warehouse space to support growing demand caused higher manufacturing overhead cost.

Selling and administrative expenses

Selling expenses for 2017 was THB 83.87 million, increased from last year by THB 0.8 million mainly from promotion expense and distribution cost among modern trade customers and transportation cost in accordance with expanding sales. On the other hand, freight and export cost declined making overall selling expense slightly increase from last year.

Administrative expenses totaled THB 209.89 million, edged up THB 27.22 million or 14.9% from 2016. This was mainly due from an increase in employees' expenses and research and development cost. Moreover, there was improving computer system and infrastructure and security system.

Financial position

Assets

As of December 31, 2017, Company's total assets were THB 1,961.43 million, increased from December 31, 2016, by THB 184.29 million or 10.4%. Significant changes in assets for 2017 were followings;

1) **Total current assets** were THB 1,322.55 million, increased by THB 59.61 million or 4.7% mainly due to

1.1 Cash and cash equivalents increased by THB 204.33 million and current investment decreased by THB 184.32 million due to current investment due but not roll over. Netting these 2 items reflected in increase of totaling cash and current investment of THB 20.0 million.

1.2 Accounts receivable increased by THB 61.42 million in accordance with growth in sales.

1.3 Inventories decreased by THB 19.45 million mainly due to reduce purchase order of new resin after safety stock was fully filled up and the order reduce to level sufficient for production demand.

2) **Non-current assets** totaled THB 638.87 million, increased from December 31, 2016 amount of THB 124.68 million or 24.2%, resulting from purchase of machine and equipment THB 183 million.

Liabilities and shareholders' equity

As of December 31, 2017, company's total liabilities were THB 454.41 million, increased by THB 21.24 million or 4.9% compared to the end of last year. Accounts payable increased by THB 30.06 million because major supplier extended credit term.

Shareholders' equity as of December 31, 2017, increased by THB 163.06 million due to comprehensive income of THB 276.50 million. This was offset by dividend payment of THB 113.4 million.

Cash flow

Cash and cash equivalent amounting to THB 354.12 million increased from December 31, 2016 by THB 204.33 million caused by the following activities;

Cash flows from operating activities amounting THB 309.78 million decreased from 2016 by THB 26.29 million mainly from reduction in profit before tax.

Cash flows from investing activities totaling of THB 10.05 million derived from current investment due but not rollover amounting to THB 184.32 million in order to use in business and purchase of fixed assets of THB 177 million.

Cash flows used in financing activities amounting to THB 115.39 million mainly due to dividend payment amounting to THB 113.41 million.

Report of the Board of Director' Responsibilities for Financial Statement

The Board of Director' of The Thantawan Industry Public Company Limited responsible for the financial statement of the Company which have been prepared in accordance with the Financial Reporting Standards in Thailand under the Accounting Act B.E.2543 ,and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. The Accounting Policies pursued and deemed appropriate and applied consistently with adequate disclosure of important information in the notes to the financial statements. The external auditor has audited the financial statements and expressed an opinion in the auditor' report.

The Board of Director has provided appropriate and efficient internal controls to ensure that accounting records are accurate, reliable and adequate to protect its assets and uncover any weakness that may be present in order to prevent fraud or materially irregular operations.

In this regards, the board of Directors has appointed an Audit Committee to be responsible for reviewing the accounting policy financial reports, review internal controls, internal audit. The Audit Committee has also reviewed a disclosure of related party transactions. All their comments on these issues have included in the Audit Committee Report, which presented in this annual report.

The financial statements of the Company have been examined by an external auditor, Dharmniti Auditing co., Ltd. To conduct the audits and express an opinion in accordance with generally accepted auditing standards, the auditor was provided with all of the Company's records and related data as requested. The auditor's opinion is presented in the auditor's report as part of this annual report.

The Board of Directors believes that the Company's overall internal control system is sufficiently effective to ensure the integrity and reliability of Thantawan Industry Public Company Limited financial statements for the year ended December 31, 2017. The Board of Directors also believes that all these financial statements have been prepared in accordance with Financial Reporting Standard and related regulations.



Mr.Praisun Wongsmith

Chairman of the Board of Directors

Thantawan Industry Public Company Limited

Thantawan Industry Public Company Limited
Report and financial statements
31 December 2017

Independent Auditor's Report

To the Shareholders of Thantawan Industry Public Company Limited

Opinion

I have audited the accompanying financial statements of Thantawan Industry Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2017, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thantawan Industry Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

Sales of goods are significant amounts in the financial statements and directly affect profit or loss of the Company. In addition, the sales transactions of the Company are made with a large number of domestic and oversea customers and there are a variety of arrangements and conditions. As a result, the Company's recognition of revenue from sales is complex. There are therefore risks with respect to the amount and timing of revenue recognition.

I have examined the Company's revenue recognition by assessing and testing the Company's IT system and its internal controls with respect to the revenue cycle by making inquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls, and with special consideration given to expanding the scope of the testing of the internal controls which respond to the above risks. I applied a sampling method to select sales transactions occurring during the year and near the end of the accounting period to examine the supporting documents and reviewed credit notes that the Company issued after the period-end. I also performed analytical procedures of disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Inventory - the net realisable value of inventory

As at 31 December 2017, the Company has finished goods in the amount of Baht 423 million which is 22% of total assets. The accounting policy of inventory, as disclosed in Note 4.4 to the financial statements, states that inventory are valued at the lower of cost and net realisable value. Estimating the net realisable value of inventory, as disclosed in Note 10 to the financial statements, is an area of significant management judgment, particularly with regard to the estimation of provision for diminution in the value of slow-moving and obsolete inventory. This requires detailed analysis of the product life cycle, the competitive environment, economic circumstances and the situation within the industry. There is a risk with respect to the amount of provision set aside for diminution in the value of inventory.

I assessed and tested the internal controls of the Company relevant to the determination of provision for diminution in the value of inventory by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I also assessed the method and the assumptions applied by management in determining such provision. The procedures that I performed included:

- Gaining an understanding of the basis applied in determining the provision for diminution in value of inventory and reviewing the consistency of the application of that basis, and the rationale for the recording of specific provisions.
- Comparing the inventory holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover.
- Comparing proceeds from sales transactions occurring after the date of the financial statements with the cost of inventory for each product line.

Other matter

The financial statements of Thantawan Industry Public Company Limited as at and for the year ended 31 December 2016 were audited by another auditor who expressed an unqualified opinion on those statements, under his report dated 10 February 2017.

Other Information

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

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

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

When I read the annual report of the Company, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern

and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Siriwan Suratepin
Certified Public Accountant (Thailand) No. 4604

EY Office Limited
Bangkok: 13 February 2018

Thantawan Industry Public Company Limited

Statement of financial position

As at 31 December 2017

		(Unit: Baht)	
	<u>Note</u>	<u>2017</u>	<u>2016</u>
Assets			
Current assets			
Cash and cash equivalents	7	354,117,160	149,783,055
Current investments	8	250,000,000	434,317,845
Trade and other receivables	9	285,855,652	224,432,506
Inventories	10	422,451,186	441,898,384
Other current assets		<u>10,129,480</u>	<u>12,509,584</u>
Total current assets		<u>1,322,553,478</u>	<u>1,262,941,374</u>
Non-current assets			
Investment property	11	43,140,261	43,444,742
Property, plant and equipment	12	564,148,528	445,866,926
Intangible assets	13	12,890,314	7,018,790
Deferred tax assets	20	5,343,546	4,699,801
Other non-current assets		<u>13,351,062</u>	<u>13,161,859</u>
Total non-current assets		<u>638,873,711</u>	<u>514,192,118</u>
Total assets		<u><u>1,961,427,189</u></u>	<u><u>1,777,133,492</u></u>

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

Thantawan Industry Public Company Limited

Statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)

	<u>Note</u>	<u>2017</u>	<u>2016</u>
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	14	312,446,833	282,384,630
Accrued expenses		63,658,458	67,452,802
Current portion of liabilities under finance lease agreements	15	2,945,930	1,533,747
Accrued income tax		27,833,034	41,368,907
Other current liabilities		4,566,075	3,947,282
Total current liabilities		<u>411,450,330</u>	<u>396,687,368</u>
Non-current liabilities			
Liabilities under finance lease agreements -			
net of current portion	15	4,866,820	2,425,673
Provision for long-term employee benefits	16	37,796,858	33,437,162
Other non-current liabilities		293,630	622,600
Total non-current liabilities		<u>42,957,308</u>	<u>36,485,435</u>
Total liabilities		<u>454,407,638</u>	<u>433,172,803</u>

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

Thantawan Industry Public Company Limited

Statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)

	<u>Note</u>	<u>2017</u>	<u>2016</u>
Liabilities and shareholders' equity (continued)			
Shareholders' equity			
Share capital			
Registered	17		
80,000,000 ordinary shares of Baht 1 each			
(2016: 10,000,000 ordinary shares of Baht 10 each)		<u>80,000,000</u>	<u>100,000,000</u>
Issued and fully paid up			
80,000,000 ordinary shares of Baht 1 each			
(2016: 8,000,000 ordinary shares of Baht 10 each)		80,000,000	80,000,000
Share premium		136,800,000	136,800,000
Retained earnings			
Appropriated - statutory reserve	18	10,000,000	10,000,000
Unappropriated		<u>1,280,219,551</u>	<u>1,117,160,689</u>
Total shareholders' equity		<u>1,507,019,551</u>	<u>1,343,960,689</u>
Total liabilities and shareholders' equity		<u>1,961,427,189</u>	<u>1,777,133,492</u>

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

Thantawan Industry Public Company Limited
Statement of comprehensive income
For the year ended 31 December 2017

	Note	2017	(Unit: Baht) 2016
Profit or loss:			
Revenues			
Sales	21	2,892,347,823	2,678,411,691
Other income		<u>52,992,173</u>	<u>25,483,768</u>
Total revenues		<u>2,945,339,996</u>	<u>2,703,895,459</u>
Expenses			
Cost of sales		2,321,826,391	2,034,295,310
Selling expenses		83,865,457	83,101,229
Administrative expenses		<u>209,886,144</u>	<u>182,667,690</u>
Total expenses		<u>2,615,577,992</u>	<u>2,300,064,229</u>
Profit before finance cost and income tax expenses		329,762,004	403,831,230
Finance cost		<u>(1,312,300)</u>	<u>(1,179,237)</u>
Profit before income tax expenses		328,449,704	402,651,993
Income tax expenses	20	<u>(51,484,037)</u>	<u>(78,626,771)</u>
Profit for the year		<u>276,965,667</u>	<u>324,025,222</u>
Other comprehensive income :			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent years</i>			
Actuarial loss on defined employee benefit plans		(583,506)	(6,883,515)
Less: Income tax effect	20	<u>116,701</u>	<u>1,376,703</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent years - net of income tax		<u>(466,805)</u>	<u>(5,506,812)</u>
Other comprehensive income for the year		<u>(466,805)</u>	<u>(5,506,812)</u>
Total comprehensive income for the year		<u>276,498,862</u>	<u>318,518,410</u>
Earnings per share	22		
Basic earnings per share			
Profit		<u>3.46</u>	<u>4.05</u>
Weighted average number of ordinary share (Shares)		<u>80,000,000</u>	<u>80,000,000</u>

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

Thantawan Industry Public Company Limited

Statement of changes in shareholders' equity

For the year ended 31 December 2017

(Unit: Baht)

	Issued and paid up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2016	80,000,000	136,800,000	10,000,000	882,642,279	1,109,442,279
Profit for the year	-	-	-	324,025,222	324,025,222
Other comprehensive income for the year	-	-	-	(5,506,812)	(5,506,812)
Total comprehensive income for the year	-	-	-	318,518,410	318,518,410
Dividend paid (Note 25)	-	-	-	(84,000,000)	(84,000,000)
Balance as at 31 December 2016	<u>80,000,000</u>	<u>136,800,000</u>	<u>10,000,000</u>	<u>1,117,160,689</u>	<u>1,343,960,689</u>
Balance as at 1 January 2017	80,000,000	136,800,000	10,000,000	1,117,160,689	1,343,960,689
Profit for the year	-	-	-	276,965,667	276,965,667
Other comprehensive income for the year	-	-	-	(466,805)	(466,805)
Total comprehensive income for the year	-	-	-	276,498,862	276,498,862
Dividend paid (Note 25)	-	-	-	(113,440,000)	(113,440,000)
Balance as at 31 December 2017	<u>80,000,000</u>	<u>136,800,000</u>	<u>10,000,000</u>	<u>1,280,219,551</u>	<u>1,507,019,551</u>

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

Thantawan Industry Public Company Limited
Statement of cash flows
For the year ended 31 December 2017

	<u>Note</u>	<u>2017</u>	<u>(Unit: Baht)</u> <u>2016</u>
Cash flows from operating activities			
Profit before tax		328,449,704	402,651,993
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation		61,525,730	51,934,297
Increase (decrease) in allowance for doubtful accounts		5,617	(1,062,673)
Decrease in reduction cost of inventories to net realisable value		(853,278)	(1,748,638)
Amortisation of discounts on current investments		-	(183,241)
Increase in allowance for impairment loss on assets	12	4,540,421	-
Loss (gain) on disposals of equipment		(2,913,340)	266,113
Unrealised loss (gain) on exchange		(1,101,576)	1,154,939
Provision for long-term employee benefits	16	4,076,390	4,149,193
Interest income		(7,084,717)	(6,910,109)
Interest expenses		105,410	88,329
Profit from operating activities before changes in operating assets and liabilities		386,750,361	450,340,203
Operating assets (increase) decrease:			
Trade and other receivables		(174,145,009)	(104,735,104)
Inventories		20,300,476	(142,984,560)
Other current assets		2,380,104	3,740,564
Other non-current assets		(189,203)	(10,768,830)
Operating liabilities increase (decrease):			
Trade and other payables		31,171,553	101,322,576
Accrued expenses		(3,794,344)	6,535,489
Other current liabilities		618,793	2,267,990
Other non-current liabilities		(328,970)	(285,800)
Cash flows from operating activities		262,763,761	305,432,528
Cash paid for interest expenses		(426)	-
Cash paid for corporate income tax		(65,546,954)	(65,458,378)
Cash paid for employee benefits		(300,200)	(3,344,000)
Cash received from VAT refundable		112,866,497	99,446,505
Net cash from operating activities		309,782,678	336,076,655

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

Thantawan Industry Public Company Limited
Statement of cash flows (continued)
For the year ended 31 December 2017

	<u>Note</u>	<u>2017</u>	(Unit: Baht) <u>2016</u>
Cash flows from investing activities			
Cash received from interest income		6,906,227	6,705,131
Cash paid for current investments		(644,920,670)	(343,220,933)
Cash received from refund of current investments		829,238,515	-
Cash paid for acquisitions of equipment		(176,992,100)	(76,239,080)
Cash paid for acquisitions of intangible assets		(7,769,850)	(1,187,472)
Proceeds from disposals of investment property and equipment		<u>3,582,966</u>	<u>987,504</u>
Net cash from (used in) investing activities		<u>10,045,088</u>	<u>(412,954,850)</u>
Cash flows from financing activities			
Cash paid to settle liabilities under finance lease agreements		(1,873,076)	(1,474,129)
Cash paid for interest expenses		(104,984)	(88,329)
Dividend paid		<u>(113,407,764)</u>	<u>(84,000,000)</u>
Net cash used in financing activities		<u>(115,385,824)</u>	<u>(85,562,458)</u>
Net increase in cash and cash equivalents		204,441,942	(162,440,653)
Cash and cash equivalents at beginning of year		149,783,055	312,411,478
Effect of change in foreign exchange rate on cash at bank balance		<u>(107,837)</u>	<u>(187,770)</u>
Cash and cash equivalents at end of year	7	<u><u>354,117,160</u></u>	<u><u>149,783,055</u></u>
Supplemental disclosures of cash flows information:			
Non-cash related transactions			
Accounts payable for acquisitions of equipment		4,180,673	4,126,999
Accounts payable for acquisitions of intangible assets		-	933,900
Acquisitions of assets under finance lease agreement		5,726,406	1,384,674
Dividend payables		4,779,916	4,747,680

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

Thantawan Industry Public Company Limited
Notes to financial statements
For the year ended 31 December 2017

1. General information

Thantawan Industry Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Sunflower Company Limited, which was incorporated in Thailand. The ultimate parent company of the group is Thantawan Group, which was incorporated in Thailand. The Company is principally engaged in the manufacture and sales of plastic products e.g. drinking straws and general plastic bags. Its registered address of the Company is at 143-144, Moo 8, Soi Kangwal 2, Phetkasem Road, Omyai, Sampran, Nakornpratom.

2. Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements.

(b) Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company believes that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Finished goods and work in process are valued at the lower of cost (weighted average method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all cost of raw materials, labour and factory overhead.

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

4.5 Investments

Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium or discount on debt securities is amortised or accreted by the effective rate method with the amortised or accreted amount presented as an adjustment to the interest income.

4.6 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.7 Property, plant and equipment and depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the estimated useful lives as follows:

Buildings and complements	20 years
Building improvements	5 and 10 years
Machinery and equipment	5 to 14 years
Tools and equipment	3 to 10 years
Office furniture, fixtures and equipment	5 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on land, land improvement, construction in progress and machinery under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.8 Intangible assets and amortisation

Intangible assets are initially recognised at cost on the date of acquisition. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

Computer software	5 years
License	3 to 10 years

No amortisation is provided on intangible assets under development.

4.9 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

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

4.10 Long-term leases

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The equipment acquired under finance leases is depreciated over the useful life of the leased asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as expenses in profit or loss on a straight-line basis over the lease term.

4.11 Foreign currencies

The financial statements are presented in Baht, which is also the Company's functional currency. Items included in the financial statements are measured using that functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.12 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised

when the recoverable amount of an asset, which is the higher of an asset's fair value less costs to sell and its value in use, is less than the carrying amount.
An impairment loss is recognised in profit or loss.

4.13 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contribution is recognised as expenses when incurred.

Post-employment benefits

The Company has obligation in respect of the severance payment it must make to employees upon retirement under labor law. The Company treats this severance payment obligation as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method. Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

4.14 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.15 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation techniques that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Property plant and equipment and depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

During the years, the Company had business transactions with individuals or related party, which are agreed upon between the Company and individuals or that related party.

Significant transactions between the Company and individuals or that related party are summarised below:

	<u>2017</u>	<u>2016</u>	(Unit: Thousand Baht) Pricing policy
Donation - Sunflower Clinic Foundation	-	1,000	At mutually agreed

As at 31 December 2017 and 2016, there is no the outstanding balance of the account between the Company and individuals or that related company.

Directors and management's benefits

During the year ended 31 December 2017 and 2016, the Company had employee benefit expense payable to their directors and management as below:

	<u>2017</u>	<u>2016</u>
Short-term employee benefits	46,272	39,667
Post-employment benefits	1,876	1,262
Total	<u>48,148</u>	<u>40,929</u>

7. Cash and cash equivalents

	<u>2017</u>	<u>2016</u>
Cash	120	120
Bank deposits	213,854	149,663
Fixed deposits with three-months maturity	140,143	-
Total	<u>354,117</u>	<u>149,783</u>

As of 31 December 2017, bank deposits in saving accounts and fixed deposits carried interest at the rate between 0.15 and 1.75 percent per annum (2016: between 0.125 and 0.375 percent per annum).

8. Current investments

(Unit: Thousand Baht)

	Interest rate (% per annum)		<u>2017</u>	<u>2016</u>
	<u>2017</u>	<u>2016</u>		
Fixed deposits	1.60	1.30 - 2.50	100,000	191,634
Government bonds	-	1.38 - 1.42	-	222,684
Structured notes	1.35 - 1.40	1.45	150,000	20,000
Total			<u>250,000</u>	<u>434,318</u>

9. Trade and other receivables

(Unit: Thousand Baht)

	<u>2017</u>	<u>2016</u>
Trade accounts receivable - unrelated parties		
Aged on the basis of due dates		
Not yet due	212,429	182,580
Past due		
Up to 3 months	41,414	27,008
3 - 6 months	1,637	14
6 - 12 months	11	-
Total	<u>255,491</u>	<u>209,602</u>
Less: Allowance for doubtful debts	(6)	-
Total trade accounts receivables - unrelated parties, net	<u>255,485</u>	<u>209,602</u>
Other receivables		
Other receivables - Revenue Department	28,626	12,853
Advances	441	727
Other receivables - unrelated parties	490	615
Interest receivables	814	636
Total other receivables	<u>30,371</u>	<u>14,831</u>
Total trade and other receivables - net	<u>285,856</u>	<u>224,433</u>

10. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Finished goods	127,600	123,898	(4,010)	(845)	123,590	123,053
Work in process	15,971	13,569	-	-	15,971	13,569
Raw materials	214,606	204,198	(317)	(3,976)	214,289	200,222
Factory supplies	10,350	8,633	-	(359)	10,350	8,274
Goods in transit	58,251	96,780	-	-	58,251	96,780
Total	426,778	447,078	(4,327)	(5,180)	422,451	441,898

During the current year, the Company reversed the write-down of cost of inventories by Baht 0.9 million (2016: Baht 1.7 million), and reduced the amount of inventories recognised as expenses during the year.

11. Investment property

Investment property of the Company is represented land which is not held for operation and is located at Kabinburi district, Prachinburi province. The net book value of investment property as at 31 December 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	<u>2017</u>	<u>2016</u>
Cost	43,140	43,445
Net book value	43,140	43,445

A reconciliation of the net book value of investment property for the years 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	<u>2017</u>	<u>2016</u>
Net book value at beginning of year	43,445	43,445
Disposals by expropriation - net book value	(305)	-
Net book value at end of year	43,140	43,445

The fair value hierarchy of the investment property as at 31 December 2017 and 2016 is stated below:

(Unit: Thousand Baht)

	Fair value hierarchy Level 2	
	<u>2017</u>	<u>2016</u>
Land	188,961	192,000

In July 2017, the Company arranged for an independent professional appraiser to reappraise the value of land using the market comparison approach.

12. Property, plant and equipment

(Unit: Thousand Baht)

	Land and land improvement	Buildings and building improvements	Machinery and equipment	Tools and equipment	Office furniture, fixtures and equipment	Vehicles	Construction in progress and machinery under installation	Total
Cost								
1 January 2016	101,463	268,112	490,756	77,012	16,208	28,481	15,644	997,676
Additions	-	1,434	27,111	10,707	800	1,384	32,756	74,192
Disposals and write-off	-	-	(12,960)	(983)	-	(3,699)	-	(17,642)
Transfer in (transfer out)	-	8,213	29,160	1,540	-	-	(38,913)	-
31 December 2016	101,463	277,759	534,067	88,276	17,008	26,166	9,487	1,054,226
Additions	-	7,755	46,585	17,751	8,791	7,256	94,676	182,814
Disposals	-	-	(12,497)	(4)	(511)	(3,974)	-	(16,986)
Transfer in (transfer out)	-	10,790	48,385	6,958	-	-	(66,133)	-
31 December 2017	101,463	296,304	616,540	112,981	25,288	29,448	38,030	1,220,054

(Unit: Thousand Baht)

	Land and land improvement	Buildings and building improvements	Machinery and equipment	Tools and equipment	Office furniture, fixtures and equipment	Vehicles	Construction in progress and machinery under installation	Total
Accumulated depreciation								
1 January 2016	-	195,515	289,891	61,104	12,737	17,028	-	576,275
Depreciation for the year	-	9,969	28,001	5,995	1,118	3,389	-	48,472
Depreciation on disposals and write-off	-	-	(12,185)	(504)		(3,699)	-	(16,388)
31 December 2016	-	205,484	305,707	66,595	13,855	16,718	-	608,359
Depreciation for the year	-	11,750	34,192	8,073	1,956	3,656	-	59,627
Depreciation on disposals	-	-	(12,132)	(4)	(511)	(3,974)	-	(16,621)
31 December 2017	-	217,234	327,767	74,664	15,300	16,400	-	651,365
Allowance for impairment								
1 January 2016	-	-	-	-			-	-
31 December 2016	-	-	-	-			-	-
Increase during the year	-	-	4,540	-			-	4,540
31 December 2017	-	-	4,540	-			-	4,540
Net book value								
31 December 2016	101,463	72,275	228,360	21,681	3,153	9,448	9,487	445,867
31 December 2017	101,463	79,070	284,233	38,317	9,988	13,048	38,030	564,149
Depreciation for the year								
2016 (41.3 million included in manufacturing cost, and the balance in administrative expenses)								48,472
2017 (50.7 million included in manufacturing cost, and the balance in administrative expenses)								59,627

During the year 2017, the Company recognised loss on impairment of machinery and equipment of Baht 4.5 million because they are not used in the Company's operation. As at 31 December 2017, the Company had vehicles with net book value of Baht 7.7 million (2016: Baht 3.8 million) which were acquired under finance lease agreements. As at 31 December 2017, certain items of plant and equipment were fully depreciate but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 421.0 million (2016: Baht 409.1 million).

13. Intangible assets

	(Unit: Thousand Baht)			
	Computer software	License	Computer software under development	Total
Cost				
1 January 2016	9,716	11,230	-	20,946
Addition	-	1,187	-	1,187
Write-off	-	(1,827)	-	(1,827)
31 December 2016	9,716	10,590	-	20,306
Additions	-	320	7,450	7,770
Write-off	-	(1,187)	-	(1,187)
31 December 2017	9,716	9,723	7,450	26,889
Accumulated amortisation				
1 January 2016	8,213	3,438	-	11,651
Amortisation during the year	340	3,123	-	3,463
Amortisation on write-off	-	(1,827)	-	(1,827)
31 December 2016	8,553	4,734	-	13,287
Amortisation during the year	340	1,559	-	1,899
Amortisation on write-off	-	(1,187)	-	(1,187)
31 December 2017	8,893	5,106	-	13,999
Net book value				
31 December 2016	1,163	6,169	-	7,019
31 December 2017	823	4,617	7,450	12,890

14. Trade and other payables

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Trade accounts payable - unrelated parties	301,114	271,472
Other payables - unrelated parties	11,333	10,913
Total trade and other payables	<u>312,447</u>	<u>282,385</u>

15. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Liabilities under finance lease agreements	8,301	4,058
Less: Deferred interest expenses	<u>(488)</u>	<u>(98)</u>
Total	7,813	3,960
Less: Current portion	<u>(2,946)</u>	<u>(1,534)</u>
Liabilities under finance lease agreements - net of current portion	<u><u>4,867</u></u>	<u><u>2,426</u></u>

Future minimum lease payments required under the finance lease agreements of the Company were as follows:

	(Unit: Thousand Baht)		
	<u>2017</u>		
	<u>Less than 1 year</u>	<u>1 - 5 years</u>	<u>Total</u>
Future minimum finance lease payments	3,177	5,124	8,301
Deferred interest expenses	<u>(231)</u>	<u>(257)</u>	<u>(488)</u>
Present value of future minimum finance lease payments	<u><u>2,946</u></u>	<u><u>4,867</u></u>	<u><u>7,813</u></u>

	(Unit: Thousand Baht)		
	<u>2016</u>		
	<u>Less than 1 year</u>	<u>1 - 5 years</u>	<u>Total</u>
Future minimum finance lease payments	1,595	2,463	4,058
Deferred interest expenses	<u>(61)</u>	<u>(37)</u>	<u>(98)</u>
Present value of future minimum finance lease payments	<u><u>1,534</u></u>	<u><u>2,426</u></u>	<u><u>3,960</u></u>

16. Provision for long-term employee benefits

Movement of the provision for long-term employee benefits for the year ended 31 December 2017 and 2016 were summarised below:

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Provision for long-term employee benefits at beginning of year	33,437	25,748
Included in profit or loss:		
Current service cost	2,869	3,058
Interest cost	1,207	1,091
Included in other comprehensive income:		
Actuarial loss (gain) arising from		
Demographic assumptions changes	247	1,526
Financial assumptions changes	745	2,560
Experience adjustments	<u>(408)</u>	<u>2,798</u>
Benefits paid during the year	<u>(300)</u>	<u>(3,344)</u>
Provision for long-term employee benefits at end of year	<u><u>37,797</u></u>	<u><u>33,437</u></u>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Cost of sales	1,420	1,514
Selling and administrative expenses	1,449	1,544
Finance cost	1,207	1,091
Total expenses recognised in profit or loss	<u>4,076</u>	<u>4,149</u>

The Company expects to pay Baht 1.1 million of long-term employee benefits during the next year (2016: Baht 0.3 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 15 years for monthly staffs and 12 years for daily staffs (2016: 15 years for monthly staffs and 14 years for daily staffs).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	<u>2017</u>	<u>2016</u>
Discount rate	3.08 and 2.72	3.07 and 2.97
Salary increase rate	5.46 and 2.88	5.69 and 4.58
Turnover rate	0 to 43	0 to 43

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

	(Unit: million Baht)			
	<u>2017</u>		<u>2016</u>	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(1.7)	1.8	(1.6)	1.7
Salary increase rate	1.8	(1.7)	1.8	(1.7)
Turnover rate	(1.8)	2.0	(1.9)	2.0

17. Share capital

On 6 July 2017, the Extraordinary Meeting of the shareholders of the Company passed a resolution to approve the decrease its registered share capital of the Company from Baht 100 Million (10,000,000 ordinary share, at Baht 10 per share) to Baht 80 million (8,000,000 ordinary shares, at Baht 10 per share) by cut the 2,000,000 authorised but unissued ordinary shares and passed a resolution to change the par value of the Company's ordinary shares from Baht 10 per share to Baht 1 per share, resulting in an increase in the number of ordinary share from 8,000,000 shares to 80,000,000 shares. The Company registered the change in the registered and issued share capital with the Ministry of Commerce on 14 July 2017.

18. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

19. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Salaries and wages and other employee benefits	416,320	402,558
Depreciation and amortisation expenses	61,526	51,934
Raw materials and packaging used	1,609,335	1,415,505
Changes in inventories of finished goods and work in progress	(6,104)	(41,565)
Rental expenses from operating lease agreements	30,491	21,155

20. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Current income tax:		
Interim corporate income tax charge	52,011	77,298
Deferred tax:		
Relating to origination and reversal of temporary differences	(527)	1,329
Income tax expenses reported in the statements of comprehensive income	<u>51,484</u>	<u>78,627</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Deferred tax relating to actuarial loss	(117)	(1,377)
	<u>(117)</u>	<u>(1,377)</u>

The reconciliation between accounting profit and income tax expense is shown below.

(Unit: Thousand Baht)

	<u>2017</u>	<u>2016</u>
Accounting profit before tax	<u>328,450</u>	<u>402,652</u>
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	65,690	80,530
Effects of:		
Promotional privileges (Note 21)	(11,462)	-
Non-deductible expenses	1,123	701
Additional expense deductions allowed	(3,867)	(2,604)
Total	<u>(14,206)</u>	<u>(1,903)</u>
Income tax expense reported in the statement of comprehensive income	<u>51,484</u>	<u>78,627</u>

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

(Unit: Thousand Baht)

Statements of financial position

	<u>2017</u>	<u>2016</u>
Deferred tax assets		
Allowance for doubtful accounts	1	-
Allowance for diminution in value of inventories	865	1,036
Allowance for impairment loss on assets	908	-
Provision for long-term employee benefits	7,559	6,687
Assets under finance lease agreements	13	12
Total	<u>9,346</u>	<u>7,735</u>
Deferred tax liabilities		
Accumulated depreciation - equipment	(4,003)	(3,035)
Total	<u>(4,003)</u>	<u>(3,035)</u>
Deferred tax - net	<u>5,343</u>	<u>4,700</u>

21. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the manufacture of ECO-friendly products, pursuant to the investment promotion certificate No. 2103(1)/2554 issued on 2 March 2010. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues (23 April 2017) and a 50% reduction of corporate income tax on income derived from the promoted operations for a period of 5 years after the tax-exemption period ends.

The Company's operating revenues for the years ended 31 December 2017 and 2016, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations		Total	
	2017	2016	2017	2016	2017	2016
Sales						
Export sales	320,109	-	2,152,140	2,288,106	2,472,249	2,288,106
Domestic sales	795	-	419,304	390,306	420,099	390,306
Total sales	320,904	-	2,571,444	2,678,412	2,892,348	2,678,412

22. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period, after adjusting the number of ordinary shares in proportion to the change in par value from Baht 10 each to Baht 1 each as discussed in Note 17 to the financial statements. The number of ordinary share is adjusted as if the share split had occurred at the beginning of the earliest period reported.

23. Business segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Company is organised into one operating segment to manufactures and sell plastic products and the single geographical area of their operation is Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements pertain to the aforementioned reportable operating segment and geographical area.

Production information

The Company manufactures and sell plastic products, which dividend into two main products are plastic bag and straw products. Other products e.g. Zipper tape and resin scrap.

The following tables present revenue and profit information regarding the Company's products for the years ended 31 December 2017 and 2016, respectively.

(Unit: Million Baht)

	Plastic bag		Straw		Others		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Sales								
- Export sales	2,154.0	1,914.2	226.0	295.2	92.2	78.7	2,472.2	2,288.1
- Domestic sales	<u>243.7</u>	<u>231.6</u>	<u>123.6</u>	<u>113.3</u>	<u>52.8</u>	<u>45.4</u>	<u>420.1</u>	<u>390.3</u>
Total sales	<u>2,397.7</u>	<u>2,145.8</u>	<u>349.6</u>	<u>408.5</u>	<u>145.0</u>	<u>124.1</u>	<u>2,892.3</u>	<u>2,678.4</u>
Gross profit	480.6	516.0	76.6	107.8	13.3	20.3	570.5	644.1
Other income							53.0	25.5
Selling expenses							(83.8)	(83.1)
Administrative expenses							(209.9)	(182.7)
Finance cost							(1.3)	(1.2)
Income tax expenses							<u>(51.5)</u>	<u>(78.6)</u>
Profit for the period							<u>277.0</u>	<u>324.0</u>

Geographic information

Revenue from external customers is based on locations of the customers.

(Unit: Thousand Baht)

	<u>2017</u>	<u>2016</u>
Western Europe	1,691,279	1,537,598
Thailand	420,099	390,306
Australia and New Zealand	457,142	353,927
Japan	171,319	198,886
Others	<u>152,509</u>	<u>197,695</u>
Total	<u>2,892,348</u>	<u>2,678,412</u>

Property, plant and equipment

All property, plant and equipment of the Company are located in Thailand.

Major customers

For the year 2017, the Company has revenue from two major customers, arising from sales of plastic bag and straw products (2016: one major customer, arising from sales of plastic bag and straw products).

24. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by SCB Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2017 amounting to approximately Baht 4.0 million (2016: Baht 3.6 million) were recognised as expenses.

25. Dividends

Dividend declared for the years ended 31 December 2017 and 2016 consist of the following:

	Approved by	Total Dividend (Million Baht)	Dividend per share (Baht)	Paid on
2017				
Final dividend on 2016 income	Annual General Meeting of the shareholders on 26 April 2017	113.44	14.18	24 May 2017
Total dividend paid for the year ended 31 December 2017		<u>113.44</u>	<u>14.18</u>	
2016				
Final dividend on 2015 income	Annual General Meeting of the shareholders on 27 April 2016	84.00	10.50	25 May 2016
Total dividend paid for the year ended 31 December 2016		<u>84.00</u>	<u>10.50</u>	

26. Commitment and contingent liabilities

The Company has commitments and contingent liabilities other than those disclosed in other notes as follows:

26.1 Capital commitments

As at 31 December 2017, the Company had capital commitments of approximately Baht 24.7 million (2016: Nil), relating to the acquisition of computer software and building improvement.

26.2 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of land, office building space and motor vehicles. The terms of the agreements are generally between 1 and 9 years.

Future minimum lease payments required under these operating leases contracts were summarised below:

	(Unit: Million Baht)	
	<u>2017</u>	<u>2016</u>
Payable:		
In up to 1 year	27.2	19.6
In over 1 and up to 5 years	23.0	27.3
In over 5 years	4.0	5.0
	<u>54.2</u>	<u>51.9</u>

26.3 Bank Guarantees

As at 31 December 2017, the Company had outstanding bank guarantees of approximately Baht 19.8 million (2016: Baht 17.4 million) issued by banks on behalf of the Company, in respect of guarantee electricity use, purchase of raw material and performance guarantees as required in the normal course of business.

27. Financial instruments

27.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable and current investments. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to trade accounts receivable, and other receivable. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables and other receivables as stated in the statement of financial position.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks and current investments. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2017 and 2016, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	2017					Effective interest rate (% per annum)
	Fixed interest rates within 1 year	More than 1 - 5 years	Floating interest rate	Non- interest bearing	Total	
Financial Assets						
Cash and cash equivalent	140.1	-	213.3	0.7	354.1	0.150 - 1.750
Current investments	250.0	-	-	-	250.0	1.350 - 1.600
Trade and other receivables	-	-	-	285.9	285.9	-
	<u>390.1</u>	<u>-</u>	<u>213.3</u>	<u>286.6</u>	<u>890.0</u>	
Financial liabilities						
Trade and other payables	-	-	-	312.4	312.4	-
Liabilities under finance lease agreements	2.9	4.9	-	-	7.8	1.470 - 4.750
	<u>2.9</u>	<u>4.9</u>	<u>-</u>	<u>312.4</u>	<u>320.2</u>	

(Unit: Million Baht)

	2016					Effective interest rate (% per annum)
	Fixed interest rates within 1 year	Fixed interest rates More than 1 - 5 years	Floating interest rate	Non- interest bearing	Total	
Financial Assets						
Cash and cash equivalent	-	-	139.7	10.1	149.8	0.125 - 0.375
Current investments	414.3	-	20.0	-	434.3	1.450 - 2.500
Trade and other receivables	-	-	-	224.4	224.4	-
	414.3	-	159.7	234.5	808.5	
Financial liabilities						
Trade and other payables	-	-	-	282.4	282.4	-
Liabilities under finance lease agreements	1.5	2.4	-	-	3.9	1.470 - 2.260
	1.5	2.4	-	282.4	286.3	

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies.

The Company have significant foreign currency assets and liabilities that were unhedged against foreign exchange risk, as summarised below.

Currency	Amount		Exchange rate as at 31 December	
	2017 (Million)	2016 (Million)	2017 (Baht per unit of foreign currency)	2016
Assets				
US dollars	1.60	1.40	32.4342	35.5660
Euro	0.07	0.05	38.5567	37.2769
Swiss franc	0.04	0.06	32.9867	34.7076
Liabilities				
US dollars	5.16	4.20	32.8472	36.0025
Japanese yen	1.03	-	0.2936	-

The majority of the liabilities are due within one year.

27.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

28. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2017, the Company's debt-to-equity ratio was 0.3:1 (2016: 0.3:1).

29. Reclassification of accounts

Certain amounts in the prior year financial statements presented herein for comparative purpose have been reclassified to conform to the current period's classification, with no effect on profit or shareholders' equity as previously reported. The significant reclassifications are as follows:

(Unit: Thousand Baht)

	As at 31 December 2016	
	As reclassified	As previously reported
Statement of financial position		
Trade accounts receivable	-	209,602
Trade and other receivables	224,433	-
Other current assets - prepaid expenses	-	2,891
Other current assets - input tax and valued added tax awaiting refund	-	15,103
Other current assets - tax card and guarantee on import duty	-	4,798
Other current assets - others	-	4,235
Other current assets	12,510	-
Intangible assets	7,019	7,332
Trade accounts payable	-	275,842
Trade and other payables	282,385	-
Accrued expenses	67,453	63,737
Other current liabilities	3,947	14,206

30. Approval of financial statements

These financial statements were authorized for issue by the Company's Board of Directors on 13 February 2018.

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